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PMA Financial Network, Inc.
2135 CityGate Lane, 7th Floor
Naperville, IL 60563
info@pmanetwork.com
630.657.6400

October 25, 2010

Dr. Ellen Mauer, Superintendent
Millburn School District 24
640 Freedom Way
Lindenhurst, Illinois 60046

Dear Dr. Mauer;

Thank you for the opportunity for PMA Financial Network, Inc. to serve Millburn District 24 in its use of PMA's Financial Planning Program in Fiscal Year (FY) 2010 and FY2011. As part of that engagement, we are providing you with a summary of the key financial measures the district has taken over the last three years to address its budget deficits as well as a projected measure of future State payments.

As you know, the District balanced its budget in both FY2010 and FY2011 for the first time in five years. It undertook major staff and expenditure reductions in FY2009, FY2010, and FY2011 to accomplish this, while absorbing the impact of delayed and reduced State funding.

In Fiscal Years 2006-2009, the District experienced significant deficits, depleting its reserves. The District began to make significant personnel cuts in FY09. The table below, from the District's audits and Annual Statement of Affairs, illustrates how staffing has been impacted by these reductions.

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Full time certificated	173	150	136
Part time certificated	4	3	2
Full time non-certificated	53	53	48
Part time non-certificated	29	36	32

It should be noted that the District further reduced its teaching staff by 3 full time teachers for the current (2010-11) school year.

Overall, the District reduced its expenditures by almost \$1.3 million dollars between FY2009 and the current fiscal year budget. In the same period, the State of Illinois has fallen further behind in what it owes the District for its programs. The State is approximately \$450,000 behind as of October 15. The State also reduced its transportation payments (for reimbursement of last year's expenses) by approximately \$270,000, and deleted other grants totaling \$30,000. Lastly, the State formula for General State Aid has reduced that critical funding source by approximately \$300,000 this year. General State Aid is projected to continue to decline another \$700,000 over the next five years.

We look forward to continuing to work with you as part of PMA's Financial Planning Program.

Sincerely,



Howard Crouse
Vice President, Financial Planning Services