



Maria said she spoke on behalf of the Pottsville Area School District Education Association, in which she is the Treasurer, noting that she has spent a large part of her life at PASD.

Maria said at a recent meeting one of the Board Members noted that a significant portion of our budget is going to PSERS and in the Board's view, PSERS costs the District approximately 4 million dollars, and does not even educate one student.

Mrs. Larish noted that Mr. Mannello clearly, and correctly, stated that the teachers have no control over the State Legislature's PSERS requirement. She said if this is the case, then why did she feel like teachers were being blamed for the District's unbalanced budget?

She said the Board continually reminds the public that PSERS contributions are largely to blame for our current financial situation. The Association does not dispute that PSERS contributions are a large part of the District's Budget. However, she said they do dispute the fact that it does not correlate with the education of our students. She said attracting and holding strong, quality, effective teachers to care for the children of this District is vital which in turn does impact our students' education.

Mrs. Larish asked why the Board instead wasn't asking questions about things that were within their control. Such as, was it financially responsible to build brand new locker rooms; buy a new scoreboard at Martz Hall; purchase scrolling marquee signs directly across the street from each other; or install new sound systems in each building's common areas? Mrs. Larish asked if any of those items educated even one student. She said all of those decisions were made within the last few years during the time the Board referred to as "seven years of financial distress."

Mrs. Larish remarked as educators, they have been asked over and over again, to do more with less. Each year, teachers have answered the call and worked hard to not take anything away from the students' educational journeys. They worked together tirelessly to come up with creative solutions for funding cuts in order to protect our students from the financial strain the District is under. She said they have a responsibility to the students to provide them with the best education possible and assured the Board, every educator in that room is dedicated to accomplishing that job.

She said the comments at the last Board Meeting made it even more difficult to digest. How can these educators, that put their heart and soul into this District, be made to feel like they are a financial drain? The Board has always entrusted us with creating our children's future. On the same note, she said, they have always trusted the Board to make financially sound decisions for the District. They have supported their decisions, even when they didn't necessarily agree, knowing that they had the students' best interests at heart.

Mrs. Larish asked if it is truly in the students' best interest to cut educational programs and furlough teachers, inevitably resulting in less instructional time and larger class sizes. Is the District really providing the quality education that Pottsville is known for, to the students?

Tara Hess addressed the Board remarking that Pottsville Area School District has always been home to her. She said her TIDE PRIDE runs deep from when she was the very first student to walk through the doors on the very first day JSC opened; to the day Dr. Gallagher welcomed her home as a new teacher. She said what she loves most about this home is the family she shares it with. Mrs. Hess said, this home, was the start of every hope and dream she ever had. And now, for the first time, she and other members of the audience feel like their home and family are being torn apart.

Mrs. Hess remarked that after everyone spoke at the last Board Meeting, Mr. Boran decided to turn his finger pointing to the teachers as the problem.

She said that at the August In-Service day, Mr. Boran gave a Power Point presentation which vaguely alluded to the District's financial difficulties. She said like any family, they knew they had to keep their budget in check and it was not the first time they were asked to "buckle down," "spend less," and try to "save more." On that day they appreciated Mr. Boran's presentation and took the saving and spending to heart. However, she said, on the night of the last Board Meeting, they did not appreciate Mr. Boran stating that the teachers offered the Board nothing in regards to helping to resolve our district's financial downfall.

Mrs. Hess said that they may not have given the Board a written financial proposal regarding their saving and spending, but they cannot stand by and have Mr. Boran tell the public that the teachers did nothing. She then said that is when she realized how much the faculty and staff truly does overspend:

She noted that while, Mr. Boran was preparing his presentation, many of the teachers were at Wal-Mart spending their own money on supplies for their classroom; many of them spent weeks of their time moving and preparing their classrooms; many were researching the best approaches for the standardized testing they are required to deliver; they spent hours coming up with strategies to help students with many diverse needs such as, auditory processing problems, emotional support needs, lengthy histories of discipline problems and meeting individualized needs, requires extensive planning, which they do, on a weekly, and sometimes even daily basis; some of them spent time comforting parents, in person or on the phone, who were having their baby leave home for the very first time. Or, the scared mother who moved into a shelter in the District after leaving her abusive husband. Mrs. Hess said they promise these parents that they would love their child as their own; some of them spent time stocking their classroom closet with food knowing that some students do not get dinner at night. But, they make a promise that they will always

have breakfast and lunch and even make sure they have a snack before going home and many of the teachers spend the summer learning a new curriculum or a new computer system.

Mrs. Hess noted while doing all of that spending, they also came up with ways to save. She said they may not have saved enormously in a fiscal sense, because that is not where their training and expertise lies.

Mrs. Hess continued by saying since the very first day of In-service and the Power Point Presentation Mr. Boran presented, they also managed to save: she said they saved the self-esteem of struggling students; they saved students from being labeled by finding ways to help them succeed rather than have them referred for services; they saved time that would have been wasted on ineffective teaching by collecting data on our students so that we could reach each and every one of their individual academic needs; they also saved paper copies by implementing Google Classroom, and Schoology programs on their iPads. They also managed to save a few students from heartbreak by comforting them when a parent, grandparent, or dog passed away; maybe they saved another student from anxiety by comforting him when he was petrified that his father would gain visitation rights, or that Children & Youth was scheduled to visit his house again; maybe they saved another student from despair by comforting him when he came back to school after losing his home because his family was evicted and forced to move for the third time that year.

Mrs. Hess said in closing, she wanted to reiterate that they may have failed in the eyes of Mr. Boran in regard to his "challenge" because their job is not to manage the money of the District. She said their job is to manage the District's greatest resource, a resource that has more value than any budget could ever hold, "the children."

Kaitlyn Pekarik-11<sup>th</sup> grade student PAHS addressed the Board. She said students are always taught there is power in numbers but where are they to go when the people that they are pleading to won't even look them in the eye and explain why they are doing this to their mentors. Our teachers are being driven down by their leaders. She said that their whole life they are taught that education is most important, but when issues arise they are pushed under the rug and covered up with lies. Kaitlyn said this leaves everyone in the dark to wonder and question how much students' minds are actually worth. If education is "priceless" then why is this Board putting a price tag on everything? Teachers provide students with the knowledge that they so desperately desire to make something of themselves and to show the world how much they truly matter. Teachers will never be obsolete because shaping the minds of students will always be a priority except when money is an issue. Kaitlyn said this Board would rather delete the extensive experiences teachers provide than come up with solutions to balance the expense. She said these teachers not only teach students Math, English and Foreign Languages but also teach them the Language of Life and how to be the best human beings they can possibly be, and that takes a special kind of person. Kaitlyn said the students truly understand there are

problems but asked the Board to find a better approach to solve these issues; after all, the mind is a terrible thing to waste.

On motion of Mr. Moran seconded by Dr. Davidson, the Board dispensed with the reading of the minutes of the Work Session held on April 5, 2017 as well as the minutes of the Regular Board Meeting held on April 19, 2017. Since all members received copies, and there being no additions or corrections, the minutes were approved. Motion carried.

On motion of Mr. Moran, seconded by Atty. Rismiller, the Board accepted the report of the Treasurer for the month of April 2017 and directed that it be appended to the minutes. Motion carried.

On motion of Dr. DiCello, seconded by Mr. Thomas, the Cafeteria Financial Report of the Pottsville Area School District Cafeteria for the month of April 2017 was accepted and ordered filed. Motion carried.

A list of bills, as appended, was submitted for payment. (Copy to each Director.)

On motion of Mrs. Blankenhorn, seconded by Dr. DiCello, vouchers were ordered drawn in payment of the bills listed or where vouchers had been drawn, such action was approved and the list of bills was ordered appended to the minutes. Motion carried.

The Board proceeded with the election of a Treasurer for the 2017-2018 fiscal year.

Mr. Thomas nominated Mrs. Ann Blankenhorn for Treasurer of the Pottsville Area School District for the fiscal year beginning the first day of July 2017 and ending the last day of June 2018. Dr. DiCello seconded.

With no further nominations and on motion of Mr. Moran, seconded by Atty. Rismiller, nominations for Treasurer were closed. Motion carried.

The ballot was cast for Mrs. Ann Blankenhorn as Treasurer of the Pottsville Area School District. Motion carried by roll call vote: Dr. Cardamone, Dr. Davidson, Dr. DiCello, Mr. Moran, Atty. Rismiller, Mr. Thomas, Mr. Wagner and Mr. Boran, Aye; Mrs. Blankenhorn - Abstained.

On motion of Mr. Thomas, seconded by Dr. DiCello, the stipend of Mrs. Ann Blankenhorn as Treasurer of the Pottsville Area School District was set at the annual rate of \$2,000.00 for the fiscal year from July 1, 2017 to June 30, 2018. Motion carried.

On motion of Mr. Moran, seconded by Dr. DiCello, the Board directed the Treasurer to provide a bond in the amount of \$50,000.00, with approved surety, the premium of the bond to be paid by the Pottsville Area School District. Motion carried.

On the recommendation of the Superintendent, and on motion of Dr. Davidson, seconded by Mrs. Blankenhorn, approval is granted to provide homebound education to one high school student. Motion carried.

On the recommendation of the Superintendent, and on motion of Dr. Davidson, seconded by Mrs. Blankenhorn, the preapproval of the credits indicated for the following professional employees be ratified in accordance with the negotiated agreement between the PASD and the PASDEA: Meredith Coleman – 6 credits; Derek DiRenzo – 3 credits; Katelyn Dunn – 6 credits; Suzanne Fredericks – 6 credits; Katrina Greenawalt – 9 credits; Casey Horvath – 9 credits; Kim Jackson – 3 credits; Stacey McClusky – 6 credits; Peter McDonald – 3 credits; Stephanie McDonald – 3 credits; Benjamin O’Brien – 3 credits; Crystal Pugh – 3 credits; and Nicholas Sajone - 3 credits. Motion carried.

On further recommendation of the Superintendent, and on motion of Dr. Davidson, seconded by Mrs. Blankenhorn, the Board approved the reimbursement to the following professional employees for their successful completion of the preapproved credit courses in accordance with the negotiated agreement between the Pottsville Area School District and the Pottsville Area School District Education Association: Kimberly Barone - \$1,362.00; Meredith Coleman - \$1,362.00; Derek DiRenzo - \$1,362.00; Kayla Fehr - \$1,362.00; Nathan Halenar \$1,362.00; Kelci Killian - \$4,347.00; Krystina Kubeika - \$1,362.00; Jennifer Lipton - \$1,872.00; Christopher Lombel - \$1,449.00; Stacey McClusky - \$2,463.00; Benjamin O’Brien - \$1,362.00; Nicholas Sajone - \$1,752.00; Robert Sheaffer - \$1,362.00; and Jenna Troutman - \$2,724.00. Motion carried by roll call vote: Mrs. Blankenhorn, Dr. Cardamone, Dr. Davidson, Dr. DiCello; Mr. Moran, Atty. Rismiller, Mr. Thomas, Mr. Wagner and Mr. Boran, Aye.

On the recommendation of the Superintendent, and on the motion of Dr. Davidson, seconded by Mrs. Blankenhorn, the Board approved the list of prospective graduates (210) submitted by the Principal be approved for receipt of Pottsville Area High School diplomas. It is understood that diplomas will not be issued unless all requirement and obligations are met by each student. Students not meeting requirements for graduation will receive certificates of attendance. Motion carried.

On recommendation of the Superintendent, and on motion of Dr. Davidson, seconded by Mrs. Blankenhorn, the Board approved the 2017-2018 School Calendar. The first day of school for students will be Monday, August 28, 2017, and tentatively the last day of school will be Wednesday, May 30, 2018. Teacher In-Service Days will be held August 22, 23, and 24, 2017; October 9, 2017 and January 15, 2018. An Act 80 day will be held November 13, 2017. Early dismissals will be held on Wednesday, November 22, 2017, Friday, December 22, 2017 and the last day of school (tentatively) May 30, 2018. Motion carried.

On recommendation of the Superintendent, and on motion of Dr. Davidson, seconded

by Mrs. Blankenhorn, the Board approved the following salary adjustments to become effective for the 2017-2018 school year: Alicia Fehr – Master’s +15; and Kelci Killian – Master’s. Motion carried.

On the recommendation of the Superintendent, and on motion of Dr. Davidson, seconded by Mrs. Blankenhorn, the Board approved the following unpaid leave of absences for the following professional employees: Jennifer Holiday – May 23, 2017 and Katie Porrino – May 12 and May 26, 2017. Motion carried.

Mr. Wagner, Chairperson of the Buildings, Real Estate and Transportation Committee noted that the major part of the Board Meeting would be a discussion of the transportation. Mr. Wagner said we have too many busses that need to be replaced as well as wheel chair vans and regular vans. He said because of that we are faced with either entering into a lease program or contracting out our transportation, which would take the District out of the transportation business totally. Mr. Wagner said during the six years he was a Board member, he has never seen an agenda item receive more discussion from nine Board members, Superintendent and Business Department than any other item. Mr. Wagner said that these bids have been scrutinized over and over again. He noted that Dr. Wayne McCullough, a representative from PASBO, who is an expert in transportation and was a consultant for many Districts throughout the Commonwealth was in attendance, as well as representatives from Krapf. Mr. Wagner said unfortunately a Wolfington representative was not able to attend the meeting but Dr. McCullough was prepared to answer any questions relating to the lease option. He said the District’s priority is to provide the safest most economical form of transportation to our students. Mr. Wagner said the teachers who spoke earlier mentioned their colleagues are like family and noted the same is true with the bus drivers. They have always provided the District with safe and efficient transportation for many years and these decisions are certainly not a reflection on the drivers. He reminded the audience that no one will be losing their job with either decision the Board reaches. Mr. Wagner noted their rate of pay will stay or be slightly increased and they will be taken care of. He said the same will be true with our mechanics, and dispatcher. With that being said, the District is looking to reach the best decision we can for our family. Mr. Wagner said we need to go to either a leasing program or a contracted out program and encouraged the Board Members and audience ask questions of Dr. McCullough and the representatives from Krapf.

Mr. Wagner introduced Dr. Wayne McCullough, who is currently the Director of Leadership and Development for PASBO for the past ten months and prior to that he was the Chief Financial and Operations Officer at York County School District for twenty-nine years and worked directly in school business and student transportation. Dr. McCullough thanked those in attendance and said that Transportation is a very complicated subject especially when it relates to state subsidy reimbursement for public school districts. Dr. McCullough said that PASBO was contracted to conduct this review of the transportation systems for the Pottsville Area School District. He said this was a very thorough process of requesting proposals for the student transportation services for the District. He said according to

Pennsylvania's purchasing regulations, Districts are allowed to open and negotiate proposals with the vendors but when a formal bid process is used, the lowest bidder is awarded. It makes more sense to use the proposal process rather than the bid process when examining transportation systems. He added this process has been done over two dozen times with other Pennsylvania schools recently.

Dr. McCullough stated that there was a thorough process involving District Staff and Administrators to develop the request for proposals. It was very important that the proposals would update the District's very aging fleet, which is currently on average more than 12 years old. He said it was important to request proposals for the fleet to be 5 years and not to exceed 10 years. Many vehicles currently used in our transportation system are much older than that. He said the proposal being offered from Krapf was no vehicles would be older than 12 years and an average age of 6 years is a good fleet.

He reminded the Board that PASBO does not have a stake in these options but from their perspective it is based on their experience and working with other school districts.

Dr. McCullough presented a PowerPoint to explain the Commonwealth of Pennsylvania's subsidy calculation formula to reimburse the Districts for their transportation services. He said transportation subsidy is the most difficult process of any of the Commonwealth of Pennsylvania subsidy programs.

He said there are two very important sides to the subsidy calculation formula, the expense side and the revenue side. He said there is opportunity at Pottsville to not only be able to save on the expense side but also to maximize the subsidy on the revenue side of the equation. He explained that several things are taken into effect for the formula such as market value, school days in session, number of children transported, and the total number of public non-hazardous routes. School Districts are reimbursed for secondary age children transported outside of a 2 mile radius and elementary students outside of a 1.5 mile radius from their schools. These students do not get fully subsidized unless the routes they walk are declared hazardous by Pennsylvania Department of Transportation. He said additional reimbursement would be granted if children are within the 1.5 or 2 mile radius if the routes they walk are deemed hazardous. He continued that part of the equation would also take in to account the number of children that were transported from within the hazardous routes; the number of children transported by the LEA owned services being called non-reimbursable but would actually receive partial reimbursement for being transported within the walking distance and have not been deemed hazardous; and the number of private and charter school children who are transported because extra subsidy would be received for them. He said the maximum allowable costs of \$1.34 million dollars for Pottsville Area School District to provide transportation services was obtained directly from the AFR but based on the formula the State determined that the maximum allowable cost is \$630,000 dollars using the formula with reductions for costs that they already reimbursed to the District for the students that are within the 1.5 - 2 mile radius. He said the District received



much more than that in the maximum allowable costs. Subsidy for transporting those students we were penalized unless the route is declared hazardous.

Atty. Rismiller stated that the numbers Dr. McCullough was referring to were not for the current year because secondary student transportation services were eliminated within these radiuses during the summer of 2016 for the 2016-2017 school year.

Dr. McCullough said School Districts are ranked across the Commonwealth according to their wealth factor, the homes and business property values in the community. The wealthiest districts have a low market value aid ratio and the poorest have the highest aid ratio. State subsidy received compared to your actual cost is approximately 40%.

The number of hazardous route areas that children are transported is part of the calculations but is only one of the important variables that represent the calculation. He said the current subsidy is an extremely low number compared to actual costs. He explained that many times Districts are cited for spending money on transportation services when their subsidy level was approximately 50%. It is a very important opportunity to not only to look at the expense side but also what the District can do to increase the subsidy side of the calculations.

Atty. Rismiller commented, if the subsidy is based upon the age of the fleet and we have an older fleet we would receive less subsidy. She continued we are looking at outsourcing with Krapf who is looking at a fleet with vehicles up to 12 year old and with an average of 6 year vehicles or leasing from Wolfington and then the fleet would be 3 years. So leasing or outsourcing, we would expect the state subsidy to increase.

Dr. McCullough said the state subsidy has many variables; the age of the fleet impacts the state reimbursement more for newer buses that run on the road. The District's fleet has an average age of 12 years with some slightly higher, so the opportunity is there to reduce the age of the fleet which would result in higher subsidies. The state also reimburses for the number of students assigned to a bus for example, a 72 passenger bus would receive maximum reimbursement if 72 students are assigned to that bus. Although 52 students assigned to a 72 passenger bus is a good number but also gives an opportunity to add additional students to those buses. He said if a District wants to maximize their subsidy, their bus could go to the farthest end of the District to pick up children and on the route back to school could pick up students within the walking distance of 1.5 -2 mile radius, the District would get reimbursed for them even though they may have only been on the bus for 1.5 miles and not the farthest distance. He said there is also a calculation of the miles a bus travels with students as well as miles traveled without students as long as the miles without students does not exceed the miles with. He also said there is an issue with the 1970 state funding formula because they did not anticipate the number of vans being used for transporting students with special needs or non-public students. He said it actually makes more sense to fill a brand new school bus that travels more miles instead of putting students on a 9 passenger brand new van because the District would receive more subsidy. He said

this is not a game but it is important to develop routes and align fleet with the best possible balance of expense as well as subsidy.

Dr. McCullough believes opportunities for increased subsidy are available because of the age of the fleet going from 12 years to 6 years approximately calculates to an additional \$75,000. He said the RFP did include additional upgrades to the vehicles, GPS systems and all new camera systems for additional safety features requested in the proposals. Not only would the vehicles be newer but also have more up to-date safety features.

Dr. McCullough said that the cost analysis of the 3 year period of the contract if the District purchased three additional vehicles each year and maintains the current staffing levels there is an opportunity to reduce costs by \$600,000 over a three year period based on the current operations and if the District remains self operated not filling the open manager position. Dr. McCullough said to use caution about that because he believes a full time manager would be needed to effectively plan the route and the number of children but in order to maximize the subsidy reimbursement rather than leaving potential funds unfounded.

Mr. Thomas said that back in December the Board made it clear when the RFP was submitted that they were not going to replace the manager's position but it still remains in the proposal which is in an addition of \$300,000 in the leasing option.

Dr. McCullough remarked that his professional recommendation would be if that position could be afforded it would be best because it is an important position in order to maximize the operations and subsidy.

Dr. DiCello asked if Krapf would be paying for the manager's position. Dr. McCullough answered, yes, but the dispatcher would be the District's responsibility because it is a District owned position and is also the recommendation of the Auditor General.

Dr. McCullough said there is also an opportunity to reduce the number of vehicles used and reduce the number of children which would reduce expenses but would also reduce the subsidy.

Atty. Rismiller asked if the District leased and maintained our current staff, what would the savings be over the three year period. Dr. McCullough answered it could be slightly less than \$500,000 over the three years.

Dr. DiCello remarked that the District would save \$500,000 if we lease but would save \$300,000 by not filling the manager position if contracting through Krapf. Dr. McCullough said that was correct from an expense stand point but not from a subsidy angle. He said the District would make up the \$200,000 difference by maintaining your existing operations with a newer fleet as well as contracted services being provided. He said the estimated subsidy would be approximately \$450,000 over the three years.

Dr. McCullough said his final recommendation would be to take the lowest proposal from Krapf, a family known business with outstanding references from multiple school districts. He said as part of the package, Krapf will work with Pennsylvania Department of Transportation to have all routes within the 1.5 – 2 mile radius, evaluated to see if any could be declared as hazardous.

After a lengthy discussion, on the recommendation of the Committee on Finance and on motion of Mr. Thomas, seconded by Dr. Davidson, the Board entered into the 6 year lease option with Wolfington Transportation. Motion carried by roll call vote: Mrs. Blankenhorn, Dr. Davidson, Dr. DiCello; Mr. Moran, Atty. Rismiller, Mr. Thomas, and Mr. Boran, Aye; Dr. Cardamone and Mr. Wagner, Nay.

On the recommendation of the Committee on Finance and on motion of Mr. Thomas, seconded by Atty. Rismiller, the Board approved the School District Insurance Package with BB & T for the 2017-2018 school year as follows: Package Policy (Property/Liability/Auto) - \$110,044.00; Educators Legal Liability - \$19,979.00; Commercial Umbrella - \$22,626.00; Cyber Liability - \$6,421.00; Workers Compensation - \$99,795.00. Motion carried.

Mr. Boran introduced, Mr. Richard Pitcavage, CPA and partner of Jones and Company, Pottsville.

Mr. Pitcavage presented an overview of the June 30, 2016 audit review. He explained there are three components of a Single Audit; Regular Audit of Financial Statements; Test for compliance for local laws and regulations, example the School Code, Sunshine Act, IRS code and bidding requirements; Tests for compliance with the Federal Regulations – Title I Remedial Reading & Math; Teacher Assistance and the National School Lunch Program.

He said there were no issues found in the Regular Audit, the Federal Programs, or National School Lunch Commodities audits.

Mr. Pitcavage explained the \$90 billion State underfunding of the PSERS system. He said due to this underfunded system every school district in the Commonwealth not is responsible for a share of this debt. Pottsville Area School District is responsible for \$62 million dollars of that and must show it in our reports. He said if it wouldn't have been for that liability Pottsville would have been in the positive with about \$5 or \$6 million dollars. He continued this gives everyone an idea how broke the PSERS system really is. He said the State keeps raising the rates higher and higher to try to narrow the unfunded deficit, but unfortunately the large part of the deficit is because the investments they are making aren't doing well and widens the gap between the benefits and the assets that are available to pay for them. Because Districts all across the Commonwealth must now report this liability, every District's financials are in the red.

Mr. Pitcavage noted this past June 30, 2016, the equity in the general fund account was down to a low of \$756,000 because the District lost \$5.1 million in 2016 and \$4 million dollars in 2015. He said this is not an easy position for any District to be in and that is why this Board and Administration are seriously cutting costs and trying to increase revenues. He explained when he started auditing the financials of Pottsville Area School District in 1986, the District was also in the red but said they pulled through and certainly thinks with a lot of careful planning it could be done again.

Mr. Pitcavage said the Cafeteria fund ended with a positive equity of \$110,000. He said that doesn't sound like a lot but added most School District Cafeteria accounts operate on a deficit year after year.

Atty. Rismiller asked if the investment revenue that the District is receiving is in line with other districts. Rich answered it is, but interest rates are down and that is the problem. He continued investment interest is slightly over budgeted for because School Districts usually base that particular line item on previous year's data and with the rates going up and down, it can be a wide disparity. He said Districts just doesn't have the funds to invest anymore.

Mr. Pitcavage said the School District's debt at the end of 2016 was reported as \$75 million dollars and \$62 million dollars of that is the PSERS fund liability which we have no control over. He said with the exception of one other school district who doesn't have any debt, Pottsville Area School District has the lowest debt and also has the largest general fund budget .

Mr. Pitcavage discussed the 2015-2016 audited transportation reports. He said they felt there were errors in the number of students transported who were being counted and should not have been. He said the previous Business Manager said the District was overpaid by about \$376,000 for these errors. The Department of Education was alerted to these errors and the State auditors will look at these reports in the next audit. He said this information needed to be disclosed to the Department of Education because it is a potential contingency issue.

He said because with the low fund balance the Auditors needed to take a closer look at the entity to determine if there is reason for concern, will the District be able to survive another year. This question is asked of the District Staff and Administrators. He said Mr. Mannello. Mrs. Lombel and Dr. Zwiebel had to provide solutions in order to prove to the Auditors that Pottsville Area School District will survive.

Mr. Pitcavage explained the potential revenue generated would be because of higher taxes, and potential savings from transportation and other areas. He said everything needs to be examined. With all the information provided, it is as projected the District will be in an expected deficit again at the end of June 2017 but that deficit is sustainable and moving forward as long as cost savings and the additional generated revenue continues. He said it certainly won't be easy and it affects everyone, teachers, staff and taxpayers. He said they

will continue to re-examine everything as an ongoing issue as long as the District is in the red.

He continued that in the past Districts had unlimited taxing powers but now the State enacted Act 1, where Districts are now limited to millage rate increases. A ballot referendum is required if a District wants to raise the taxes above the allowable limit and chances of passing that would be slim he said.

Mr. Pitcavage said the Cafeteria has been running very well and now President Trump is trying to rollback some of the nutrition standards initiated by Michelle Obama, it should improve even more. He said a drop in lunch participation of 27% was noted because of the regulations and substitutions which were initiated under the Obama administration.

He continued that the Audit discovered the following items:

- 1) Weakness in internal control, download from the accounting investigation found at the end of the prior year, the end of year computer system was not closed properly and the balances were not rolled into the cash accounts for the current year. He said immediately he could tell the balance sheet was incorrect and provided misleading information to the Board and Administration.  
He did stress that no money was missing it was accounting errors only, basically proper accounting procedures were not followed.
- 2) A tax collector did not provide the required monthly reports although he did submit deposits for that year roughly equal to the payments he made the previous year so the error came from not completing and submitting the monthly reports not missing money.
- 3) Noted issues in the bidding requirements. He explained the bidding requirements: expenditures of \$10,500 or lower do not need to be bid; expenditures between \$10,501 - \$19,399 require three written quotes and expenditures over \$19,400 require sealed bids. Incidences were found during the audit that these procedures were not followed by receiving three quotes or sealed bids for certain expenditures. He said these procedures were explained to Mrs. Lombel, Assistant Business Manager and Dr. Zwiebel and advised them to be watching for this activity.

In conclusion, Mr. Pitcavage noted that Mr. Mannello, State Auditor and retired Business Manger, has brought a wealth of information and knowledge to the District and is making sure all of these procedures are being implemented and corrected.

Mr. Boran thanked Mr. Pitcavage for his presentation and noted that the Annual Financial Report is uploaded to the District website.

The Committee on Finance reported that each Director received a copy of the Proposed Schuylkill Intermediate Unit 29 Administrative and Program Budget for the 2017-2018 fiscal year. This budget was presented for adoption.

The Intermediate Unit 29 Budget for 2017-2018 totals \$2,682, 751.00. Pottsville Area School District's share is \$0.00, same as year 2016-2017.

On the recommendation of the Committee on Finance and on motion of Mr. Thomas, seconded by Dr. Davidson, the Board approved the Schuylkill Intermediate Unit 29 Administrative & Program Budget for the 2017-2018 fiscal year in the amount of \$2,682,751.00. Mr. Boran noted that each Director received and must sign the ballot indicating their vote on the above motions. Motion carried by roll call vote: Mrs. Blankenhorn, Dr. Cardamone, Dr. Davidson, Dr. DiCello, Mr. Moran, Atty. Rismiller, Mr. Thomas, Mr. Wagner and Mr. Boran, Aye.

On the recommendation of the Committee on Finance and on motion of Atty. Rismiller, seconded by Mrs. Blankenhorn, the Board approved the revised 2016-2017 Title I Letter of Agreement between Pottsville Area School District and Schuylkill Intermediate Unit. The Term of this Agreement will be retroactive to August 25, 2016 and terminate on June 10, 2017. Motion carried.

On the recommendation of the Committee on Finance and on motion of Mr. Moran, seconded by Atty. Rismiller, the Board approved the revised Lease Agreement with Child Development, Inc. for the term July 1, 2017 to June 30, 2018 for one classroom located in the Elementary Center. Motion carried by roll call vote: Mrs. Blankenhorn, Dr. Cardamone, Dr. Davidson, Dr. DiCello, Mr. Moran, Atty. Rismiller, Mr. Thomas, Mr. Wagner and Mr. Boran, Aye.

The Committee on Finance recommends adoption of the proposed preliminary 2017-2018 school district budget of \$40,691,331.

The Committee reports that this budget reflects needed instructional equipment, supplies, maintenance and operational expenditures necessary for school district operations.

Therefore, the Committee recommends adoption of the proposed preliminary 2017-2018 school district budget which includes a tax increase of 3.424 mills to 38.574 mills.

On the recommendation of the Committee on Finance and on motion of Mrs. Blankenhorn, seconded by Dr. Davidson, the Board adopted the proposed preliminary 2017-2018 school district budget in the amount of \$40,691,331.00. Motion carried by roll call vote: Mrs. Blankenhorn, Dr. Cardamone, Dr. Davidson, Dr. DiCello, Mr. Moran, Atty. Rismiller, Mr. Thomas, Mr. Wagner and Mr. Boran, Aye.

On the recommendation of the Committee on Finance and on motion of Mr. Moran, seconded by Mrs. Blankenhorn, the Board authorized the School Board Secretary to have the required proposed final budget notice published once in the Pottsville Republican on May 21, 2016. Motion carried.

On the recommendation of the Committee on Finance and on motion of Mrs. Blankenhorn, seconded by Dr. Davidson, the Board set the date of June 21, 2017 at 7:30 p.m. for the Final Adoption of the 2017-2018 budget for the Pottsville Area School District. Motion carried.

Mr. Moran reporting for the Committee on Legislation noted the Governor's office is continuing talks on the State Budget. He also mentioned that they are discussing "Troops to Teachers Initiative", which enables Veterans to gain skills and experience in the classroom that would help them navigate the certification process to teach in the classroom. He also mentioned the Easy Procure Card which is a cash back card for school districts.

Mr. Moran continued that the Legislatures are also busy discussing the Pension Crisis and Charter Reform and are trying to limit or curtail reimbursement for teachers and transportation.

Mr. Moran reporting for the Committee on Negotiations noted that the Committee is continuing conversations tirelessly with their counterparts of the Education Association and are moving closer to an agreement. He said he appreciates the efforts put forth by the Education Association.

Mrs. Blankenhorn, Drug and Alcohol Coalition Chairperson, noted that there will be a Tide Task Force meeting on Monday, May 22, 2017, at 7:00 pm in the Academic Center.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mr. Wagner, the Board hired the following professionals for the Extended School Year Program at \$32.00/hour, effective June 20, 2017: Teachers – Jacquelyn Butz, Krystina Kubeika, Heather Martin, Charles Rinaldo and Kaitlin Stramara; Nurses – Angela Holobetz, Jennifer Kepner, Donna Romano, Kendra Rooney and Danita Sippel; and Speech – Sarah Quinn. Motion carried by roll call vote: Mrs. Blankenhorn, Dr. Cardamone, Dr. Davidson, Dr. DiCello; Mr. Moran, Atty. Rismiller, Mr. Thomas, Mr. Wagner and Mr. Boran, Aye.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mr. Wagner, the Board recommended the following substitute teachers to be hired for the Extended School Year Program, effective June 20, 2017: Lisa Falkowski, Elizabeth Grow, Samantha Lecher, Michael Anthony, and Louise Winkler, Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board hired the following instructional aides for the Extended School Year Program at \$12.50/hour, effective June 20, 2017 and \$13.10/hour, effective July 1, 2017: Karen Bevan, Diana DePauli, Suzanne Dolbin, Mary Ann Filiac, Holly Gotshall, Susan Griffin, Bernadette Laubenstine, Jackie Murton, Gretchen Leshner, Bernadette Ott, Sandy Paulshock, Jessica Robbins, Karen Schock, Jackie Sherry, Karen Shoener, and Katrina Staller. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board hired Kaier Trovato as a substitute instructional aide for the Extended School Year Program. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board hired Cynthia Thomas as a transportation aide for the Extended School Year program at an hourly rate of \$10.00 /hour. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board accepted the letter of resignation from Ashley Ortiz, paraprofessional at the John S. Clarke Elementary Center, effective May 5, 2017. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mrs. Blankenhorn, the Board accepted a letter of resignation from Sarita Battish, paraprofessional at Pottsville Area High School, effective May 26, 2017. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mr. Wagner, the Board hired Geraldine Schwartz, as a substitute paraprofessional for the 2017-2018 school year. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mr. Thomas, the Board approved an unpaid leave of absence for Jessica Robbins, paraprofessional at Pottsville Area High School for the following dates: May 25 and May 26, 2017. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mrs. Blankenhorn, the Board accepted a letter of resignation from Michelle Bowman, bus driver for the Pottsville Area School District, retroactive to April 28, 2017. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board accepted a letter of resignation from Harry Meyers, van driver for the Pottsville Area School District, retroactive to April 10, 2017. Motion carried.



On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board hired Ronald Brennan as a substitute van driver for the Pottsville Area School District, retroactive to May 4, 2017. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board hired the following substitute employees for summer cleaning at an hourly rate of \$10.00 per hour: Diane Schweikert and Theresa Tassone. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Dr. DiCello, the Board hired Sean Elenchin as a game worker/event staff for the Pottsville Area School District at an hourly rate of \$10.00, contingent upon receipt of satisfactory clearances. Motion carried.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mr. Wagner, the Board accepted the letter of resignation for retirement from Atty. Richard Thornburg, Solicitor for the Pottsville Area School District, effective May 31, 2017. It was noted that Atty. Thornburg served as the District Solicitor since December 1987. Motion carried.

Atty. Rismiller thanked Atty. Thornburg on behalf of the Board, for his service to the District for over thirty years.

On the recommendation of the Committee on Personnel and on motion of Atty. Rismiller, seconded by Mr. Thomas, the Board approved Atty. Jeffrey T. Tucker, King, Spry, Herman, Freund and Faul, LLC, to serve as an interim solicitor for the Pottsville Area School District, at an hourly rate of \$170.00, effective June 1, 2017. Motion carried.

Atty. Rismiller noted that the District will develop an RFP to solicit for a Solicitor and anticipates the Personnel Committee will be working on this during the summer to present to the Board sometime in August or September.

Under Committee on Public Relations, Dr. Davidson recognized the following students:

1. Congratulations to the members of the Ecology Club: Angela Eckert, Dylan Stillwagner, Tobias Serrian, Abby Weiderhold, Kendra Frehafer, Sadie Mitchell, Eli Doyle, Emma Walinsky and Max Kelly for finishing first out of twelve teams at the Schuylkill County Cleanup on April 20<sup>th</sup>. The team cleaned up approximately a mile area of the Burma Road just outside of Saint Clair. The team earned a perfect score and brought home a traveling "trophy".
2. Congratulations to Sketch Club member, Rachel Conville for winning the 2017 Allied Artists of Schuylkill County Member's Choice Award. Her painting,

'Rejuvenating in the Jordan River' was chosen from all of the artworks submitted throughout Schuylkill County.

3. Congratulations to the following award winners of the Schuylkill County Council for the Arts for the High School Art Show:

Photography

Rebecca Weist - Honorable mention

3-D

Jared Omlor - 3<sup>rd</sup> Place

Abbey Kostyal - Honorable mention

Julia Conville - Honorable mention

Rachel Conville - Honorable mention

Painting

Rachel Conville - 1<sup>st</sup> Place

Matilyn Ashfield - 3<sup>rd</sup> Place

Sarah Griffiths - Honorable mention

4. Congratulations to Rachel Conville for being selected as Artist of the Month for April. Rachel is a senior who is planning to study Art Education at Kutztown University in the fall.
5. Congratulations to Colin Williams for being selected to advance to the PMEA Region Band Festival at East Stroudsburg North High School in March. Colin represented PAHS at the PMEA Convention in Erie on April 19-22 in the All-State Concert Band.
6. Congratulations to the following students for being selected as PAHS 2017 Scholar Athletes: Football - Eric Wapinsky; Boys' Soccer - Charlie Botto; Girls' Soccer - Megan Dalton; Wrestling - Kory Kleckner; Female Scholar Athlete - Kyra Schenk

Dr. DiCello reported for the Committee on Technology noted that there is currently \$106,464.00 in the technology E-Bay account and an additional \$16,000.00 pending the closing sale of iPad minis for a total of \$122,464.00 which will be applied to the next Apple lease payment of \$127,419. She said additional equipment such as Dell desktop computers are to be sold and should generate enough revenue to pay that entire lease payment.

On the recommendation of Mrs. Lombel, Assistant Business Manager, and on motion of Dr. Dr. DiCello, seconded by Atty. Rismiller, the Board approved the revenue report for the month of April 2017; the report includes local, state and federal sources (see office files). Motion carried.

