

OFFICE OF THE SUPERINTENDENT

Millburn Public Schools

INFORMATION ITEM

June 20, 2011

To: Board of Education Members

From: Ellen E. Mauer, PhD

Subject: PMA Financial Presentation

Howie Crouse is here tonight to give us an updated long-term financial picture of the district. Attached is his presentation.



Integrity. Commitment. Performance.™



## Millburn School District 24

PMA Financial Planning Program  
Presented by  
Howard Crouse, Vice President  
PMA Financial Network, Inc.  
**UPDATED June 20, 2011**

## Revenue Assumptions – Local Revenues

- Property Taxes
  - Existing EAV % changes: -5% projected decrease in both Levy Year 2010 and LY 11; then 2% growth over remaining time period
  - New Growth: \$2.7 million in LY2009; no new growth expected for two years, then \$2 million beyond
- Other local revenues are projected to be flat
- **MARCH 8 UPDATE:**
- **Recalculated, lower EAV and new CPI results in additional tax revenue (up to \$500,000 in FY16)**
- **Additional fees provide approximately \$145,000 per year**
- **JUNE UPDATE**
- **Some FY12 revenue projections (summer school tuition and food service) reduced with comparable expenditure reductions**

## Revenue Assumptions – General State Aid

- District is heavily dependent on GSA; GSA in FY 11 is \$3,025,000, a decrease of \$300,000
- GSA would continue to decrease over the next 4 years to \$2.3 million in FY16 with current assumptions
- **MARCH 8 UPDATE**
- **Lower EAV generates additional GSA – District only drops to \$2.7 million in FY16**
- **Proposed increase in GSA not factored in (~\$200,000 per year)**
- **JUNE UPDATE – No increase in FY12 GSA, potential proration of 5%-10% reduces estimate \$123,000**

## Projected Revenues – State and Federal

- State budget cuts project to \$300,000 less than last year, including \$270,000 less in transportation reimbursement
- The District is receiving \$285,000 from the Education Jobs Fund legislation, expected to be a one-time occurrence. This partially offsets \$350,000 reduction of ARRA funds
- **MARCH 8 UPDATE**
- Further proposed reductions in Transportation not factored in (~\$80,000 per year)
- **JUNE UPDATE**
- **District only received \$117,000 of Jobs Funds in FY11; \$168,000 will be received in FY12**
- **State categorical grants still undetermined for FY12; dollars shifting from Special Ed to Transportation**

## Projected Expenditures

- The District reduced staffing by 3 FTE teachers
- The District and its employees agreed to reopen its employment contract and reduce previously agreed upon increases to 2%. Administrative salaries were frozen. The net effect was a reduction of more than \$200,000 in salaries for FY11
- FY11 budgeted expenditures overall were reduced \$300,000 from last year's actuals
- **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**

## Updated Projected Expenditures

- 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



# October Projected Aggregate Revenues Vs. Expenditures

## Millburn School District 24

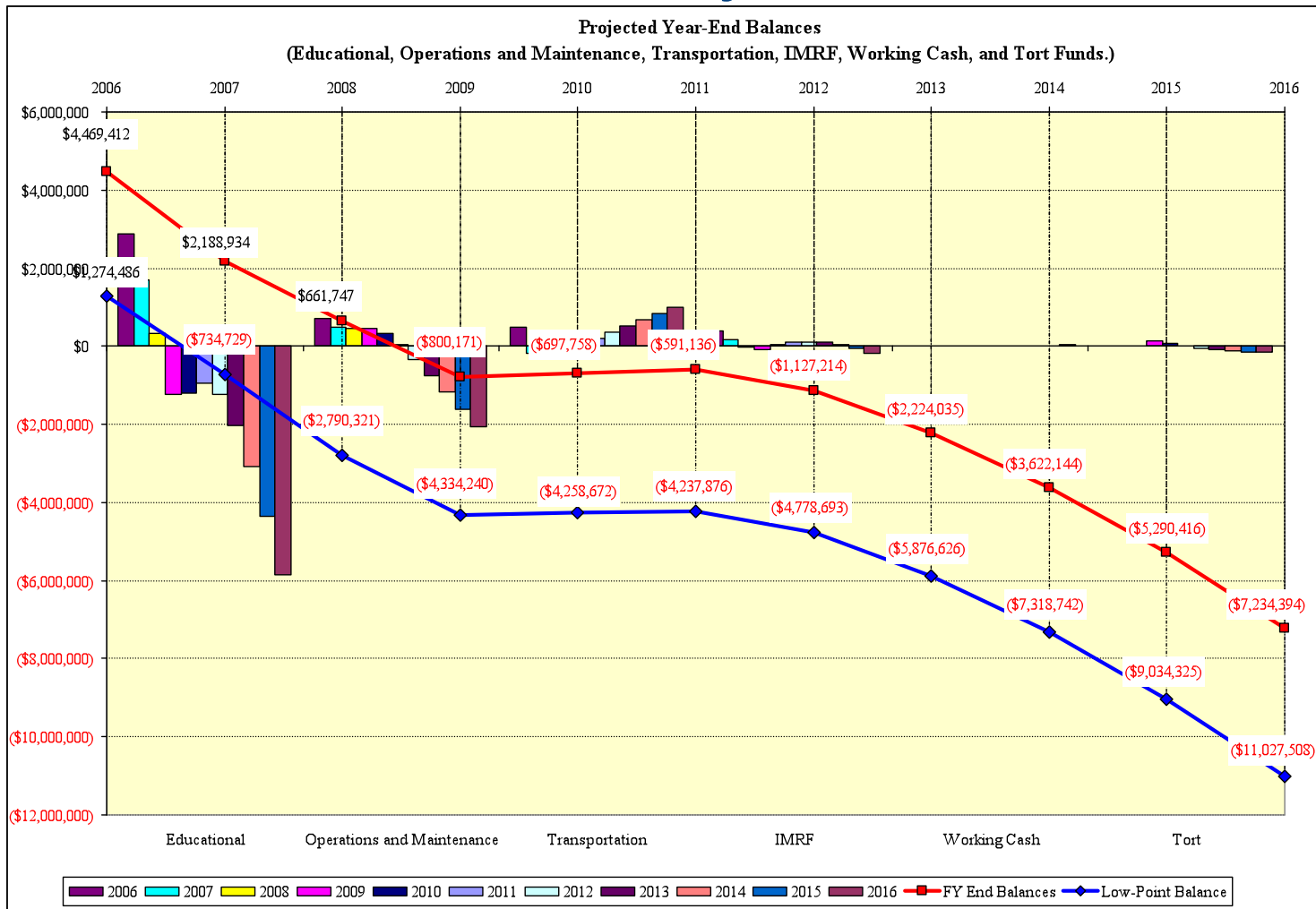
### Aggregate View - Projection Analysis

|  | BUDGET              |                      | REVENUE / EXPENDITURE PROJECTIONS |                      |               |                      |              |                      |              |                      |              |
|--|---------------------|----------------------|-----------------------------------|----------------------|---------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
|  | FY 2011             | FY 2012              | % Change                          | FY 2013              | % Change      | FY 2014              | % Change     | FY 2015              | % Change     | FY 2016              | % Change     |
| <b>REVENUE</b>                                     |                     |                      |                                   |                      |               |                      |              |                      |              |                      |              |
| Local  | \$9,587,391         | \$9,749,208          | 1.69%                             | \$9,872,952          | 1.27%         | \$10,035,852         | 1.65%        | \$10,203,060         | 1.67%        | \$10,375,236         | 1.69%        |
| State  | \$3,893,267         | \$3,697,735          | -5.02%                            | \$3,429,521          | -7.25%        | \$3,435,784          | 0.18%        | \$3,345,225          | -2.64%       | \$3,260,089          | -2.55%       |
| Federal  | \$434,000           | \$94,000             | -78.34%                           | \$94,000             | 0.00%         | \$94,000             | 0.00%        | \$94,000             | 0.00%        | \$94,000             | 0.00%        |
| Other  | \$111,894           | \$111,894            | 0.00%                             | \$111,894            | 0.00%         | \$111,894            | 0.00%        | \$111,894            | 0.00%        | \$111,894            | 0.00%        |
| <b>TOTAL REVENUE</b>                               | <b>\$14,026,552</b> | <b>\$13,652,837</b>  | <b>-2.66%</b>                     | <b>\$13,508,366</b>  | <b>-1.06%</b> | <b>\$13,677,529</b>  | <b>1.25%</b> | <b>\$13,754,179</b>  | <b>0.56%</b> | <b>\$13,841,219</b>  | <b>0.63%</b> |
| <b>EXPENDITURES</b>                                |                     |                      |                                   |                      |               |                      |              |                      |              |                      |              |
| Salary and Benefit Costs                           | \$11,638,612        | \$11,894,137         | 2.20%                             | \$12,294,455         | 3.37%         | \$12,713,799         | 3.41%        | \$13,007,283         | 2.31%        | \$13,314,373         | 2.36%        |
| Other  | \$2,297,122         | \$2,294,778          | -0.10%                            | \$2,310,733          | 0.70%         | \$2,361,839          | 2.21%        | \$2,415,168          | 2.26%        | \$2,470,823          | 2.30%        |
| <b>TOTAL EXPENDITURES</b>                          | <b>\$13,935,734</b> | <b>\$14,188,915</b>  | <b>1.82%</b>                      | <b>\$14,605,188</b>  | <b>2.93%</b>  | <b>\$15,075,638</b>  | <b>3.22%</b> | <b>\$15,422,452</b>  | <b>2.30%</b> | <b>\$15,785,196</b>  | <b>2.35%</b> |
| <b>EXCESS / DEFICIT</b>                            | <b>\$90,818</b>     | <b>(\$536,078)</b>   |                                   | <b>(\$1,096,822)</b> |               | <b>(\$1,398,108)</b> |              | <b>(\$1,668,273)</b> |              | <b>(\$1,943,977)</b> |              |
| <b>OTHER FIN. SOURCES/USES</b>                     |                     |                      |                                   |                      |               |                      |              |                      |              |                      |              |
| 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                  |              |
| <b>TOTAL OTHER FIN. SOURCES/USES</b>               | <b>\$15,804</b>     | <b>\$0</b>           |                                   | <b>\$0</b>           |               | <b>\$0</b>           |              | <b>\$0</b>           |              | <b>\$0</b>           |              |
| <b>BEGINNING FUND BALANCE</b>                      | <b>(\$697,758)</b>  | <b>(\$591,136)</b>   |                                   | <b>(\$1,127,214)</b> |               | <b>(\$2,224,035)</b> |              | <b>(\$3,622,144)</b> |              | <b>(\$5,290,416)</b> |              |
| <b>PROJECTED YEAR-END FUND BALANCE</b>             | <b>(\$591,136)</b>  | <b>(\$1,127,214)</b> |                                   | <b>(\$2,224,035)</b> |               | <b>(\$3,622,144)</b> |              | <b>(\$5,290,416)</b> |              | <b>(\$7,234,394)</b> |              |
| <b>FUND BALANCE AS % OF EXPENDITURES</b>           | <b>-4.24%</b>       | <b>-7.94%</b>        |                                   | <b>-15.23%</b>       |               | <b>-24.03%</b>       |              | <b>-34.30%</b>       |              | <b>-45.83%</b>       |              |
| <b>FUND BALANCE AS # OF MONTHS OF EXPENDITURES</b> | <b>(0.51)</b>       | <b>(0.95)</b>        |                                   | <b>(1.83)</b>        |               | <b>(2.88)</b>        |              | <b>(4.12)</b>        |              | <b>(5.50)</b>        |              |





# October: Historical & Projected Fund Balances



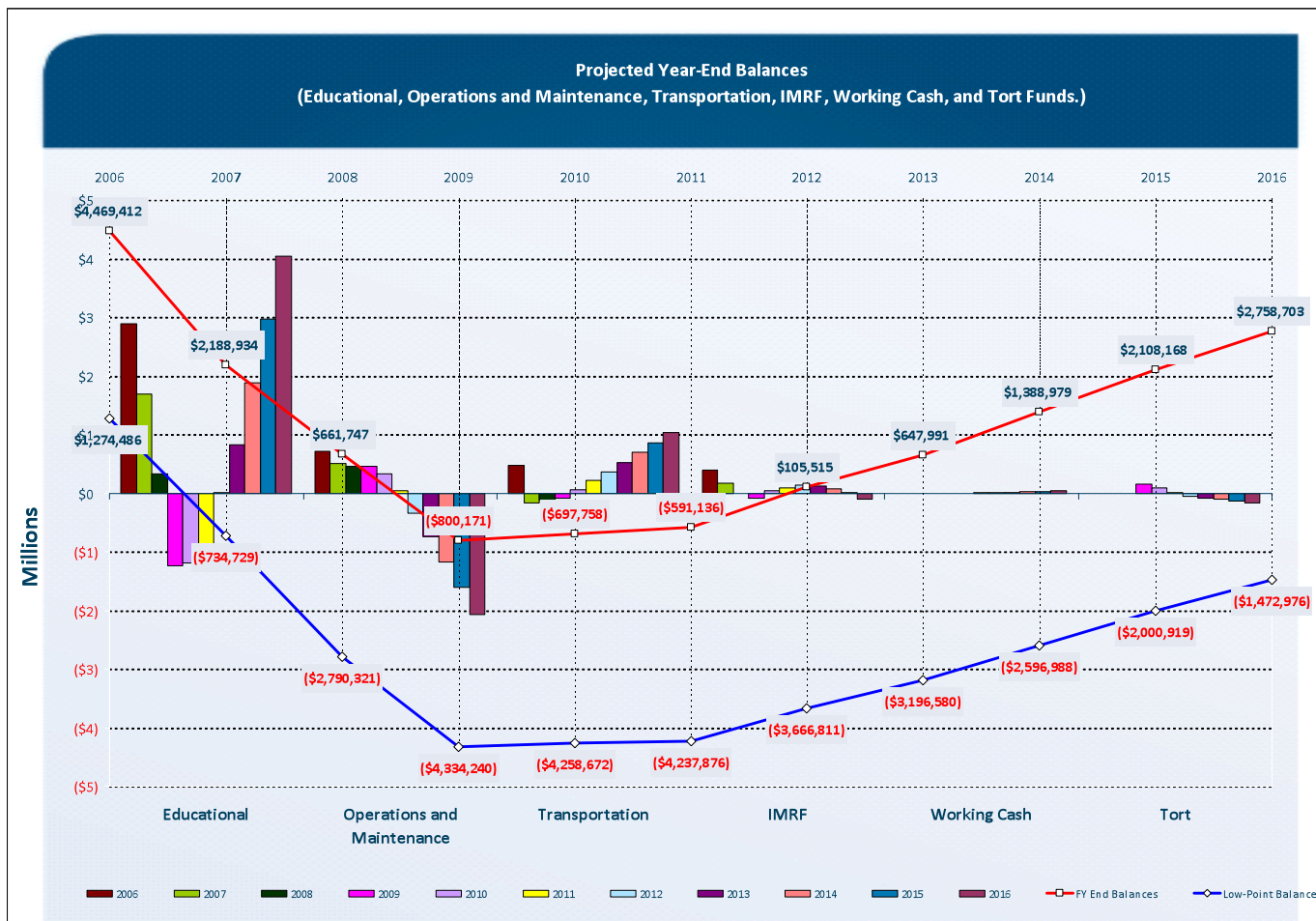


# March Update: Aggregate Revenues and Expenditures

|   | BUDGET              |                     | REVENUE / EXPENDITURE PROJECTIONS |                     |               |                     |              |                     |              |                     |              |
|---|---------------------|---------------------|-----------------------------------|---------------------|---------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|   | FY 2011             | FY 2012             | % chg                             | FY 2013             | % chg         | FY 2014             | % chg        | FY 2015             | % chg        | FY 2016             | % chg        |
| <b>REVENUE</b>                                    |                     |                     |                                   |                     |               |                     |              |                     |              |                     |              |
| Local   | \$9,587,391         | \$9,878,075         | 3.03%                             | \$10,089,331        | 2.14%         | \$10,385,628        | 2.94%        | \$10,693,798        | 2.97%        | \$11,013,956        | 2.99%        |
| State   | \$3,893,267         | \$3,697,735         | -5.02%                            | \$3,429,576         | -7.25%        | \$3,740,425         | 9.06%        | \$3,684,637         | -1.49%       | \$3,592,167         | -2.51%       |
| Federal   | \$434,000           | \$94,000            | -78.34%                           | \$94,000            | 0.00%         | \$94,000            | 0.00%        | \$94,000            | 0.00%        | \$94,000            | 0.00%        |
| Other   | \$111,894           | \$111,894           | 0.00%                             | \$111,894           | 0.00%         | \$111,894           | 0.00%        | \$111,894           | 0.00%        | \$111,894           | 0.00%        |
| <b>TOTAL REVENUE</b>                              | <b>\$14,026,552</b> | <b>\$13,781,704</b> | <b>-1.75%</b>                     | <b>\$13,724,801</b> | <b>-0.41%</b> | <b>\$14,331,946</b> | <b>4.42%</b> | <b>\$14,584,328</b> | <b>1.76%</b> | <b>\$14,812,017</b> | <b>1.56%</b> |
| <b>EXPENDITURES</b>                               |                     |                     |                                   |                     |               |                     |              |                     |              |                     |              |
| Salary and Benefit Costs                          | \$11,638,612        | \$10,610,275        | -8.84%                            | \$10,954,593        | 3.25%         | \$11,315,209        | 3.29%        | \$11,539,244        | 1.98%        | \$11,783,210        | 2.11%        |
| Other   | \$2,297,122         | \$2,474,778         | 7.73%                             | \$2,227,733         | -9.98%        | \$2,275,749         | 2.16%        | \$2,325,895         | 2.20%        | \$2,378,272         | 2.25%        |
| <b>TOTAL EXPENDITURES</b>                         | <b>\$13,935,734</b> | <b>\$13,085,053</b> | <b>-6.10%</b>                     | <b>\$13,182,325</b> | <b>0.74%</b>  | <b>\$13,590,958</b> | <b>3.10%</b> | <b>\$13,865,139</b> | <b>2.02%</b> | <b>\$14,161,482</b> | <b>2.14%</b> |
| <b>SURPLUS / DEFICIT</b>                          | <b>\$90,818</b>     | <b>\$696,651</b>    |                                   | <b>\$542,476</b>    |               | <b>\$740,988</b>    |              | <b>\$719,189</b>    |              | <b>\$650,535</b>    | <b>A</b>     |
| <b>OTHER FINANCING SOURCES/USES</b>               |                     |                     |                                   |                     |               |                     |              |                     |              |                     |              |
| 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                 |              |
| <b>TOTAL OTHER FIN. SOURCES/USES</b>              | <b>\$15,804</b>     | <b>\$0</b>          |                                   | <b>\$0</b>          |               | <b>\$0</b>          |              | <b>\$0</b>          |              | <b>\$0</b>          | <b>B</b>     |
| <b>SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES</b> | <b>\$106,622</b>    | <b>\$696,651</b>    |                                   | <b>\$542,476</b>    |               | <b>\$740,988</b>    |              | <b>\$719,189</b>    |              | <b>\$650,535</b>    | <b>A+B</b>   |
| <b>BEGINNING FUND BALANCE</b>                     | <b>(\$697,758)</b>  | <b>(\$591,136)</b>  |                                   | <b>\$105,515</b>    |               | <b>\$647,991</b>    |              | <b>\$1,388,979</b>  |              | <b>\$2,108,168</b>  |              |
| <b>PROJECTED YEAR END BALANCE</b>                 | <b>(\$591,136)</b>  | <b>\$105,515</b>    |                                   | <b>\$647,991</b>    |               | <b>\$1,388,979</b>  |              | <b>\$2,108,168</b>  |              | <b>\$2,758,703</b>  |              |
| <b>FUND BALANCE AS % OF REVENUES</b>              | <b>-4.21%</b>       | <b>0.77%</b>        |                                   | <b>4.72%</b>        |               | <b>9.69%</b>        |              | <b>14.46%</b>       |              | <b>18.62%</b>       |              |
| <b>FUND BALANCE AS # OF MONTHS OF EXPEND.</b>     | <b>(0.51)</b>       | <b>0.10</b>         |                                   | <b>0.59</b>         |               | <b>1.23</b>         |              | <b>1.82</b>         |              | <b>2.34</b>         |              |



# March Update: Aggregate Revenues and Expenditures





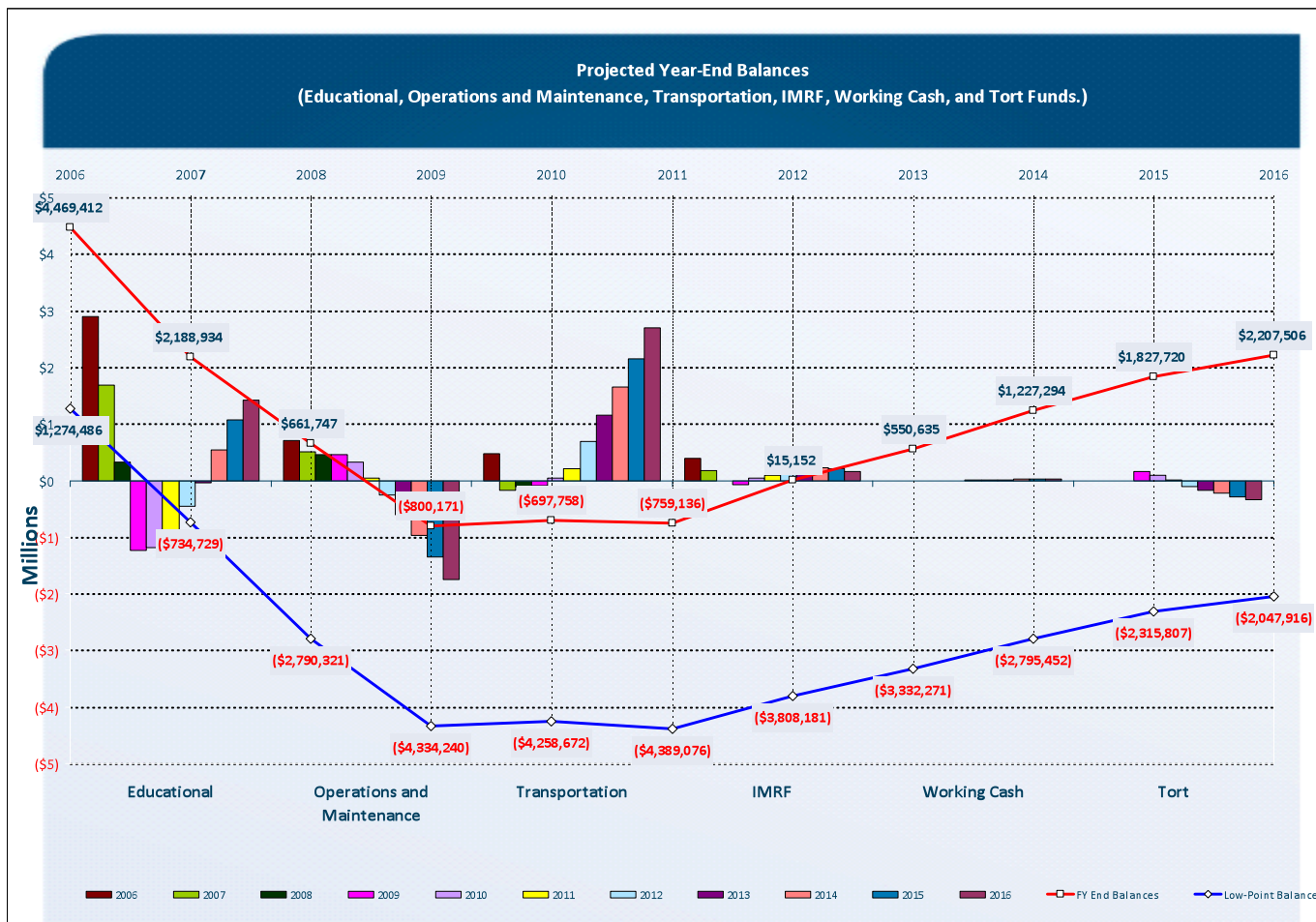
# JUNE Update: Aggregate Revenues and Expenditures

## Aggregate - Projection Analysis

|   | BUDGET              |                     | REVENUE / EXPENDITURE PROJECTIONS |                     |               |                     |              |                     |              |                     |              |
|---|---------------------|---------------------|-----------------------------------|---------------------|---------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|   | FY 2011             | FY 2012             | % chg                             | FY 2013             | % chg         | FY 2014             | % chg        | FY 2015             | % chg        | FY 2016             | % chg        |
| <b>REVENUE</b>                                    |                     |                     |                                   |                     |               |                     |              |                     |              |                     |              |
| 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%        |
| <b>TOTAL REVENUE</b>                              | <b>\$13,858,552</b> | <b>\$13,952,441</b> | <b>0.68%</b>                      | <b>\$13,815,487</b> | <b>-0.98%</b> | <b>\$14,426,733</b> | <b>4.42%</b> | <b>\$14,691,445</b> | <b>1.83%</b> | <b>\$14,932,245</b> | <b>1.64%</b> |
| <b>EXPENDITURES</b>                               |                     |                     |                                   |                     |               |                     |              |                     |              |                     |              |
| 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%        |
| <b>TOTAL EXPENDITURES</b>                         | <b>\$13,935,734</b> | <b>\$13,178,153</b> | <b>-5.44%</b>                     | <b>\$13,280,004</b> | <b>0.77%</b>  | <b>\$13,750,073</b> | <b>3.54%</b> | <b>\$14,091,020</b> | <b>2.48%</b> | <b>\$14,552,459</b> | <b>3.27%</b> |
| <b>SURPLUS / DEFICIT</b>                          | <b>(\$77,182)</b>   | <b>\$774,288</b>    |                                   | <b>\$535,483</b>    |               | <b>\$676,660</b>    |              | <b>\$600,425</b>    |              | <b>\$379,786</b>    | <b>A</b>     |
| <b>OTHER FINANCING SOURCES/USES</b>               |                     |                     |                                   |                     |               |                     |              |                     |              |                     |              |
| 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                 |              |
| <b>TOTAL OTHER FIN. SOURCES/USES</b>              | <b>\$15,804</b>     | <b>\$0</b>          |                                   | <b>\$0</b>          |               | <b>\$0</b>          |              | <b>\$0</b>          |              | <b>\$0</b>          | <b>B</b>     |
| <b>SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES</b> | <b>(\$61,378)</b>   | <b>\$774,288</b>    |                                   | <b>\$535,483</b>    |               | <b>\$676,660</b>    |              | <b>\$600,425</b>    |              | <b>\$379,786</b>    | <b>A+B</b>   |
| <b>BEGINNING FUND BALANCE</b>                     | <b>(\$697,758)</b>  | <b>(\$759,136)</b>  |                                   | <b>\$15,152</b>     |               | <b>\$550,635</b>    |              | <b>\$1,227,294</b>  |              | <b>\$1,827,720</b>  |              |
| <b>PROJECTED YEAR END BALANCE</b>                 | <b>(\$759,136)</b>  | <b>\$15,152</b>     |                                   | <b>\$550,635</b>    |               | <b>\$1,227,294</b>  |              | <b>\$1,827,720</b>  |              | <b>\$2,207,506</b>  |              |
| <b>FUND BALANCE AS % OF REVENUES</b>              | <b>-5.48%</b>       | <b>0.11%</b>        |                                   | <b>3.99%</b>        |               | <b>8.51%</b>        |              | <b>12.44%</b>       |              | <b>14.78%</b>       |              |
| <b>FUND BALANCE AS # OF MONTHS OF EXPEND.</b>     | <b>(0.65)</b>       | <b>0.01</b>         |                                   | <b>0.50</b>         |               | <b>1.07</b>         |              | <b>1.56</b>         |              | <b>1.82</b>         |              |



# JUNE Update: Aggregate Revenues and Expenditures



## Aggregate Fund Balance Analysis

- The District's budget has a small surplus, IF the State makes 3 categorical payments this year. IF it does, the State will be 3 payments behind going into FY12.
- Deficit budgets are projected into the future, unless revenues are increased and/or expenditures decreased.
- MARCH UPDATE
- Three payments and all GSA seem assured
- District cuts have positive financial impact
- District can expect surplus revenues if plan is maintained



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