

Business Services Committee

February 23, 2021

Members Present

Jim Bowman, Gary Jahnke, Kristine Sauter

Meeting called to order at 7:30 am by Jim Bowman

1. Virtual Meeting Notice

A. This meeting will be conducted as a virtual meeting due to the active COVID-19 public health emergency situation, meaning that multiple Board members may be participating in the meeting from remote locations through the use of communications technology and/or that public access to the meeting may be arranged through the use of technology. The District discourages the public and/or media from attending the meeting in person at its noticed location due to concerns with health and safety and encourages use of the alternative method(s) of access that the District is providing.

B. Members of the media or general public may access the meeting via the live stream broadcast on the Appleton Area School District YouTube Channel: <https://www.youtube.com/channel/UChO-l09YGgt4uKnCWYvt8Pw>. For remote attendance via telephone, please dial: 1-312-626-6799 Meeting ID: 989 5498 7621.

C. Any special needs or any requests for accommodations related to accessing this meeting should be sent to Kelly Vandenberg at vandenbergkell@asds.k12.wi.us or (920) 997-1399 ext. 2032, at least 24-hours in advance of the meeting. This would include any person for whom it would be burdensome or infeasible to use the primary method(s) of remote access established by the District.

D. With respect to the gravity of the current public health emergency, we have made every effort to streamline this meeting as much as possible while still focusing on items that are essential to the current and future operations of the District. As such, there will be no opportunity for public comments. If you have comments relating to any item on the agenda that you wish to share with the Committee, you are welcome to submit them in writing. Comments can be submitted to Kelly Vandenberg at vandenbergkell@asds.k12.wi.us (preferred) or mailed to 131 E. Washington Street, Suite 1A, Appleton, WI, 54911. All written comments submitted will be distributed to all members of the Business Services Committee. We appreciate your understanding during this unprecedented time.

2. Discussion Agenda Items

A. Annual Financial Report for Year Ended June 30, 2020

We received the AASD Annual Financial report for year ended June 30, 2020, which was completed by Clifton Larson Allen LLP, independent auditors. Holly Burr presented their findings. The statement they lead with is “The financial statements are fairly stated. We issued what is known as a “clean” audit report. The report discusses internal controls and findings. The lowest level of findings is *Significant Deficiency* (very minor), which we had two of. We had a *Finding on Review of Nutrition Claims*. The auditors didn’t like the process we used and the way we submitted claims. We have changed that since last year, but there wasn’t enough evidence before the audit to show that on this report. There was also a *Finding on Preparation of Annual Financial Report*. It is regarding our 80-page report and is very common to receive among Districts. We went down from six Findings last year to two this year.

Holly Burr went over some of the sections included in the Audit Summary. She began with the General Fund balance, which increased to \$9,451,403 year ending June 30, 2020. The ending fund balance was \$43,018,270. It represents 22.7% of expenditures included for the year and is an important aspect in the Districts financial well-being since a healthy fund balance represents things such as cash flow and is a cushion against unanticipated expenditures, enrollment fluctuations and State aid changes. We did not have to short-term borrow in the fall of 2020 due to this number. We want to have enough of a balance, but also not too much that we are stock piling it. If we don’t spend our Budget, it negatively affects our State Aid. There is so much the District needs to make up for that has taken a hit during the pandemic. The funds will get used, but as of now, we are in a great place.

The report also covered Technical updates. Some new GASB rules will go into effect for our next Audit. GASB statement no. 84 establishes criteria for identifying fiduciary activities for state and local governments, focusing on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Fiduciary means we really don’t have authority over it. We are the managers of the money, like a scholarship. If the District has control, it can no longer be treated as Fiduciary, it must be treated as part of the District funds. There will also be a change on leases, which is GASB statement no. 87. That won’t take place until 2021-22.

Holly briefly went through the actual financial statement run through beginning with the part of the summary that includes Statement of Revenues, Expenditures and Changes in Fund Balances. The General is our Fund 10. It shows a comparison of years. Revenues were up about 8.5 million. Expenditures were only up slightly, about 1 million. We covered this last fall in our Budget documents. Starting at page 20 there are details of the Financials. There are specifics on debt service, capital assets and financial notes. Page 50

begins the Supplementary Information, breaking down the summaries, and giving more details on fund 10 and 11. The following pages, cover additional funds and their balances. Lastly, at page 66, there is a breakdown of just the Grants, Federal and State awards. This is required if we are over a certain dollar limit. The report is followed with a letter that Greg Hartjes and Holly Burr created. It is a summary of statements regarding fund balance and activities. This document goes to the Auditors explaining things that happened throughout the year.

B. Potential Referendum-Planning Update

Last year at this time the Board of Education and the Leadership Team were concluding nine months of planning for a possible referendum. The next step in the process was to educate our citizens and gather input on their priorities and tax tolerance through a community survey. However, when the pandemic struck in March, of 2020, the BOE and LT put all plans for a potential referendum on hold. At that time, we had completed 4 work sessions, among other things. We were at the point in the process to ask the community what they thought. Due to the pandemic, we set the Referendum aside. This is the first time we are holding any discussion around a Referendum since last year. The following projects were discussed. Groups included students, staff, parent, community members to determine priority.

Project #1 - \$30 million

Build a new elementary school on District-owned land near North High School to accommodate enrollment growth on the north side of the District. It was decided to build just the elementary school at this time and possibly add a middle school later and the schools could share middle space.

Project #2 – 30 million

Complete renovations and additions at all four middle schools to update current spaces and to accommodate moving 6th grade students to the middle level. These are all older buildings. We would like to look at a STEM space. We would move 6th graders to the middle school. This was always the intention when 9th graders moved to high schools in 1999, but it was never fully implemented. The committee had looked at social and emotional aspects of moving 6th graders. Most Districts have 6-8 together. Our grouping is very uncommon.

Project #3 – 11 million

Remodel elementary spaces vacated by 6th graders to create flexible spaces needed to accommodate programming that has been added to support the increasingly complex needs of our students. 11 of our 16 elementary schools are over capacity as of 2019 and more students need EL and Special Education support. Our enrollments don't show it, but we have more students with higher needs. We want to renovate that space for those needs.

Project #4 – 24 million

Complete additions at high schools to accommodate priority programs.

At East, more classroom and general education spaces. There is an increase in the Special Education population. We are looking to build an addition. This would include multi-functional rooms that can be used for a lot of different activities. Also, renovating the fitness center because there is a need to expand.

North – A new fitness center. North is now 26 years old and is showing its age. The fitness area is inadequate and unsafe. It is very crowded. We consider this a need and a return on our investment. The area will be used throughout the day, all summer and weekends. Fitness centers and gyms are the most used spaces.

West –

Need for additions to backside, commons space, and additional classrooms that are multi-use. Also, a concession stand and restroom for indoor and outdoor activities. Stand-alone facility for day and night activities and practices.

The possible Referendum project cost is around \$95 million and annual operational cost is about \$2 million a year. This estimate is from 1.5 years ago. This accounts for engineering, cleaning, staffing, etc.

We believe it is a reasonable ask for \$25 dollars on a \$100,000 property. The amount has probably gone down to about \$20-\$21 due to an increase in property values.

With no fall election in 2021 the next opportunity for a referendum vote is April 5, 2022. We have drafted a timeline in the event that the BOE and LT wish to continue planning for a future referendum. Starting in the summer, we would revisit facility needs, programmatic needs and enrollments and reconsider the four projects originally included in the Referendum plan. We would also

reconvene the Future Needs Advisory Committee to provide them with an update and to ask for feedback. In fall, we complete development of community survey (BOE approval), analyze results and conduct focus groups. Finally, in December, the BOE would make the decision on the April referendum, with approval of a resolution needed by January 25th, 2022.

C. Elementary & Secondary School Emergency Relief (ESSER) II

Greg Hartjes discussed The ESSER II Funds. We were notified of the amount in December, of 2020 which was provided to address the impacts of the COVID pandemic. This is the second round of funding. We spent our

ESSER I Funding of \$1,445,907 in the following ways

-i-Ready = \$421,608 (k-8 testing software)

- Chromebooks = \$992,500

- Chromebook Chargers = \$31,799

The ESSER II Funding will be \$6,705,753. This is a significant amount of money. The funds will be spent across 2020-2023. This amount must be spent by September 30th of 2023. DPI is currently waiting for the Joint Committee on Finance to take action on when the grant will be finalized. We have put some thought into how we will spend this amount.

COVID expenses to be covered are:

Isolation room paras (Semester 2 only) = \$607,000

Elementary teachers to reduce class size = \$656,000

Semester 2 substitutes for COVID reason = \$180,000

Facilities and Operations expenses

Disinfecting = \$130,000

Objects (purchases) = \$242,500

Other (timesheets...) = \$85,000

Tech Services expenses = \$500,000

Need to cover Total = \$2,400,500

Greg said our budget this year will be very solid. We can be spending dollars now to meet student needs. We still have \$4,305,253. We will try to close the gap for those students who lost learning while we were virtual or they didn't receive the support at home due to other circumstances. We can focus on those student needs.

The Guiding Principles we will use are:

- Alignment with targeted areas for focus as identified in the District Scorecard
- Consideration given to the "whole" child, not just the "academic" child
- Identification of gaps that have been exacerbated by the pandemic
- Data-based decision-making to address highest needs/gaps using key measures/targets, prioritized, evidenced-based actions, and process monitoring measures
- Thoughtful investment of funds to minimize "funding cliff" and to maximize long-term benefits for all students.

Steps we will take will be to present information to Administrators, Assistant Superintendents or Directors and take input and ideas from level Principals and Departments. The Leadership Team will prioritize actions to be taken yet this school year. The Leadership Team will work with committees to prioritize actions from summer and beyond.

D. North HS Outdoor Facilities Fundraising

At 26 years old Appleton North High School is starting to show its age and need repairs. Joe Sargent and Greg Hartjes looked at their Baseball Field. One of the dugouts is sinking into ground and isn't useable and the backstop has come out of the ground. The cost is estimated at \$150,000. It is felt that these fixes are necessary because this is a safety issue. The North Booster Club has been raising money for this and other upgrades to the Baseball, Softball and Football Fields. Nate Werner, Athletic Director at Appleton North High School spoke regarding the upgrades. A North parent contacted Nate regarding a private donor that wanted to contribute to enhance some projects. They are interested in remodeling the Football Stadium entrance. It needs to be more accessible and functional. They plan to give \$350-400 thousand dollars in hopes that it is completed by fall. Also, that same North parent was looking at other sponsorships and reached out to a local financial institution. They said they would be willing to give \$125,000 if they can get advertising rights on the scoreboard and naming rights to the field for 10 years. It is an estimated \$1.1 million for entire renovations.

Greg brought up Board Policy 840 Gifts and Bequests to Schools; Policy 940 Naming of School District Facilities

And 851.1 and 851.1 Rule Sponsorship Policy. Any long-term display needs to be approved by the Board and will follow established precedents to the degree possible – multiple sponsors.

A Donor Recognition Program was also mentioned by Greg. An example is Appleton West. They have the Addition to Tradition Field Project. It is a Campaign offering naming opportunities of certain spaces. It went out to the community. The purpose was to generate revenue through naming rights and donation. The naming of such things as scoreboards can be approved at school level.

Joe Sargent has the designs for the renovations discussed. They will take place in phases. They have money for those and will be ready for bids next week.

We will bring the discussion regarding naming rights and donations back at a future meeting.

3. APPROVAL OF MINUTES

A. Business Services Committee Minutes from December 15, 2020

Recommendation to Approve Minutes

Motion by Gary Jahnke, second by Kristine Sauter

Final Resolution: Motion Carried

Aye: Jim Bowman, Gary Jahnke, Kristine Sauter

4. Adjourn

A. Adjourn Meeting

Motion to Adjourn

Motion by Kristine Sauter, second by Gary Jahnke

Aye: Jim Bowman, Kristine Sauter, Gary Jahnke

Meeting adjourned at 9:31 am

5. Future Business Services Meeting

A. March 23, 2021 at 7:30 AM, Remote