

## MINUTES

Committee of the Whole

November 4, 2002

The Penn Manor School Board met as a Committee of the Whole at 7:00 p.m. in the Board Room of the Manor Middle School. Present were Mr. Anderson, Dr. Frerichs, Mr. C. Willis Herr, Mr. H. Thomas Herr, Mr. Kline, Mr. Kreider, Mr. Lyon, Mrs. Wert, and Mrs. Withum. Present from the administrative staff were Mr. Stewart, Mr. Skrocki, and Mrs. Griffis. Also in attendance were Penn Manor residents, students, Mrs. Rhoades, and Mrs. Howard.

Mr. Willis Herr asked if there were any Citizen's Comments. Mrs. Dimaio, Millersville Road, expressed that she is displeased with the school board. Her daughter was expelled from school. Mrs. Dimaio stated her daughter is a good student, never had any problems in school but is now in Twilight School which has created a hardship for the family. Her daughter went to the family doctor for a drug and alcohol test which was negative. She believes her daughter didn't consume anything, was punished and feels that it is hypocritical of the Board to practice zero tolerance when another student apparently was not punished because the student had a lawyer. She believes in zero tolerance but zero tolerance should be for everyone. Cheryl Meehan, 541 Hilldale Road, stated that her daughter was one of the students on the bus that was offered alcohol. She accepted the Board's decision after her daughter's Judicial Review because of the zero tolerance law and wanted her daughter to fulfill her obligation. She talked about the incident about a girl who brought alcohol to the bus, offered it to students, two people took some of the alcohol, one was her daughter and another was a young boy on the bus. Mrs. Meehan stated that the another student involved in the bus incident with the alcohol, was back in school, and claiming that he beat the system because he got a lawyer. Mrs. Meehan said that if you are going to have a zero tolerance for all students it shouldn't matter if you have a lawyer. She stated that her daughter has never been in trouble for discipline, grades or anything. This was one incident and basically the book was thrown at her. Mrs. Meehan stated that she knows the administration is not able to discuss other students, but someone needs to bring up that if it is zero tolerance should be for all students. Mr. Herr said he appreciated Mrs. Dimaio and Mrs. Meehan bringing their concerns to the Board; however, the Board is bound by law not to discuss these matters. Mrs. Dimaio requested another meeting with the Board and asked Mr. Stewart what the next step would be. Mr. Stewart stated that as he explained on the phone it is impossible for the Board to react to specific concerns at a public meeting. Questions or requests in writing could be left for the Board to discuss during an Executive Session.

Mr. Willis Herr asked the committee whether there were any additions or corrections to the Minutes of the October 7, 2002, Committee of the Whole Meeting. Hearing none, on a motion by Kelly Withum, a second by Jeff Lyon, and a unanimous voice vote, the minutes were approved as printed.

Mr. Skrocki introduced Trish Herr and Don Mowery from Trout, Ebersole and Groff, LLP who gave an audit presentation for the 2001-2002 fiscal year audit. Trish Herr stated that the audit was conducted in accordance with the general acceptance auditing standards and Governmental Auditing Standards and those standards require that the audit be planned and performed to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. She believed that the audit provided them with a reasonable basis for their opinion which is that the financial statements are fairly stated. She reviewed the combined balance sheet for all fund types accounts, account groups, assets, and balances as compared to last year. Trish stated that the unreserved fund balance is about \$8,999,000. This represents about 20% of the school district revenue. The Pennsylvania School Board Association normally recommends a fund balance of between 8-12% of revenue. This fund balance will give the school district a cushion and the opportunity to use part of the fund balance in future years. The School District is financially sound. The fund balance also gives the school district the ability to

withstand situations such as if the state fails to pay their subsidies on time, if earned income tax drops during an economic recession, or if the health care costs go up. The Unreserved Fund Balance Trend Analysis chart indicates that the fund balance has increased over the last five years. The Day of Surplus chart indicated that the school district has 76 days that it could operate with using the funds on hand. It was noted that figure would drop next year with the budget projection. The Unreserved Fund Balance as a Percentage of Actual Revenues is currently at approximately 20% and is budgeted to decrease to approximately 16% next year. The Special Revenue Fund balance is approximately 1.3 million dollar, which is made up mostly of Capital Reserve Fund, and is available for school renovation projects. The Capital Projects Fund has a balance of approximately 9.1 million dollars. These funds are also available for projects and about 4 million dollars of this fund balance will be used to pay off the note that the district has. She explained The Statement of Revenues, Expenditures, and Changes in Fund Balance noting the budgeted figures, the actual figures for the year, and a variance. Further review indicated that local revenue for real estate taxes amounted to about 24.3 million dollars, up about \$140,000 from last year without a tax increase. Other taxes amounted to about 4 million dollars. This is an increase over last year by about \$169,000. The investment income for the year was about \$527,000. Last year there was over one million dollars in investment revenue, but is down fifty percent this year. Other revenues amounted to \$429,000 which is consistent with last year. State source of revenue amounted to about 14.3 million dollars and is down about 1 million dollars from last year mainly because last year the district had the retroactive rental subsidy that came in for the Plancon audits that were submitted several years back. Total revenues for the year were about 44.2 million dollars. Total instructional expenditures amounted to about 23.7 million dollars up about 2.8% over last year. Total support services amounted to about 11.4 million dollars which represents an increase of about 8.5%. Total operational and non-instructional services was \$698,00, which consisted mostly of athletic expenditures. Debt services interest expense was \$111,000 which seems high compared to the principal payments of \$8,000 which is on the leases. The interest also includes the interest that is being paid on that 4 million dollar note. The debt service fund transfers represent the principle and interest on the bonds which amounted to about 6.8 million dollars. Revenues exceeded expenditures this year by \$1,089,000 which is much better that the budgeted \$342,000. The district had a favorable variance of about 1.4 million dollars. In the past, budget transfers were done to make the budget equal the actual and whatever overage was transferred to the capital reserve fund. That was not done this year. The overage in the budget for expenditures was 1,520,000. Trish stated that the school district did an excellent job managing the expenses and meeting budget expectations. Don Mowery reviewed the cafeteria fund indicating that the costs per student has increased over the past several years, and at the same time student enrollment has dropped. Penn Manor is in line with President Bush's No Child Left Behind Act of 2001. He reviewed a worksheet which compares Penn Manor to seven other local school districts. Penn Manor is in line with all percentages compared to other districts. The food service revenue increased approximately \$17,000 from last year to 1.244 million. The other operating revenue increased \$30,000 from last year due to banquet increases and vending sales for a total operating revenue of 1.3 million. Salaries increased to \$538,000, health insurance claims increased this year which is an uncontrollable cost. The increase about \$11,000 this year leading to \$144,000 spent on the employee benefits. Supplies have increased \$70,000 to approximately 1 million dollars due to disposable supplies and food costs that went up during the year. That leaves an operating loss from the cafeteria fund of \$480,000 before non-operating revenues. The earnings on investments were \$3,000 this year which dropped \$6,000 from last year which is in line with the economy and other school districts. State subsidy revenue was about the same as last year \$88,000; federal subsidy revenue increased by approximately \$17,000 giving \$370,000 in federal subsidy revenue. The net bottom line income for the cafeteria was actually a loss of \$18,000. This is mainly due to two uncontrollable circumstances, the health insurance increase costs and loss in income due to interest earnings. At the end of the year a fund balance of \$52,000. Trish Herr stated the summary of audit results noted that there were no reportable conditions relating to the audit of the general purpose financial statements. There were no instances of noncompliance, no reportable conditions relating to the audit of the major federal programs, no financial

statement audit findings, no questioned costs related to major federal awards programs, and no prior year audit findings. She explained a new governmental accounting standard, GASB Statement #34, which becomes effective with the year ending June 2003. The school district's financial statement will need to be in compliance with GASB 34. The school district will continue to keep its books on modified accrual basis and report to the state on that basis. In addition to the fund statement the school district will also have to prepare financial statements on the full accrual basis. The Business Office will also need to prepare a business discussion and analysis report as part of the required financial statement. This report should provide an objective in easily readable analysis of the school districts financial activity based on currently known facts, decisions, and conditions. GASB 34 will require more work to be done by the Business Office in the next nine months. In closing Trish Herr and Don Mowery thanked the Board. Dr. Frerichs asked if the GASB 34 would have an impact on the Business Office and if more staff would be required. Mr. Skrocki indicated that it would have an impact but additional staff would not be requested at this time. However, this is a perfect example of an unfunded mandate that has already required an enormous amount of time spent by Mr. Johnston in particular with the fixed assets. It will require more time of Trout, Ebersole and Groff next year, increase our audit fees, probably require 40-50 hours of additional preparation time. It will require two sets of financial books next year. Mr. Herr thanked Steve Skrocki and Chris Johnston for their hard work.

Mr. Ron Harris reviewed the special education enrollment increase in the school district and the need for an additional learning support teacher. Currently at the high school there are 273 children in learning support classrooms with 19 students in a learning support math class and 18 in English class. Mr. Stewart will be asking the Board for an additional high school special needs teacher. If the Board consents to add a position, it will be posted and a search for a candidate will be conducted. Mrs. Withum asked if Mr. Harris had anyone in mind. He does not. Mr. Stewart stated that an emergency certified person could teach while a search for a candidate is being conducted; however, an emergency certified candidate cannot write IEPs or hold IEP meetings. Approval for placement of this item on the November School Board Meeting Agenda was granted on a motion by Mrs. Wert, a second by Mr. Kline, and a unanimous voice vote.

Mr. Skrocki distributed and reviewed state legislative information regarding SB 374. If this bill passes it would require school districts in Pennsylvania, that currently do not have Act 50, to place a referendum question on the November ballot for voters of that particular school district asking if they wanted to implement Act 50. Act 50 allows school districts to lower the assessed value of a individual property by up to 50% in exchange for a higher earned income tax rate. Under Act 50 the earned income tax rate for the school district will be capped at 1 and one-half percent. The maximum exemption on a property was 50%. The average residential property in Penn Manor is assessed at \$106,000. The offset is instead of paying the current 1% earned income tax, which we have in Penn Manor, where the district gets half, the municipality half, if it increases to 2% the district would get 1.5%, the municipality would get .5%. Under the proposed bill, SB 374 the earned income tax could go higher than a total of 2%, it could go up to whatever percentage it needed to go up to in order to give each property owner that 50% exclusion from property. Potentially if this bill would get passed that the district could have an earned income tax of 3 – 4%. What the bill doesn't address is the most fundamental issue of school district funding. It just changes the way the tax revenue comes in. It does nothing with equitable funding throughout the state of Pennsylvania. The Senate bill is not producing anything with school district funding reform it's only dealing with tax reform. With this bill the school district would be capped in terms of any tax increase they can implement in any one year. The annual tax increase would be limited to this figure called the SAWW (state wide average weekly wage) which is tied in to unemployment compensation benefits and workers compensation benefits. If the district wanted to go higher than that the voters would have to approve it. If there is a shift away from property taxes to earned income tax there will be a dramatic shift in the cash flow. Right now the majority of our cash flow is in July and August. If this passes by the voters of the Penn Manor School District the majority of the money might not come until a year

later. Mr. Herr asked if the SAWW regulations will be a hardship. Mr. Skrocki stated it removes the control out of the local school board and it will be pegged to an arbitrary number. This would have a tremendous impact on the school district especially if it would be passed. Mr. Willis Herr thanked Mr. Skrocki for his report.

Mr. Stewart will be requesting at the November 11 meeting that the school calendar for 2003-2004 consist of 181 student days and 9 teaching training days. Mr. Stewart consulted with PTO presidents, building principals, staff, and parent groups regarding the configuration. Mr. Willis Herr stated that he has heard comments about trying to tighten the calendar for next year.

Mrs. Griffis informed the Board that Lancaster Rotary South has purchased 10 copies of the book, 50 American Heroes that Every Kid Should Read, for our schools. These books were and autographed by Dr. Dennis Dennenberg, who is a retired Millersville Professor. Carrie Cirincione, Eshleman, Conestoga and Letort Librarian, accepted the books at a Rotary meeting on behalf of Penn Manor.

Mr. Skrocki presented a proposal dealing with a classified compensation plan. Currently the annual increases for the classified staff are pegged to the professional staff percentage increases. There is no relative worth or value for a particular classified position, no definition, and a study has not been done as to what a position within the school district is worth. An individual is hired at a starting point, receives annual increases, but there is no indication as to how they are compensated relative to peers and other school districts, outside the region, or private sector. There is no system in place where individuals at the low end of the pay scale that perform in an exemplary manor receive a higher percentage increase than anyone else. Mr. Skrocki would like to recommend the services of Capraro Associates to examine each individual classified staff position, job description, and possibly interview the individual. The information from Penn Manor would be compared to all the other historical data and a minimum, maximum, and mid-point range for each individual classified position would be determined. Mr. Skrocki requested approval to place on the November agenda the proposal from Capraro Associates \$5,850 plus expenses, approximately 10% of the total project, to develop objective measure to our classified staffing system. Mr. Stewart requested approval to place on the November agenda a study from Capraro Associates at a cost of \$3075.00 to study the administrative salary schedule. Mrs. Withum asked if this was once-and-done or will it be continuous, which could be costly. It would be move effective if they set up the matrix and the school district manages it. Mr. Stewart has no intention for an ongoing analysis. Mr. Kline asked if this study would indicate a percentage range in different performance areas. Approval was granted to place the study for classified staff and administrative staff on the November agenda by Mrs. Withum, a second by Mr. Tom Herr and a unanimous voice vote.

Mr. Skrocki presented the Penn Manor School District Classified Employee Handbook which was recently distributed to all of the classified staff. The comprehensive manual contains policies and procedures pertinent to classified staff member, a directory to guide the employee to contact the proper person for their questions. It also helps administration from a personnel management standpoint to assist in personnel proceedings. The manuals are numbered and the employee must sign for the handbook. Upon leaving the Penn Manor School District the employee will return the handbook and an exit interview will be conducted.

Mr. Stewart stated that he provided the Board with an updated package of information concerning the status of Girls' Lacrosse. Part of the information was gathered after contacting other school districts and superintendents. He stated that it is his impression that Manheim Township, Hempfield and Conestoga Valley have given general support statements adding girls' lacrosse. Lampeter-Strasburg and Ephrata have decided not to support elevating their lacrosse program to an official sport at this point. He did not get specific information from other districts. This issue does not require a formalized vote by the Board at a public meeting since at this time there is no specific allocation of funds. The request from the

Lacrosse group is a letter of intent, signed by the Superintendent, the Athletic Director, and the High School Principal indicating that the Penn Manor School District would support the creation of a Girls' Lacrosse varsity sport in Penn Manor in the Spring of 2005. Mr. Stewart is requesting Board direction on this issue. Mr. Willis Herr clarified that a formal vote was not needed but just a directive from the Board. Mr. Willis Herr stated he was prepared to give the directive to prepare the letter. Mrs. Withum stated she didn't feel the money was available for this, that the sports program is large enough. Mr. Lyon supports the Girls' Lacrosse program, but having been on the Strategic Planning Committee felt there were a lot of issues that would affect many students in the district requiring funds and they have not been discussed yet. Mr. Kline stated that he supports the Girls Lacrosse program and would like the Board look at the direction of the sports in Penn Manor. Mr. Tom Herr and Mrs. Donna Wert stated that they support the program. Dr. Frerichs would support the program but would also like to look at the Athletic Director's office and adding more responsibilities. Mr. Stewart stated that Ms. Mindish supports the program but that additional support would be needed in the Athletic Director's office as the responsibilities continue to grow. Mr. Anderson would support the program but thought there are other issues that need to be taken into account before deciding on funding for any additional sports. Mr. Kreider would like to see a line held on the sports. Mr. James Miller, Bridle Circle, stated that he appreciates the overwhelming support the district has provided the Girls' Lacrosse program. Mr. Miller provided information of the value of co-curricular activities. Quoting information Mr. Miller obtained from a report by the National Federation of State Association, he stated that interscholastic sports and fine arts activities promote citizenship and sportsmanship, instill a sense of pride in the community, teach life-long lessons of teamwork and self-discipline, and facilitate the physical and emotional development of our youth. The benefits of co-curricular activities include supporting the academic mission of schools, extension of a good educational program, student increase in grades, better attendance records, lower drop-out rates, and fewer discipline problems. Activity programs provide valuable lessons for practical situations – teamwork, sportsmanship, winning and losing, and hard work. Through participation students learn self-discipline, build self-confidence and develop skills to handle competitive situations. The Board asked for copies of the Mr. Miller's information. Mr. Willis Herr thanked Mr. Miller for the time he spent preparing his report. Mr. Chambers, Old Blue Rock Road, stated that he felt he would be a good idea to make the Girls' Lacrosse a team sport. Kerri Drexel, a sophomore, and Nicole Donnelly, captain of the Girls' Lacrosse team and senior at the high school, thanked the Board. Mr. Stewart was given permission, by a straw vote of 5 to 4, to send a Letter of Intent from the district to the Lancaster-Lebanon League indicating that Penn Manor School District is prepared to support a girl's Lacrosse team in the league.

Mr. Stewart discussed with the Board about rescheduling the Committee of the Whole meeting on April 7 because a few of the Board members will not be able to attend. Mr. Stewart is recommending canceling the April 7 Board meeting and starting the April 14 meeting at 4:00 p.m. and this item be placed on the November Board Agenda. Approval for placement of this item on the November School Board Meeting Agenda was granted on a motion by Dr. Frerichs, a second by Mr. Kline, and a unanimous voice vote.

Mr. Stewart explained the need for an elevator at Marticville Middle School, replacement windows at Matic Elementary School and window blinds at Martic Elementary. Mr. Stewart is recommending these items be placed on the November Board Agenda and approval to bid. The request for approval to bid is not an approval to fund the projects. Approval for placement of these items on the November School Board Meeting Agenda was granted on a motion by Dr. Frerichs, a second by Mr. Lyon, and a unanimous voice vote.

Mrs. Griffis explained the Outstanding Education and Employee Award awarded annually at a Board dinner and the need to look at changing the guidelines or process. She discussed that the same people seem to be nominated year-after-year for the educators, and perhaps the award in its present format is not as reflective of outstanding educators as we want it to be. She is asking for direction from the Board to maintain the award criteria the way it is or work with a committee to change the award to make it more meaningful. Mr. Lyon stated that the award is very meaningful to the recipients. Barbara Hearn, Pequea, stated that perhaps the high school students should be allowed to nominate teachers. Dolores Minchoff, Martic Heights Drive, stated that it is worth looking at revising and including parents on a committee. A committee was recommended to review the criteria.

Mr. Stewart pointed out the new art work in the Board room and thanked Mr. Himes and Mrs. Rhodes for displaying the work.

The Committee of the Whole adjourned to Executive Session at 9:02 p.m.