



Respectful, Responsible, Safe & Prepared

FINANCE COMMITTEE MEETING MINUTES
September 30, 2024 – 5:30 p.m.
Waupaca High School Community Room and [Live Stream](#)

Welcome and Call to Order:

The meeting was called to order by Committee Chairperson Dale Feldt at 5:30 p.m.

Roll Call:

All members of the Committee were present (Chairperson Dale Feldt, Steve Klismet, and Molly McDonald). Additionally, Board members Betty Manion and Ron Brooks were present.

Also Present:

Present in the WHS Community Room: Craig Gerlach, Mark Flaten, Austin Moore, Laurie Schmidt, Sandy Lucas, Jay Seefeldt, Cory Nagel, and Sandy Robinson.

Approval of Agenda:

A motion was made by Steve Klismet and seconded by Molly McDonald to approve the agenda as presented. The motion carried unanimously on a voice vote.

Review of Board Meeting Norms:

The Board reviewed their collective commitments.

Preliminary 2024-2025 Budget Update:

Interim District Administrator Craig Gerlach reviewed the fiscal budget process for school districts. He advised that tonight's presentation is a high-level summary of the preliminary 2024-2025 budget update which was prepared by Director of Business Services Austin Moore and Greg Gaarder of CESA 5. He noted that it is based on preliminary numbers as we do not yet know the final enrollment numbers nor what the State aid will be. All of the department heads and the Administrative team were involved in the budget process which holds them accountable. He further advised that the District has a deficit, but noted that the District is not in control of its revenues, which have decreased.

Mr. Moore advised that the 2024-2025 budget shortfall was previously discussed this past June when it was noted that the District incurred unexpected expenses during the 2023-2024 school year. In addition, last October it was predicted that the District would have a \$900,000 deficit for the 2024-2025 school year. Currently, the overall 2024-2025 budget includes revenues of \$29,015,280.00 and expenses of \$30,299,715.22, for a shortfall of \$1,284,435.22 (4.2%), noting that we have a shortfall because revenues are decreasing while expenses are increasing. The District did receive an increase of \$325 per student from the State, but it lost ESSER funds, there were adjustments made to better reflect actual expenses in certain areas, and there was a reduction in grants. Also there were major increases in expenses which included increased salaries and benefits, a Fund 27 transfer (which was

required as this fund has to be balanced), increases to better reflect actual expenses for technology, SLOs, legal fees and activities, as well as increased bussing expenses.

Mr. Moore advised that Fund 10 is designed to help avoid short-term borrowing, with a range of between 25%-35% being the best spot for the fund balance to be. He shared what the Fund 10 balances were at the beginning of the 2023-2024 and 2024-2025 school years as well as its projected balance at the start of the 2025-2026 school year, all of which fall within the acceptable range.

The District strives to be good stewards of taxpayer dollars by maintaining an appropriate fund balance and maintaining comprehensive programs, services and facilities at a high level, all while maintaining a low mill rate of \$5.01. Currently it is the 16th lowest mill rate in the State for K-12 districts, with the State average mill rate being \$7.22 and the average mill rate for neighboring districts being \$7.07. The District's mill rate has steadily declined since the 2019-2020 school year. The School District's taxes represent approximately 40% of the property tax bill.

The increases in State aid have not kept up with inflation, therefore revenues for many school districts throughout the state will not be sufficient to cover expenses and nearly half of all schools in the state will go or have already gone to referendum in 2024. As we look to the future, assuming a 4% increase in expenses and a 2% increase in revenues, it is projected that in the 2026-2027 school year the District will likely dip below the acceptable fund balance range and may then have to look at short-term borrowing.

Committee member Steve Klismet asked if conversations could be had with FVTC to possibly use some of our WHS classroom space to generate some revenue. He also asked that an inventory be completed of the items in storage and if the District could liquidate the unused equipment. He also noted that the District is not using the soccer fields but maintains them.

Director of Teaching and Learning Mark Flaten advised that there have been some conversations with FVTC in the past, noting that we may have the facilities but that does not mean they want to hold or offer any of their courses here. Mr. Gerlach advised he has a meeting scheduled with FVTC, and had a meeting today with the City regarding the use of school properties and possibly combining resources.

Committee Chairperson Dale Feldt noted that we do run summer school programs on City property. He also noted that the District has teachers certified to teach FVTC courses here. In addition, we have to be careful, for safety reasons, when bringing in older FVTC students into the WHS building.

In response to Board President Ron Brooks' inquiry, Mr. Moore advised that nothing was budgeted for the tennis courts. Discussion then continued regarding the lighting at the WMS tennis courts and parking lot.

In regard to Mr. Klismet's inquiry regarding HVAC use/non use, Mr. Moore advised that the HVAC system is not set up to be able to close off certain areas or classrooms when not in use. He noted, however, that it is turned off in many areas during the summer months.

Mr. Gerlach noted that WHS was built to hold 1,000-1,250 students and we currently have approximately 650. He reassured the Board that he is not suggesting that any cuts be made to the District's benefits or that any buildings be consolidated.

Committee member Molly McDonald wanted a better understanding of the purpose of Fund 27 (the special education fund). Mr. Moore advised that the \$650,000 was for services required for special needs students above and beyond what is offered in general curriculum and it is paid for in Fund 27 (ex. contracted services through CESA for occupational therapy, alternative education, etc.). Director of Student Services Laurie Schmidt further explained Fund 27 in more detail. Mr. Gerlach added that there may be an increase from the State, but it won't get to the 62%. Ms. Schmidt added that it was at \$0.22 and it is now at \$0.32 on the dollar. School districts are currently lobbying the State legislature for an increase.

Ms. McDonald also inquired how the 4.12% wage increase given to staff last year was arrived at and how do the teacher salaries compare with the market. Mr. Moore and Mr. Gerlach explained that the 4.12% was an increase in salaries only and did not include benefits. The District negotiates every year with the teachers union (WTA) for total base wage increases. The increase cannot be higher than the CPI but it can be lower, however we want to retain staff too. It was noted that an increase of 4.12% is not given every year and that next year the CPI is at 2.1%.

Mr. Gerlach pointed out that they were just sharing the highlights tonight so that the Board would have a better understanding of the budget, what they are doing, and will trust them. He provided a brief history of the State's revenue limits imposed on school districts and how increases are provided. He noted that revenues received by the State never meet or exceed expenditures. He added that he will send out the more detailed packet of information to the Board tomorrow which will include the projected numbers for 2024-2025 as well as the budget that will be published next Thursday.

Mr. Flaten commented that being a low taxing district for so many years eventually catches up with you, and currently it does not outpace inflation. We look at every position that becomes available but we have more students with special needs. He advised that we are coming to a crossroads – if we want to continue to offer our students a great education, we, the taxpayers, will need to pay for it. Mr. Gerlach noted that they will continue to be good stewards but we have a deficit, and also noted that seven years ago we under-levied in order to lower taxes.

Mr. Brooks pointed out that having a lower mill rate attracts more new housing and more people to move here. He also asked Mr. Gerlach to remember that the mill rate has a huge impact on agriculture land and the agriculture community.

Due to the fact that the State has a revenue surplus but yet is not increasing funding to school districts, Mr. Brooks asked if the Board could possibly address this as well as other issues at the State Capitol. Mr. Gerlach advised that there is a "Day at the Capitol" in March which provides an opportunity for them to meet with legislators. The State has never had so much surplus money, but the Governor does not control the Senate and the House.

Mr. Gerlach noted that nobody wants their taxes to go up. Land values are going up 14%, so when land values go up, the mill rate goes down. We do not want to be the highest or lowest mill rate in the area.

Mr. Gerlach then explained how defeasance works. Our mill rate will go down but instead of lowering our mill rate, we could keep it at the same level or not lower it as much and apply those additional funds to Fund 39, our capital loan, to pay that off earlier thereby saving on interest. This will again be discussed further at the next meeting.

Mr. Moore advised that the State will release the final revenue numbers on the 15th and we are finishing up enrollment numbers this week. There are three main areas that affect our budget: enrollment numbers, state aid, and equalized property values (est. 14%).

Mr. Moore explained the purpose of an operational referendum, and advised that 82% of districts have had at least one (some multiple (56%)) operational referendum and 192 schools are going for operational or capital referendums.

Adjournment:

A motion was made by Steve Klismet and seconded by Molly McDonald to adjourn the meeting at 6:40 p.m. The motion carried unanimously on a voice vote.