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MemoTo: Board of Education
Dr. Mary Pfeiffer, District Administrator

From: Paul Hauffe, Director of Business Services *PH*
Vicky Holt, Asst. District Administrator – Human Resources and Central Services *VH*

Date: January 8, 2013

RE: 2012-13 Neenah Joint School District Budget – Draft #3

Several events have occurred since the Board of Education officially adopted the 2012-13 school budget (November 6, 2012) that now require the Board to formally amend that budget.

1. **Employee Health/Dental Insurance.** As the Board of Education voted to adopt the 2012-13 budget at their November 6, 2012 meeting, they were reminded that a significant component in the budget remained a bit uncertain. The District has now completed the conversion from a fiscal year health plan to a calendar year health plan. During the open enrollment period, all employees and retirees were offered a base High Deductible Health Plan (HDHP) as well as an option to “buy-up” to one of two other health insurance plans. In addition, an employee could opt out of the health insurance plan altogether in exchange for a cash payment.

The District’s open enrollment period for health insurance, as well as various other insurance plans, has now ended. Almost 14 percent (101 plans) of the District’s active and retired faculty, administrators, exempt staff, and support staff who were eligible to participate in the health insurance program have elected to relinquish their participation in exchange for a cash payment. This is well above the number (50) that was expected as the budget was being finalized in early November. This increase in “insurance buyouts”, subsequent fewer insurance policies and fewer District contributions to HSA accounts will help to generate savings of \$750,000 in the 2012-13 budget.

Additional discussion and analysis of the District’s current health insurance plan will continue in future Finance and Personnel Committee meetings, as needed.

2. **Federal/State Projects.** The District has received verification on the funding amounts for several Federal and State programs. Of note, the Pre-School Entitlement program (Special Education) will receive \$18,844 more than estimated in Budget Draft #2 and the Carl Perkins grant (Vocational Support) will receive \$4,250 less funds than originally estimated. The revenues and expenditures of Federal and State programs offset so there is no impact on the local budget.

The Federal IDEA Flow-Through Grant (Special Education) will be at least several hundred thousand dollars greater than originally estimated in Budget Draft #2, due to a large carryover from the 2011-12 budget year. Although the specifics are not known at this time, Mr. Timothy Gantz is developing a budget to accommodate these additional funds. An adjustment has not been reflected in the budget at this time.

3. **K-12 Library Budget.** In conjunction with the District's Digital Conversion Plan, the 2012-13 K-12 Library budget has been adjusted to reflect the planned use of common school funds to purchase computer equipment for each of the District's school libraries. Essentially, this is an internal transfer between two District accounts and will have no effect on the overall budget.

4. **Fund Balance.** The District budget that was adopted in November, 2012 required the use of \$1,401,988 in General Fund balance to balance the 2012-13 budget. Given the preceding information regarding health insurance, the amount of general fund balance that will be needed to balance the 2012-13 budget will decrease to \$651,988.

The health insurance budget situation was uncertain in November but has now been resolved and budget numbers have been recalculated. There are other items contained in the budget that still carry some uncertainty as the budget year evolves – utilities, some purchased services such as PT/OT, and various supply items.

The Board originally authorized, and seemed comfortable with, the use of \$1.4 million of General Fund balance to balance the 2012-13 budget. It now appears that significantly less fund balance will be needed to balance the budget. The District, however, continues to have a substantial unfunded OPEB liability. Should the 2012-13 general fund budget achieve an operating surplus, the administration would recommend that amount to be considered for OPEB liability reduction.

Budget updates will be provided at future Finance and Personnel Committee meetings as the fiscal year progresses. Additional adjustments to the 2012-13 budget can be made at any time prior to June 30, 2013. At the least, a final budget adjustment will be made in late May/early June to reflect any additional information that becomes available to the Board/Administration between now and then.

Relative to this budget adjustment, the following support documents are attached for your review.

1. A resolution which reflects the adjustments to be made with respect to the 2012-13 budget.
2. Specific accounts that have been affected by the budget adjustments.
3. A two page summary of the final, amended 2012-13 budget (Draft #3).

The budget adjustments do not affect the District's Revenue Limit. There is no change to the certified 2012 school property tax levy.

If you have any questions prior to the Board meeting, please contact Paul Hauffe, Director of Business Services at 751-6800 (ext 107).

2012-13
 Draft #3
 January 8, 2013

Exhibit # _____

Resolution to Amend the 2012-2013 School Budget

Whereas, on **November 6, 2012**, the Board of Education of the Neenah Joint School District adopted a budget pursuant to Sec. 65.9(2) WI Stats., for the period of July 1, 2012 - June 30, 2013 and
 Whereas, the Board of Education of the Neenah Joint School District desires to amend the 2012-2013 school budget as follows:

	Reductions	Additions	Net Change	Purpose of Amendment
General Fund (Fund 10)				
Expenditures				
Undifferentiated Curriculum	350,000	50,000	(300,000)	Employee Benefits
Regular Curriculum	450,000	100,000	(350,000)	Employee Benefits
Instructional Staff	4,250	50,025	45,775	Computer Reclassification/Perkins
Central Services	50,025	-	(50,025)	Computer Reclassification
Transfer to Spec Prog Fund	100,000		(100,000)	Lower Program Costs - Fund 27
Grand Total Expenditures	954,275	200,025	(754,250)	
Revenues				
Intermediate Sources	4,250		(4,250)	Carl Perkins
Use of General Fund Balance	750,000		(750,000)	
Grand Total Revenues	754,250	-	(754,250)	
Special Programs Fund (Fund 27)				
Expenditures	100,000	18,844	(81,156)	Employee Benefits / Pre-School Ent
Revenues	100,000	18,844	(81,156)	Transfer from Fund 10 / Pre-School

IT IS HEREBY RESOLVED, that the Board of Education of the Neenah Joint School District revise the 2012 - 2013 school budget as detailed above and summarized in the form attached hereto as Exhibit # _____.

The motion to adopt the resolution was made by: _____
 The motion was seconded by: _____
 Date of Board action: _____
 Roll call vote: yes _____ no _____

	From	To	Change
Proposed Expenditures (All Funds) total	82,169,463	81,334,057	(835,406)
Proposed Revenues (Exclusive of Levy)	50,592,996	49,757,590	(835,406)
Proposed Tax Levy (All Funds) total	31,576,467	31,576,467	no change

****Note: A 2/3 affirmative vote by the entire membership of the Board is required for passage.****

Publication to follow in The Post Crescent within 10 days.

Summary of Significant Changes from Draft #2

Expenditures

Fund 10 (General Fund)

<u>Description</u>	<u>Increase</u>	<u>Decrease</u>
AV-Media Supplies		74,975
AV-Media Computer Equip	125,000	
District-Wide Computer Equip		50,025
Instructional Supplies		4,250
Employee Health Insurance Buyout	50,000	
HSA contribution		150,000
Employee Dental Insurance	100,000	
Employee Health Insurance		650,000
Transfer to Fund 27		100,000

Fund 27 (Special Programs Fund)

<u>Description</u>	<u>Increase</u>	<u>Decrease</u>
IDEA Pre-School Entitlement	18,844	
Employee Health Insurance		100,000

Revenues

Fund 10 (General Fund)

<u>Description</u>	<u>Increase</u>	<u>Decrease</u>
Carl Perkins		4,250
Use of General Fund Balance		750,000

Fund 27 (Special Programs Fund)

<u>Description</u>	<u>Increase</u>	<u>Decrease</u>
IDEA Pre-School Entitlement	18,844	
Transfer From General Fund		100,000

NEENAH JOINT SCHOOL DISTRICT
2012-13 BUDGET
SUMMARY OF EXPENDITURES

	Schedule	2010-11 Audited	2011-12 Budget	2011-12 Actual	2012-13 Budget	Amount of Increase or (Decrease)	Percent of Increase or (Decrease)
GENERAL FUND							
Undifferentiated Curriculum	1	12,819,096	12,960,757	12,498,527	12,306,406	(654,351)	-5.05%
Regular Curriculum	2	15,649,795	14,508,498	13,301,412	13,820,103	(688,395)	-4.74%
Vocational Curriculum	3	1,940,526	1,729,083	1,688,996	1,675,601	(53,482)	-3.09%
Physical Curriculum	4	1,919,833	1,796,982	1,888,452	1,859,737	62,755	3.49%
Cocurricular Activities	5	904,422	883,475	880,122	871,419	(12,056)	-1.36%
Gifted/Talented/Homebound	6	800,602	421,077	599,987	585,518	164,441	39.05%
Pupil Services	7	1,953,525	1,724,961	1,909,962	1,853,348	128,387	7.44%
Instructional Staff	8	2,583,509	2,283,721	2,105,924	2,380,704	96,983	4.25%
District Administration	9	1,378,911	1,429,472	1,339,772	1,288,362	(141,110)	-9.87%
School Administration	10	3,069,974	3,233,238	3,223,496	3,048,198	(185,040)	-5.72%
Business Administration	11	683,055	814,165	636,485	780,950	(33,215)	-4.08%
Operations	12	4,248,472	4,195,807	4,065,808	4,052,732	(143,075)	-3.41%
Maintenance	13	1,534,089	1,583,016	1,496,239	1,513,457	(69,559)	-4.39%
Facilities Acq/Remodel	14	286,815	0	0	0	0	N/A
Pupil Transportation	15	1,005,758	1,075,837	1,030,515	1,074,280	(1,557)	-0.14%
Central Services	16	1,447,329	922,243	954,687	1,825,830	903,587	97.98%
Insurance	17	230,441	253,000	249,679	267,500	14,500	5.73%
Debt Retirement	18	359,158	303,039	298,446	561,541	258,502	85.30%
Non-Program Transactions(OE)	19	1,304,027	1,398,000	1,661,123	1,515,500	117,500	8.40%
Other Support Services (ER)	20	4,223,998	2,966,074	3,014,156	3,880,600	914,526	30.83%
Transfer to Other Funds	21	7,666,443	7,915,789	7,474,496	8,512,406	596,617	7.54%
Refund of Prior Year Taxes	22	8,764	20,000	11,757	20,000	0	0.00%
TOTAL GENERAL FUND		66,018,542	62,418,234	60,330,041	63,694,192	1,275,958	2.04%
NEENAH TOMORROW FUND		11,897	25,000	23,168	0	(25,000)	-100.00%
SPECIAL REVENUE TRUST FUND	24	86,732	125,000	61,256	30,000	(95,000)	-76.00%
SPECIAL PROGRAMS FUND	25	12,456,478	11,862,102	11,643,017	11,769,899	(92,203)	-0.78%
NON-REFERENDUM DEBT FUND	26	136,850	138,570	138,570	50,000	(88,570)	-63.92%
REFERENDUM DEBT FUND	27	2,354,745	1,345,500	1,345,500	1,339,000	(6,500)	-0.48%
CAPITAL EXPANSION FUND	28	676,406	576,000	560,460	1,410,000	834,000	144.79%
OTHER CAPITAL PROJECT FUND-QSCB	29	39,500	0	0	0	0	N/A
FOOD SERVICE FUND	30	2,226,713	2,255,889	2,280,588	2,137,093	(118,796)	-5.27%
COMMUNITY SERVICE FUND	31	811,459	860,414	837,262	903,873	43,459	5.05%
TOTAL EXPENDITURES		84,819,322	79,606,709	77,219,862	81,334,057	1,727,348	2.17%

NEENAH JOINT SCHOOL DISTRICT
2012-13 BUDGET
SUMMARY OF RECEIPTS

	2010-11 Audited	2011-12 Budget	2011-12 Actual	2012-13 Budget	Amount of Increase or (Decrease)	Percent of Increase or (Decrease)
GENERAL FUND						
School Tax Receipts	29,257,503	28,892,757	28,892,757	29,515,310	622,553	2.15%
Prior Year School Tax	14,925	8,764	8,764	11,757	2,993	34.15%
Mobile Home Tax	36,579	35,000	35,314	35,000	0	0.00%
Fees and Sales	389,424	377,300	385,965	355,000	(22,300)	-5.91%
School Activities	248,933	235,500	243,335	238,550	3,050	1.30%
Interest on Investments	15,467	49,901	41,315	45,000	(4,901)	-9.82%
Transfers from Other Districts (OE)	1,011,148	1,105,000	1,226,970	1,183,000	78,000	7.06%
Intermediate Sources	35,225	33,477	23,244	31,750	(1,727)	-5.16%
State Sources	33,420,756	30,164,897	30,192,021	29,501,299	(663,598)	-2.20%
Federal Sources	2,769,165	1,048,283	971,053	1,153,569	105,286	10.04%
Miscellaneous/Refunds	182,616	269,268	371,974	200,000	(69,268)	-25.72%
Other Financing Sources-Capital Lease	797,347	291,837	285,226	771,669	479,832	164.42%
Use of General Fund Balance	(2,160,650)	(94,050)	(2,347,973)	651,988	746,038	-793.24%
Tax Rate Stabilization Sub-Fund	104	300	76	300	0	0.00%
TOTAL GENERAL FUND	66,018,542	62,418,234	60,330,041	63,694,192	1,275,958	2.04%
NEENAH TOMORROW FUND	11,219	25,000	19,440	0	(25,000)	-100.00%
SPECIAL REVENUE TRUST FUND	96,001	125,000	74,770	30,000	(95,000)	-76.00%
Use of Special Revenue Trust Fund Balance	(8,591)	0	(9,786)	0	0	N/A
SPECIAL PROGRAMS FUND	12,456,478	11,862,102	11,643,017	11,769,899	(92,203)	-0.78%
NON-REFERENDUM DEBT FUND	136,295	138,570	137,970	50,000	(88,570)	-63.92%
REFERENDUM DEBT FUND	1,941,434	1,345,500	1,336,636	1,339,000	(6,500)	-0.48%
Use of Referendum Debt Fund Balance	413,866	0	9,464	0	0	N/A
CAPITAL EXPANSION FUND	410,907	576,000	566,005	1,410,000	834,000	144.79%
Use of Capital Expansion Fund Balance	265,499	0	(5,545)	0	0	N/A
Use of Other Capital Project Fund-QSCB Balance	39,500	0	0	0	0	N/A
FOOD SERVICE FUND	2,226,713	2,255,889	2,280,588	2,337,093	81,204	3.60%
Use of Food Service Fund Balance	0	0	0	(200,000)	(200,000)	N/A
COMMUNITY SERVICE FUND	821,737	860,414	881,169	703,873	(156,541)	-18.19%
Use of Community Service Fund Balance	(10,278)	0	(43,907)	200,000	200,000	N/A
TOTAL RECEIPTS	84,819,322	79,606,709	77,219,862	81,334,057	1,727,348	2.17%