

STRONG SCHOOLS. STRONG COMMUNITY.



West Allis-West Milwaukee School District
Operational Referendum ■ Vote April 4, 2017

OPERATIONAL REFERENDUM Q & A

Q: What were the expenditures related to overspending since 2007?

Since 2007, there were three years of significant overspending (e.g., 2010-2011, 2013-2014, and 2014-2015). Some of the expenditures that comprised overspending (over budget or unplanned expenses) during these times were:

2010-2011: \$8,054,000

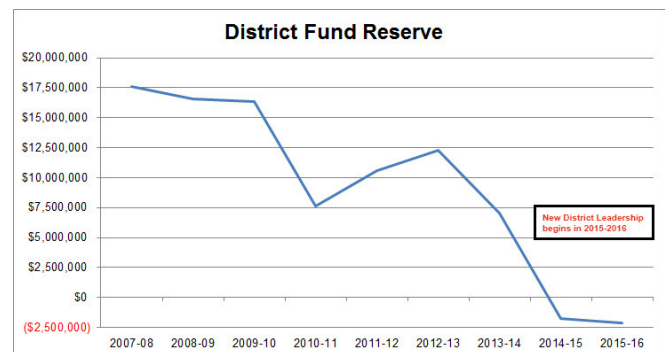
- OPEB Litigation Legal fees = \$1,024,000
- Purchase of District Facilities = \$6,300,000
- Payment for open enrollment students leaving district = \$730,000

2013-2014: \$6,359,700

- Employee salaries = \$184,000
- Employee benefits = \$1,090,000
- Professional Development for teachers = \$67,000
- Utilities (Natural Gas for heating and Water) = \$280,000
- Additional capital improvement projects = \$713,000
- General supplies for classrooms = \$102,000
- General supplies for Professional Development = \$146,000
- General supplies for Facility and Operations Department = \$113,000
- Boiler replacement at Jefferson = \$165,000
- Technology software licenses = \$180,000
- Additional 300 iPads = \$113,700
- iPad lease payments (Lease 1 payment 2 of 3 and Lease 2 payment 1 of 3) = \$493,000
- Purchase of Lane Intermediate = \$1,876,000
- Transfer to Non-Referendum Debt (OPEB debt payment) = \$1,500,000

2014-2015: \$8,195,738

- Employee salaries = \$1,444,000
- Employee benefits = \$941,000
- General contracts for facilities and operations = \$370,000
- WAAC Soccer Field = \$671,738
- Additional unplanned facility repairs = \$295,000
- Payment for open enrollment students leaving district = \$704,000
- Short term interest on loan payments = \$272,000
- Transfer to Non-Referendum Debt (includes OPEB debt payment) = \$3,200,000
- Additional transfer to Special Education to balance revenue as required by DPI = \$298,000



Q: What business accountability changes have occurred since 2014-2015?

Hired full-time staff accountant

The district hired a full-time staff accountant (who is also a CPA). Our accountant keeps an independent lens on expenditures and is not in a position to make decisions about spending. The accountant is also well-versed in using the correct processes for state reporting using the WUFAR (Wisconsin Uniform Financial Accounting Requirements) system.

Adjusted Preliminary Budget Timeline and Presentation to School Board

Previously, a preliminary budget for the coming year was presented to the school board in the early August. The budget would be for the coming year and the Board was expected to approve it at that time (i.e. The preliminary budget for 2014-2015 was first presented in August of 2014). The process has been revised so that the Board is presented with a preliminary budget near the end of April. The budget is then reviewed, updated, and then presented again at the beginning of June with approval needed at the end of June. This ensures that the budget has been reviewed prior to the start of a new fiscal year and provides an opportunity for adjustments to be made in a timely fashion.

Moved to zero-based budgeting for departments

Previously, individual department budgets were using a “roll forward” method for budgeting. This means they kept remaining funds year after year. The current approach is to use a zero-base model. Zero-base is the approach that all departments are allocated \$0 for the future year until a *need* can be determined. Now, we use a three tier approach:

- Tier 1: Contractual obligations for during the year (e.g., text book licenses, technology security or other contractual agreements).
- Tier 2: Department or school needs (e.g., textbooks, iPads, etc.).
- Tier 3: Department or school requests (e.g., Apple TV's, new furniture, etc.).

Once a department budget is submitted in February, the Director of Finance and Operations meets with the department heads and reviews each tier and each line item to ensure proper placement. This ensures that each allocation is accounted for and accurately placed in terms of its importance. This review then allows a proper and necessary allocation to be determined on a yearly basis.

Established monthly budget review

Each month, all departments and each school is provided with a year-to-date budget update from the Director of Finance and Operations. Department heads and school principals review the update for accuracy. The Director of Finance and Operations then reviews the up-to-date expenses in comparison to budget to ensure the viability of funds for the remainder of the year.

Conducted a complete review of expenditures to date

The Director of Finance and Operations conducted a review of department budgets and district allocated line items. During this review, it was determined that some expenses used by departments and schools were paid for using District budget codes. This made it difficult to manage expenditures accurately due to those approving funds were not in charge of managing funds. Starting with the 2015-2016 school year, these costs were moved to department and school budgets (with the appropriate budgeted funds to ensure accountability for expenses).

Established budget oversight for employee salaries/benefits

Starting with the 2015-16 school year, an extensive spreadsheet was created that matched all district employees with their eligible insurance benefits (e.g., health, dental, life, etc.). In addition, all open positions (where individuals had not yet been hired) were listed with an appropriate average wage and benefit allocation. This spreadsheet helped us to accurately track the budgeted amounts for all employee groups (e.g., teachers, interns, secretaries, educational assistants, facilities and maintenance staff, full-time building substitutes, department chairs, at-will employees, administrators, and School Board members).

Hired a new audit firm

In spring of 2016, the District hired a new accounting firm for its required annual audit. The firm selected, Wegner, CPAs, has a strong history of working with school districts our size. This firm was highly recommended and was also noted for its ability to provide feedback and recommendations when issues or errors were discovered.