



Integrity. Commitment. Performance.™



Millburn School District 24

PMA Financial Planning Program
Presented by
Howard Crouse, Vice President
PMA Financial Network, Inc.
February 6, 2012

Data Elements

- Annual Financial Reports (AFRs) for the past five years
- District's FY2012 Budget - Base for the projections
- Historical Tax Extension Reports
- History of Equalized Assessed Valuations and New Property Values
- Tax collection history
- Current collective bargaining agreements
- Current scattergram and FTEs for certified staff
- Current student/staffing ratios
- Historical enrollment from Fall Housing Report

Historical Reporting

- Auditors prepared Annual Financial Report, filed with ISBE, using cash accounting until FY11
- Auditors prepared FY11 AFR using accrual accounting
- Largest single difference is that June 2011 tax distribution (approximately \$5.1 million in all funds) were deferred (accrued) into FY12
- Aggregate Fund Balances in Aggregate History reflect change
- In FY11, the District spent \$330,000 more than receipts after transfers and other “below the line” activities

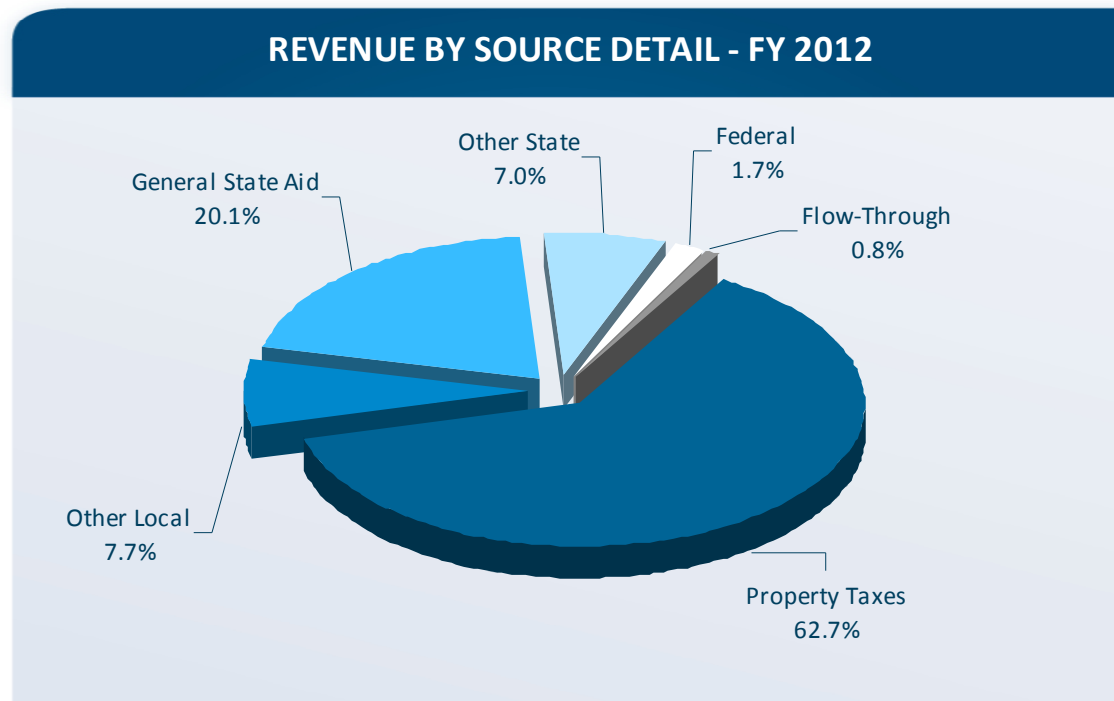
Historical Revenues and Expenditures

Aggregate - Historical Summary

	ACTUAL REVENUE / EXPENDITURES								BUDGET		
	FY 2007	FY 2008	% chg	FY 2009	% chg	FY 2010	% chg	FY 2011	% chg	FY 2012	% chg
REVENUE											
Local	\$8,200,204	\$8,399,283	2.43%	\$8,948,895	6.54%	\$9,367,953	4.68%	\$9,375,651	0.08%	\$9,947,642	6.10%
State	\$2,932,417	\$4,297,206	46.54%	\$3,831,974	-10.83%	\$4,020,975	4.93%	\$4,069,628	1.21%	\$3,835,389	-5.76%
Federal	\$88,332	\$80,533	-8.83%	\$854,480	961.03%	\$1,002,281	17.30%	\$336,807	-66.40%	\$238,675	-29.14%
Other	\$7,587	\$0	#####	\$0		\$28,256		\$0	#####	\$114,168	
TOTAL REVENUE	\$11,228,540	\$12,777,022	13.79%	\$13,635,349	6.72%	\$14,419,465	5.75%	\$13,782,086	-4.42%	\$14,135,874	2.57%
EXPENDITURES											
Salary and Benefit Costs	\$10,819,124	\$11,551,451	6.77%	\$12,070,829	4.50%	\$11,457,962	-5.08%	\$11,714,303	2.24%	\$11,622,381	-0.78%
Other	\$2,791,215	\$3,083,189	10.46%	\$3,111,868	0.93%	\$2,776,795	-10.77%	\$2,555,881	-7.96%	\$2,411,925	-5.63%
TOTAL EXPENDITURES	\$13,610,339	\$14,634,640	7.53%	\$15,182,697	3.74%	\$14,234,757	-6.24%	\$14,270,184	0.25%	\$14,034,306	-1.65%
SURPLUS / DEFICIT	(\$2,381,799)	(\$1,857,618)		(\$1,547,348)		\$184,708		(\$488,098)		\$101,568	A
OTHER FINANCING SOURCES/USES											
Transfer Among Funds (Net)	\$101,321	\$84,547		(\$119,854)		(\$108,889)		\$0		\$1,500	
Sale of Bonds	\$0	\$245,884		\$205,284		\$5,099		\$261,254		\$0	
Other Financing Sources	\$0	\$0		\$0		\$99,666		\$0		\$0	
Other Financing Uses	\$0	\$0		\$0		\$0		(\$103,190)		\$0	
TOTAL OTHER FIN. SOURCES/USES	\$101,321	\$330,431		\$85,430		(\$4,124)		\$158,064		\$1,500	B
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	(\$2,280,478)	(\$1,527,187)		(\$1,461,918)		\$180,584		(\$330,034)		\$103,068	A+B
BEGINNING FUND BALANCE	\$4,469,412	\$2,188,934		\$661,747		(\$800,171)		(\$697,758)		(\$5,599,001)	
YEAR-END FUND BALANCE	\$2,188,934	\$661,747		(\$800,171)		(\$697,758)		(\$5,599,001)		(\$5,495,933)	
FUND BALANCE AS % OF REVENUES	19.49%	5.18%		-5.87%		-4.84%		-40.63%		-38.88%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	1.93	0.54		(0.63)		(0.59)		(4.71)		(4.70)	

Revenue by Source

FY12 Budget = \$14,135,874



Revenue Assumptions (Last Year's Projections in Parentheses)

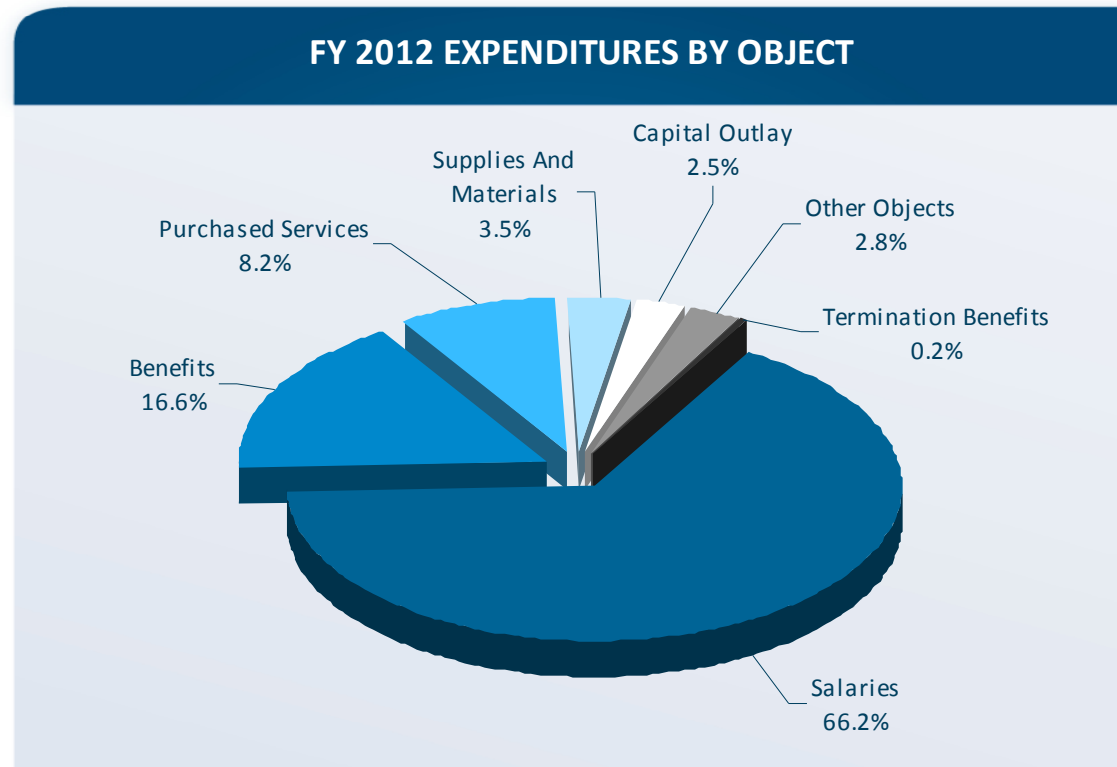
- Existing EAV: -10% in LY11, -5% in LY12, then flat
 - » (-5 in LY11, 2% beyond)
- New Construction: \$0 in LY11, then \$200,000 annually
 - » (\$0 in LY11, then \$2,000,000 annually)
- CPI: 3% for LY12, then 2.5%
 - » (2.5% for LY12, then 2.5%)
- GSA Foundation Level and Proration – Flat for FY13-16, then \$100; prorated in FY12-15 5%
 - » (Flat in FY12 and 13, then \$100 increase; no proration)
- All other revenues held flat, or very small increases
 - » (Same)

Current Aggregate Revenue Projections

Aggregate - Revenue Analysis

	BUDGET	REVENUE PROJECTIONS									
	FY 2012	FY 2013	% chg	FY 2014	% chg	FY 2015	% chg	FY 2016	% chg	FY 2017	% chg
LOCAL											
Property Taxes	\$8,859,267	\$8,937,742	0.89%	\$9,189,236	2.81%	\$9,430,038	2.62%	\$9,690,767	2.76%	\$9,967,332	2.85%
CPPRT	\$18,000	\$18,000	0.00%	\$18,000	0.00%	\$18,000	0.00%	\$18,000	0.00%	\$18,000	0.00%
Earnings on Investments	\$1,230	\$0	#####	\$0		\$0		\$0		\$0	
Other Local Revenue	\$1,069,145	\$1,033,645	-3.32%	\$1,033,645	0.00%	\$1,033,645	0.00%	\$1,033,645	0.00%	\$1,033,645	0.00%
TOTAL LOCAL REVENUE	\$9,947,642	\$9,989,387	0.42%	\$10,240,881	2.52%	\$10,481,683	2.35%	\$10,742,412	2.49%	\$11,018,977	2.57%
STATE											
General State Aid	\$2,845,121	\$2,459,105	-13.57%	\$2,177,474	-11.45%	\$1,956,584	-10.14%	\$1,858,757	-5.00%	\$1,734,206	-6.70%
Other State Revenue	\$990,268	\$761,925	-23.06%	\$795,144	4.36%	\$812,230	2.15%	\$831,757	2.40%	\$856,744	3.00%
TOTAL STATE REVENUE	\$3,835,389	\$3,221,030	-16.02%	\$2,972,618	-7.71%	\$2,768,814	-6.86%	\$2,690,514	-2.83%	\$2,590,950	-3.70%
TOTAL FEDERAL REVENUE	\$238,675	\$75,200	-68.49%	\$75,200	0.00%	\$75,200	0.00%	\$75,200	0.00%	\$75,200	0.00%
FLOW-THROUGH REVENUE	\$114,168	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%
TOTAL REVENUE	\$14,135,874	\$13,399,785	-5.21%	\$13,402,867	0.02%	\$13,439,865	0.28%	\$13,622,294	1.36%	\$13,799,295	1.30%

Expenditure by Object FY12 Budget = \$14,034,306



Last Year's Expenditures Assumptions

- **MARCH 8 UPDATE:**
 - Proposed staff salary and benefit reduction
 - Some adjustments to other expenditures, one year additional cost for unemployment
 - Net reduction of expenditures in FY12 ~\$1.1 million
- **June Update**
 - Salaries are slightly lower, but we increased estimate of lane change costs to 1% of certified salary. This is significant additional expense
 - Health insurance estimate is a 12% increase for FY12, rather than 7.7%
 - New computers added, offset by tech fee

Current Expenditures

- Certified staff reduced from 127 to 103.51 (104)
- Medical insurance budget is approximately \$150,000 more than last year's projection

Expenditure Assumptions

- Salaries are subject to negotiations
- Medical insurance increases 10% in FY13, 8% beyond
 - » (12% in FY13, 5% beyond)
- Most expenditures assumed flat
 - Tuition 5% increases
 - O&M utilities 8% in FY13, then flat
 - Transportation Fund overall reduction in FY13, then flat

Aggregate Expenditure Projections

Aggregate - Expenditure Analysis

	BUDGET	EXPENDITURE PROJECTIONS									
	FY 2012	FY 2013	% chg	FY 2014	% chg	FY 2015	% chg	FY 2016	% chg	FY 2017	% chg
Salaries	\$9,286,176	\$8,755,679	-5.71%	\$8,914,060	1.81%	\$9,005,008	1.02%	\$9,189,126	2.04%	\$9,308,924	1.30%
Benefits	\$2,336,205	\$2,314,396	-0.93%	\$2,476,667	7.01%	\$2,623,009	5.91%	\$2,782,718	6.09%	\$2,944,757	5.82%
TOTAL SALARIES & BENEFITS	\$11,622,381	\$11,070,075	-4.75%	\$11,390,728	2.90%	\$11,628,017	2.08%	\$11,971,844	2.96%	\$12,253,681	2.35%
Purchased Services	\$1,146,146	\$1,200,746	4.76%	\$1,120,746	-6.66%	\$1,120,746	0.00%	\$1,120,746	0.00%	\$1,120,746	0.00%
Supplies And Materials	\$492,381	\$486,617	-1.17%	\$489,685	0.63%	\$492,846	0.65%	\$496,101	0.66%	\$499,454	0.68%
Capital Outlay	\$351,250	\$351,250	0.00%	\$351,250	0.00%	\$351,250	0.00%	\$351,250	0.00%	\$351,250	0.00%
Other Objects	\$398,148	\$438,355	10.10%	\$458,463	4.59%	\$479,557	4.60%	\$501,684	4.61%	\$524,897	4.63%
Non-Capitalized Equipment	\$0	\$0		\$0		\$0		\$0		\$0	
Termination Benefits	\$24,000	\$47,000	95.83%	\$43,137	-8.22%	\$49,216	14.09%	\$42,350	-13.95%	\$42,350	0.00%
Provision For Contingencies	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL ALL OTHER	\$2,411,925	\$2,523,968	4.65%	\$2,463,281	-2.40%	\$2,493,614	1.23%	\$2,512,131	0.74%	\$2,538,697	1.06%
TOTAL EXPENDITURES	\$14,034,306	\$13,594,043	-3.14%	\$13,854,009	1.91%	\$14,121,631	1.93%	\$14,483,975	2.57%	\$14,792,378	2.13%

Aggregate Revenue and Expenditure Projections

Aggregate - Projection Summary

	BUDGET		REVENUE / EXPENDITURE PROJECTIONS								
	FY 2012	FY 2013	% chg	FY 2014	% chg	FY 2015	% chg	FY 2016	% chg	FY 2017	% chg
REVENUE											
Local	\$9,947,642	\$9,989,387	0.42%	\$10,240,881	2.52%	\$10,481,683	2.35%	\$10,742,412	2.49%	\$11,018,977	2.57%
State	\$3,835,389	\$3,221,030	-16.02%	\$2,972,618	-7.71%	\$2,768,814	-6.86%	\$2,690,514	-2.83%	\$2,590,950	-3.70%
Federal	\$238,675	\$75,200	-68.49%	\$75,200	0.00%	\$75,200	0.00%	\$75,200	0.00%	\$75,200	0.00%
Other	\$114,168	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%
TOTAL REVENUE	\$14,135,874	\$13,399,785	-5.21%	\$13,402,867	0.02%	\$13,439,865	0.28%	\$13,622,294	1.36%	\$13,799,295	1.30%
EXPENDITURES											
Salary and Benefit Costs	\$11,622,381	\$11,070,075	-4.75%	\$11,390,728	2.90%	\$11,628,017	2.08%	\$11,971,844	2.96%	\$12,253,681	2.35%
Other	\$2,411,925	\$2,523,968	4.65%	\$2,463,281	-2.40%	\$2,493,614	1.23%	\$2,512,131	0.74%	\$2,538,697	1.06%
TOTAL EXPENDITURES	\$14,034,306	\$13,594,043	-3.14%	\$13,854,009	1.91%	\$14,121,631	1.93%	\$14,483,975	2.57%	\$14,792,378	2.13%
SURPLUS / DEFICIT	\$101,568	(\$194,258)		(\$451,142)		(\$681,766)		(\$861,681)		(\$993,083)	A
OTHER FINANCING SOURCES/USES											
Transfer Among Funds (Net)	\$1,500	\$0		\$0		\$0		\$0		\$0	
Sale of Bonds	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Sources	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Uses	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL OTHER FIN. SOURCES/USES	\$1,500	\$0		\$0		\$0		\$0		\$0	B
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	\$103,068	(\$194,258)		(\$451,142)		(\$681,766)		(\$861,681)		(\$993,083)	A+B
BEGINNING FUND BALANCE	(\$5,599,001)	(\$5,495,933)		(\$5,690,191)		(\$6,141,333)		(\$6,823,100)		(\$7,684,780)	
PROJECTED YEAR END BALANCE	(\$5,495,933)	(\$5,690,191)		(\$6,141,333)		(\$6,823,100)		(\$7,684,780)		(\$8,677,864)	
FUND BALANCE AS % OF REVENUES	-38.88%	-42.46%		-45.82%		-50.77%		-56.41%		-62.89%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	(4.70)	(5.02)		(5.32)		(5.80)		(6.37)		(7.04)	

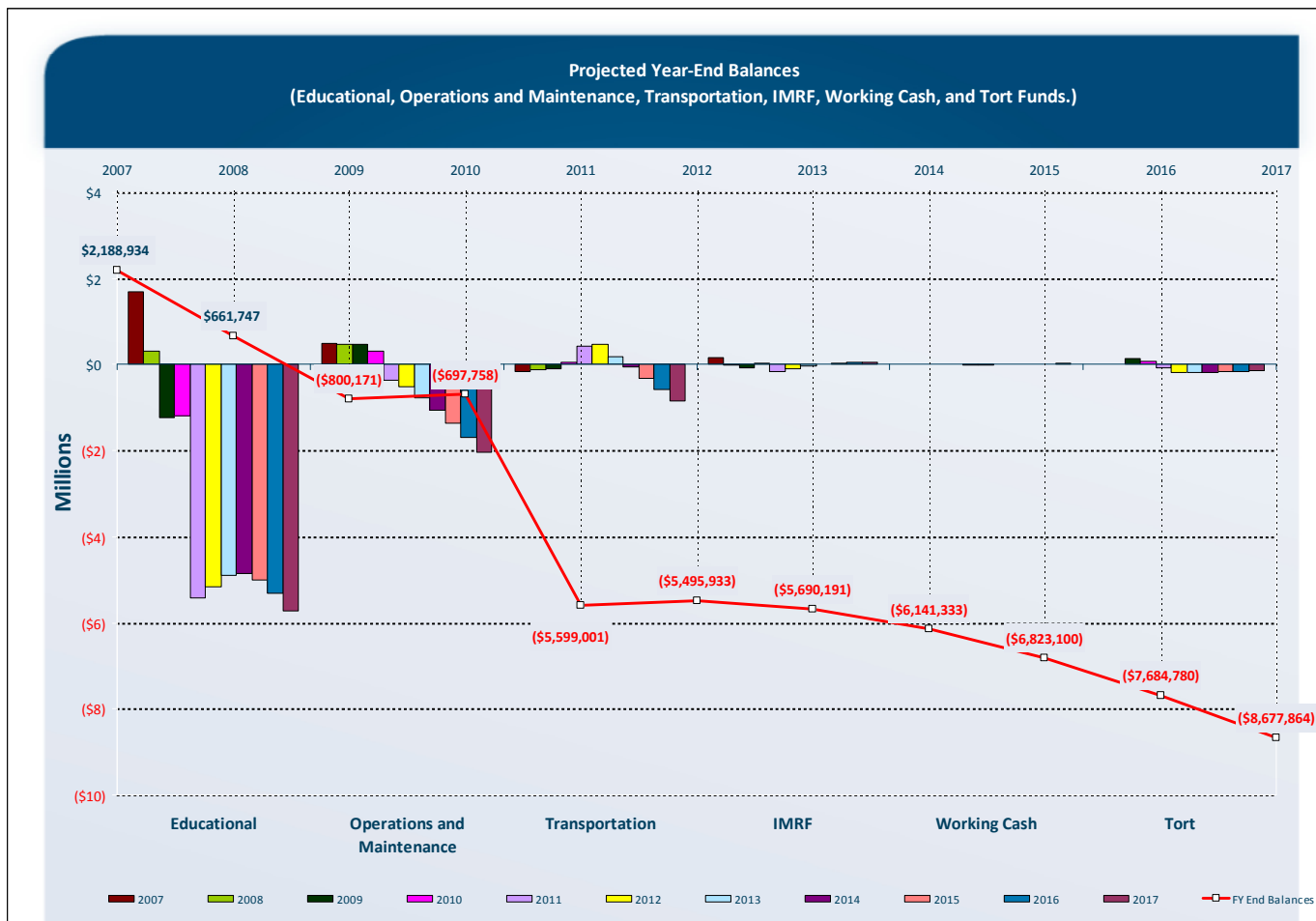


JUNE 2011 Update: Aggregate Revenues and Expenditures

Aggregate - Projection Analysis

	BUDGET		REVENUE / EXPENDITURE PROJECTIONS								
	FY 2011	FY 2012	% chg	FY 2013	% chg	FY 2014	% chg	FY 2015	% chg	FY 2016	% chg
REVENUE											
Local	\$9,587,391	\$9,875,548	3.01%	\$10,087,434	2.15%	\$10,384,285	2.94%	\$10,691,951	2.96%	\$11,009,664	2.97%
State	\$3,893,267	\$3,722,056	-4.40%	\$3,536,691	-4.98%	\$3,851,086	8.89%	\$3,808,132	-1.12%	\$3,731,218	-2.02%
Federal	\$266,000	\$240,669	-9.52%	\$77,194	-67.93%	\$77,194	0.00%	\$77,194	0.00%	\$77,194	0.00%
Other	\$111,894	\$114,168	2.03%	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%	\$114,168	0.00%
TOTAL REVENUE	\$13,858,552	\$13,952,441	0.68%	\$13,815,487	-0.98%	\$14,426,733	4.42%	\$14,691,445	1.83%	\$14,932,245	1.64%
EXPENDITURES											
Salary and Benefit Costs	\$11,638,612	\$10,334,452	-11.21%	\$10,692,752	3.47%	\$11,105,450	3.86%	\$11,386,581	2.53%	\$11,785,648	3.50%
Other	\$2,297,122	\$2,843,701	23.79%	\$2,587,253	-9.02%	\$2,644,623	2.22%	\$2,704,439	2.26%	\$2,766,810	2.31%
TOTAL EXPENDITURES	\$13,935,734	\$13,178,153	-5.44%	\$13,280,004	0.77%	\$13,750,073	3.54%	\$14,091,020	2.48%	\$14,552,459	3.27%
SURPLUS / DEFICIT	(\$77,182)	\$774,288		\$535,483		\$676,660		\$600,425		\$379,786	A
OTHER FINANCING SOURCES/USES											
Transfer Among Funds (Net)	\$15,804	\$0		\$0		\$0		\$0		\$0	
Sale of Bonds	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Sources	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Uses	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL OTHER FIN. SOURCES/USES	\$15,804	\$0		\$0		\$0		\$0		\$0	B
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	(\$61,378)	\$774,288		\$535,483		\$676,660		\$600,425		\$379,786	A+B
BEGINNING FUND BALANCE	(\$697,758)	(\$759,136)		\$15,152		\$550,635		\$1,227,294		\$1,827,720	
PROJECTED YEAR END BALANCE	(\$759,136)	\$15,152		\$550,635		\$1,227,294		\$1,827,720		\$2,207,506	
FUND BALANCE AS % OF REVENUES	-5.48%	0.11%		3.99%		8.51%		12.44%		14.78%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	(0.65)	0.01		0.50		1.07		1.56		1.82	

Aggregate Revenues and Expenditures



Observations

- The District made the certified teaching staff cuts it said it would make
- The District has a projected surplus in FY12
- FY12 revenue budget is approximately \$200,000 better than last year's projection, despite GSA proration
- FY12 expenditure budget for salaries and benefits are approximately \$850,000 higher than projected; other expenditures \$300,000 less

Observations

- FY12 budget reductions were overestimated, particularly benefits
- Everything that has occurred at the State level has negatively impacted the District
- Projection assumptions are austere



The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

You should consider certain economic risks (and other legal, tax, and accounting consequences) prior to entering into any type of transaction with PMA Securities, Inc. or PMA Financial Network, Inc. It is imperative that any prospective client perform its own research and due diligence, independent of us or our affiliates, to determine suitability of the proposed transaction with respect to the aforementioned potential economic risks and legal, tax, and accounting consequences. Our analyses are not and do not purport to be appraisals of the assets, or business of the District or any other entity. PMA makes no representations as to the actual value which may be received in connection with a transaction nor the legal, tax, or accounting effects of consummating a transaction. PMA cannot be relied upon to provide legal, tax, or accounting advice. You should seek out independent and qualified legal, tax, and accounting advice from outside sources.

If posted on a webpage, this information has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. Services offered by PMA Securities, Inc. and this registered representative presenter, in particular, are available only in the following state: IL. This information is not an advertisement of services available in any state other than those listed above.