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Millburn School District 24

PMA Financial Planning Program
Presented by
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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

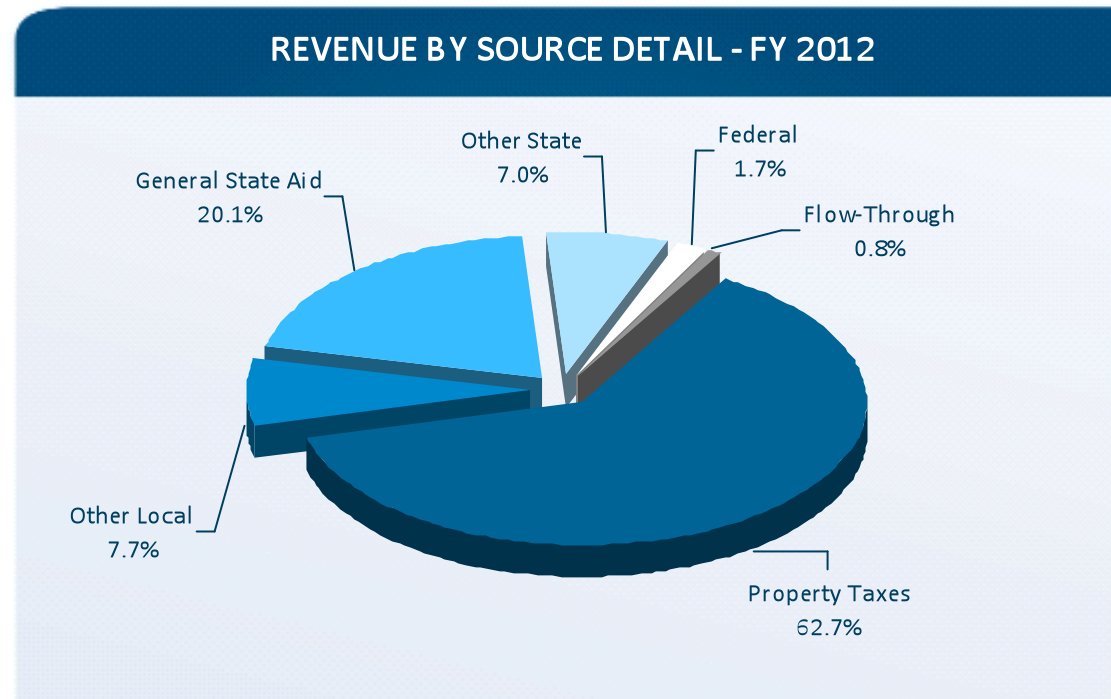
- Auditors prepared Annual Financial Report, filed with ISBE, using cash accounting until FY11
- Auditors prepared FY11 AFR using accrual accounting
- Largest single difference is that June 2011 tax distribution (approximately \$5.1 million in all funds) were deferred (accrued) into FY12
- Aggregate 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 = \$9,947,642



Revenue Assumptions (Last Year's Projections in Parentheses)

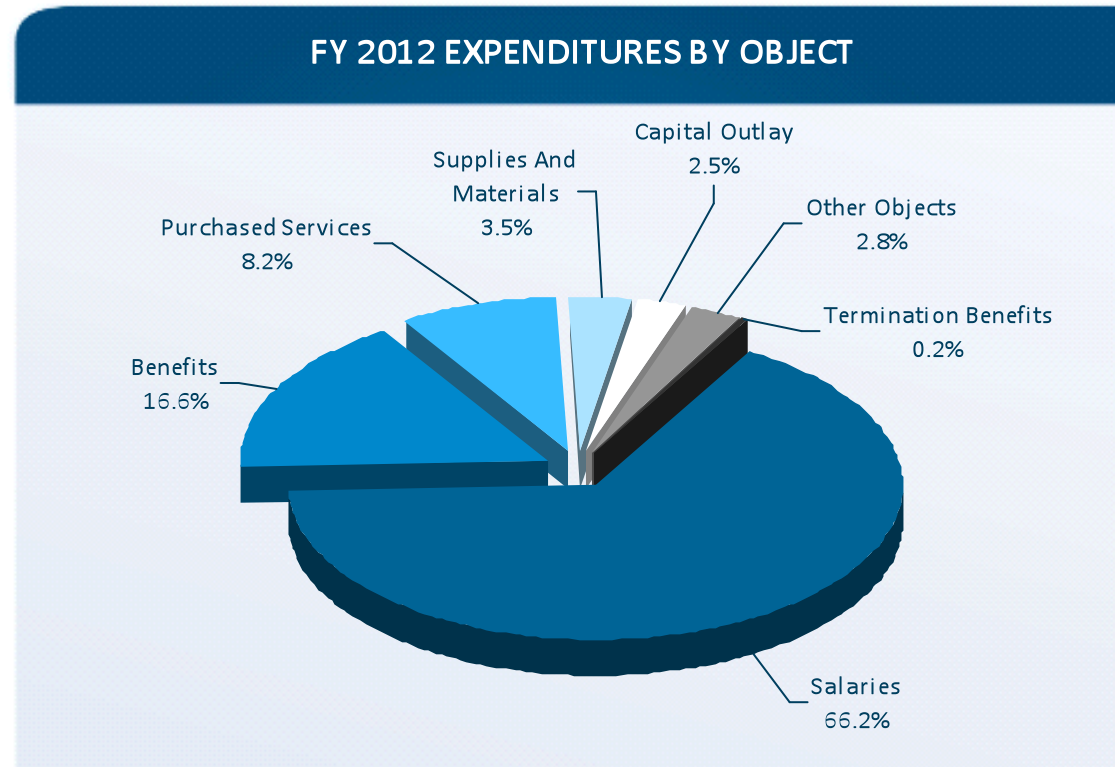
- Existing EAV: -10% in LY11, -5% in LY12, then flat
 - » (-5 in LY11, 2% beyond)
- New Construction: \$0 in LY11, then \$200,000 annually
 - » (\$0 in LY11, then \$2,000,000 annually)
- CPI: 3% for LY12, then 2.5%
 - » (2.5% for LY12, then 2.5%)
- GSA Foundation Level and Proration – Flat for FY13-16, 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)	

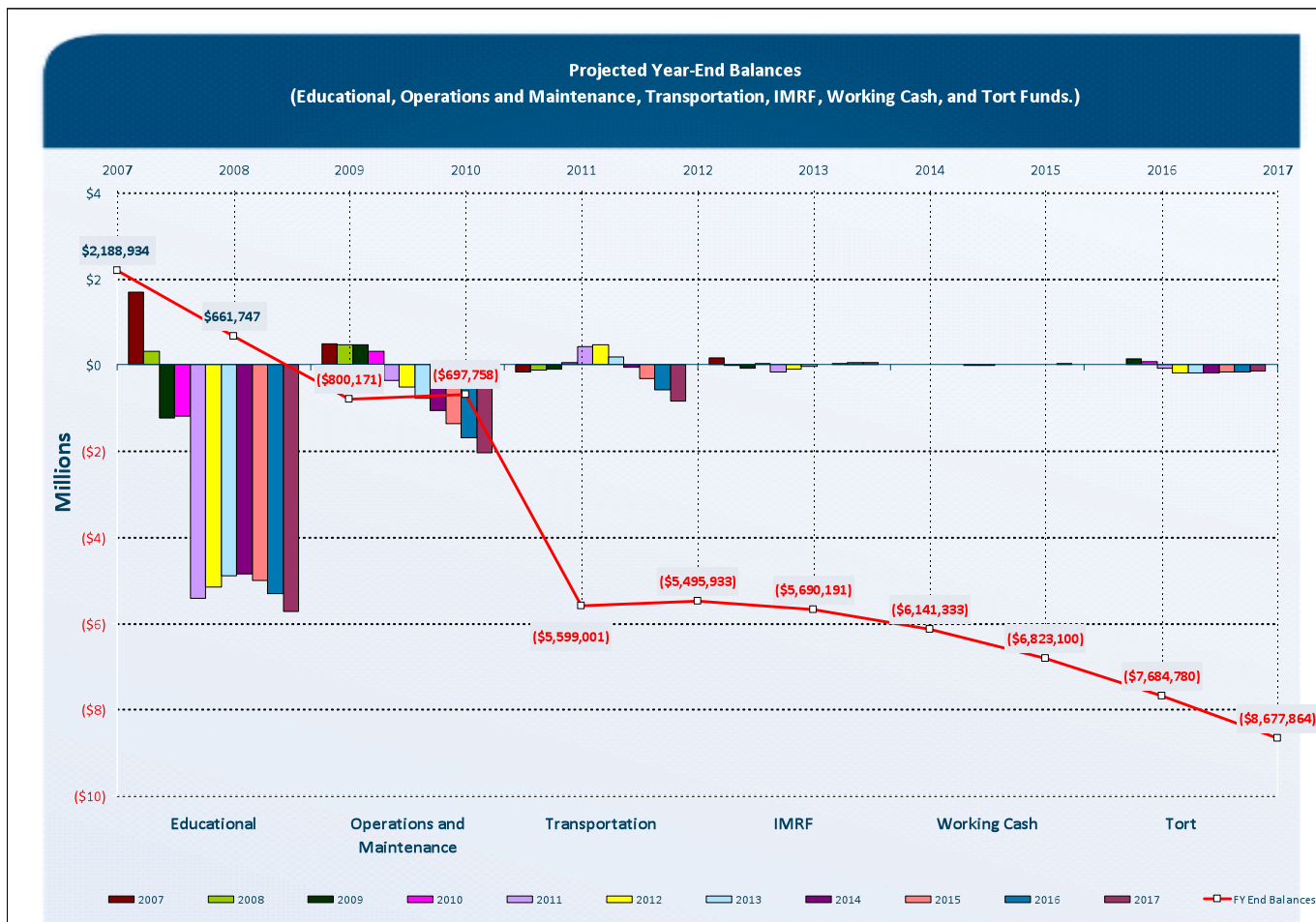


JUNE 2011 Update: Aggregate Revenues and Expenditures

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



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