

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

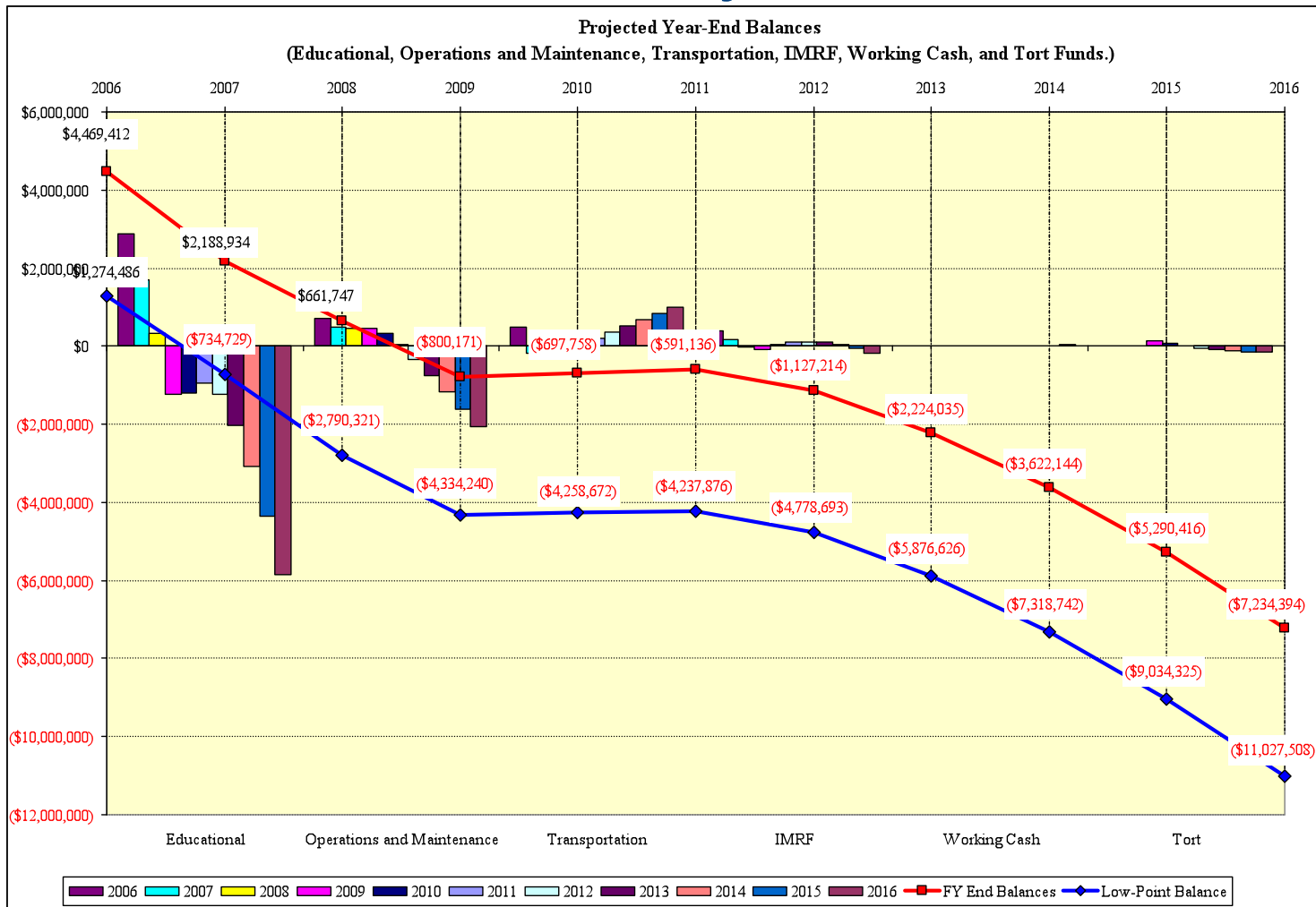
### Aggregate View - Projection Analysis

	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

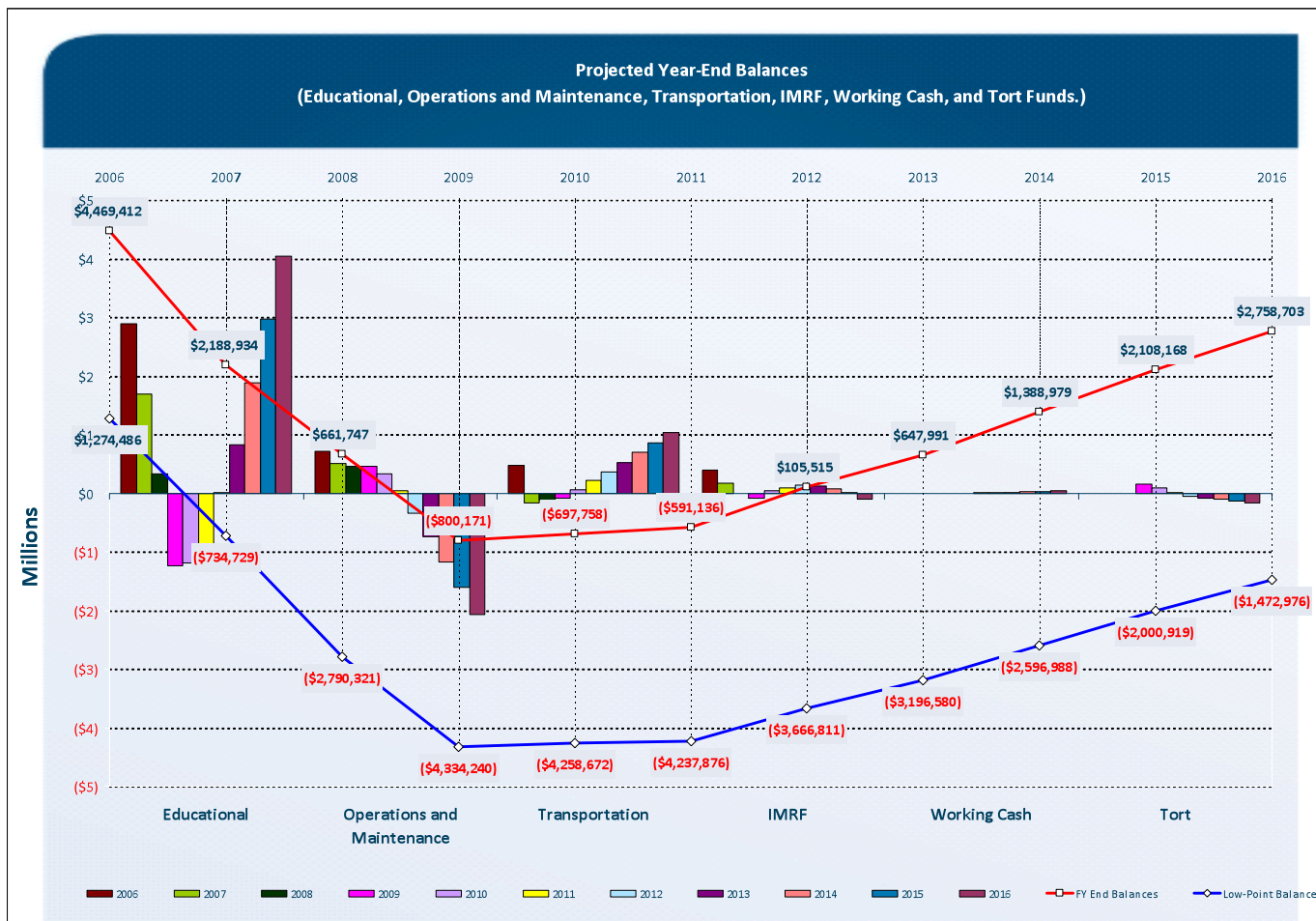




# March Update: Aggregate Revenues and Expenditures

	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



## Millburn School District 24

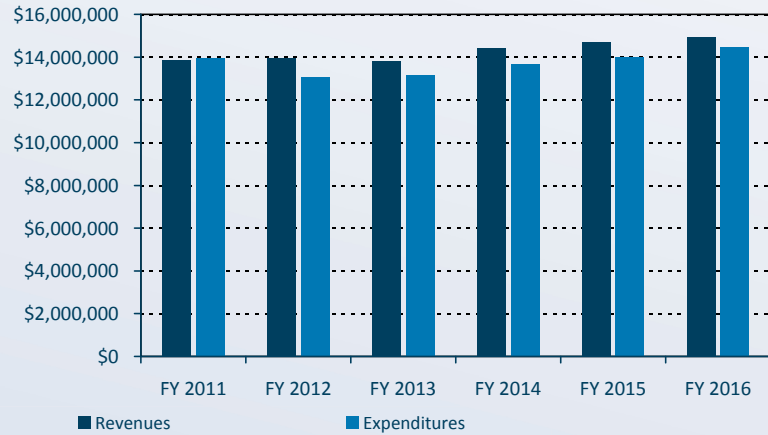
### Aggregate - Projection Analysis

	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	\$9,875,606	3.01%	\$10,087,983	2.15%	\$10,385,807	2.95%	\$10,695,200	2.98%	\$11,015,673	3.00%
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>\$13,952,499</b>	<b>0.68%</b>	<b>\$13,816,036</b>	<b>-0.98%</b>	<b>\$14,428,255</b>	<b>4.43%</b>	<b>\$14,694,695</b>	<b>1.85%</b>	<b>\$14,938,254</b>	<b>1.66%</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	\$2,743,688	19.44%	\$2,484,240	-9.46%	\$2,538,520	2.18%	\$2,595,153	2.23%	\$2,654,246	2.28%
<b>TOTAL EXPENDITURES</b>	<b>\$13,935,734</b>	<b>\$13,078,141</b>	<b>-6.15%</b>	<b>\$13,176,992</b>	<b>0.76%</b>	<b>\$13,643,971</b>	<b>3.54%</b>	<b>\$13,981,734</b>	<b>2.48%</b>	<b>\$14,439,894</b>	<b>3.28%</b>
<b>SURPLUS / DEFICIT</b>	<b>(\$77,182)</b>	<b>\$874,358</b>		<b>\$639,044</b>		<b>\$784,285</b>		<b>\$712,960</b>		<b>\$498,360</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>\$874,358</b>		<b>\$639,044</b>		<b>\$784,285</b>		<b>\$712,960</b>		<b>\$498,360</b>	<b>A+B</b>
<b>BEGINNING FUND BALANCE</b>	<b>(\$697,758)</b>	<b>(\$759,136)</b>		<b>\$115,222</b>		<b>\$754,266</b>		<b>\$1,538,551</b>		<b>\$2,251,511</b>	
<b>PROJECTED YEAR END BALANCE</b>	<b>(\$759,136)</b>	<b>\$115,222</b>		<b>\$754,266</b>		<b>\$1,538,551</b>		<b>\$2,251,511</b>		<b>\$2,749,871</b>	
<b>FUND BALANCE AS % OF REVENUES</b>	<b>-5.48%</b>	<b>0.83%</b>		<b>5.46%</b>		<b>10.66%</b>		<b>15.32%</b>		<b>18.41%</b>	
<b>FUND BALANCE AS # OF MONTHS OF EXPEND.</b>	<b>(0.65)</b>	<b>0.11</b>		<b>0.69</b>		<b>1.35</b>		<b>1.93</b>		<b>2.29</b>	

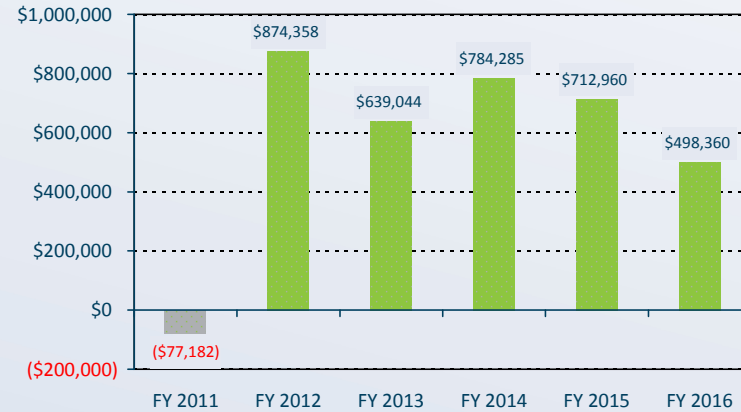
## Millburn School District 24

### Aggregate - Projection Analysis

#### REVENUES VS. EXPENDITURES



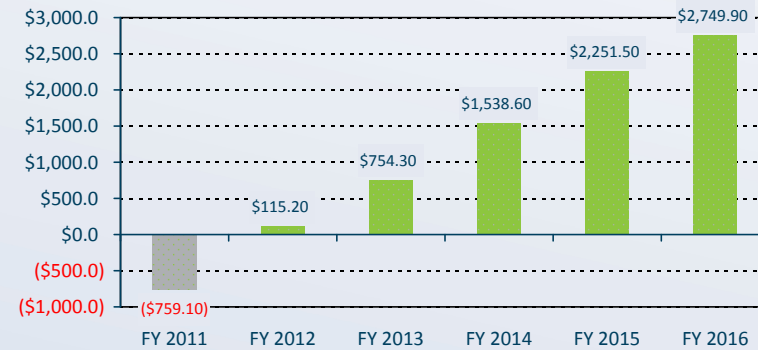
#### FY SURPLUS / DEFICIT



#### OTHER FINANCING SOURCES & USES

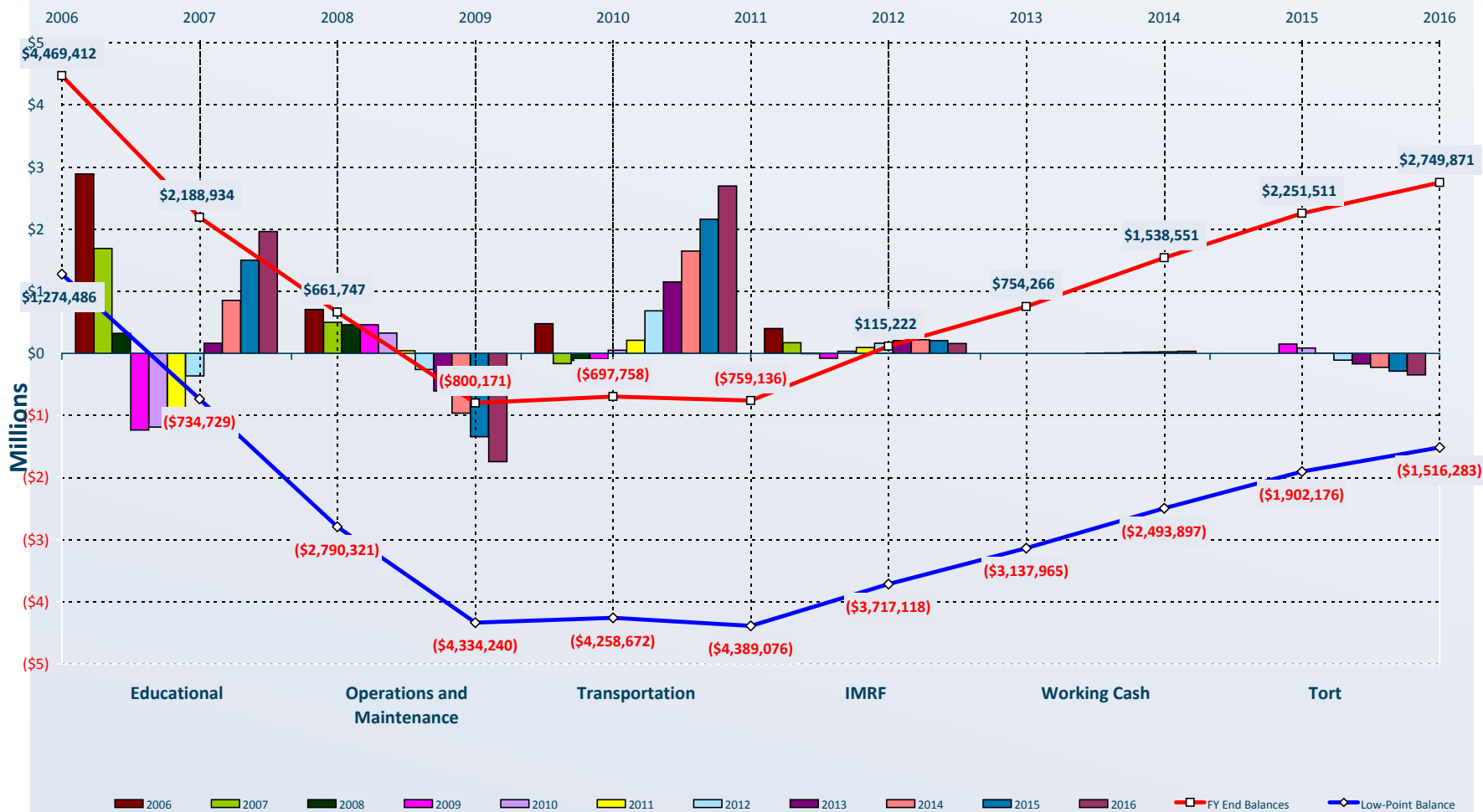


#### YEAR END FUND BALANCE (THOUSANDS)





### Projected Year-End Balances (Educational, Operations and Maintenance, Transportation, IMRF, Working Cash, and Tort Funds.)



## 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



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 opinions 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.**