

OFFICE OF THE SUPERINTENDENT

Millburn Public Schools

INFORMATION ITEM

March 8, 2011

To: Board of Education Members

From: Ellen E. Mauer, PhD

Subject: Financial Update from PMA

Howie Kraus will be in attendance tonight to give a financial update from PMA. This is reflective of the personnel cuts being made. Attached please find his powerpoint.



Integrity. Commitment. Performance.™



Millburn School District 24

PMA Financial Planning Program
Presented by
Howard Crouse, Vice President
PMA Financial Network, Inc.
UPDATED March 8, 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**

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)**

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)**

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**



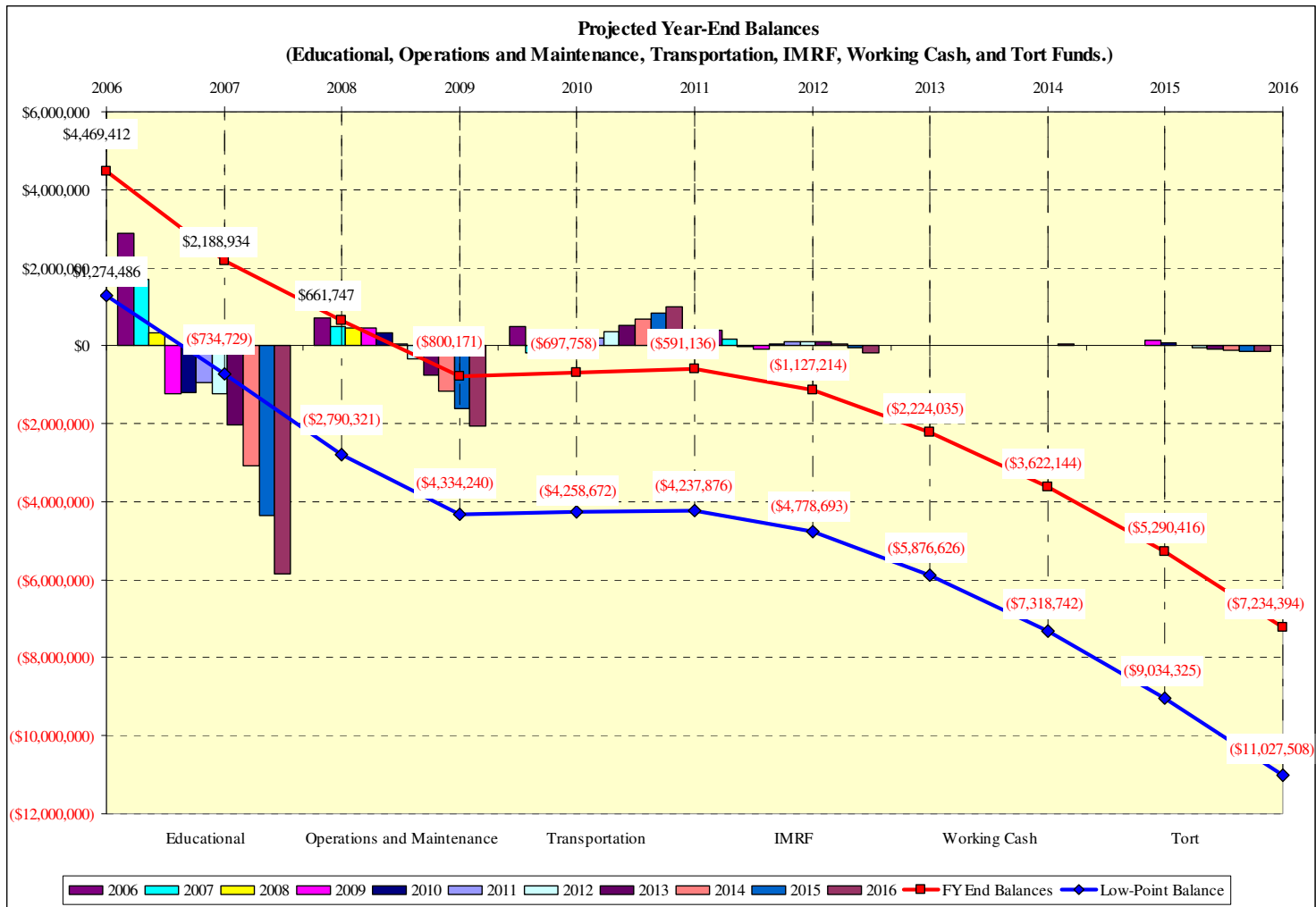
October Projected Aggregate Revenues Vs. Expenditures

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
REVENUE											
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%
TOTAL REVENUE	\$14,026,552	\$13,652,837	-2.66%	\$13,508,366	-1.06%	\$13,677,529	1.25%	\$13,754,179	0.56%	\$13,841,219	0.63%
EXPENDITURES											
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%
TOTAL EXPENDITURES	\$13,935,734	\$14,188,915	1.82%	\$14,605,188	2.93%	\$15,075,638	3.22%	\$15,422,452	2.30%	\$15,785,196	2.35%
EXCESS / DEFICIT	\$90,818	(\$536,078)		(\$1,096,822)		(\$1,398,108)		(\$1,668,273)		(\$1,943,977)	
OTHER FIN. 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	
BEGINNING FUND BALANCE	(\$697,758)	(\$591,136)		(\$1,127,214)		(\$2,224,035)		(\$3,622,144)		(\$5,290,416)	
PROJECTED YEAR-END FUND BALANCE	(\$591,136)	(\$1,127,214)		(\$2,224,035)		(\$3,622,144)		(\$5,290,416)		(\$7,234,394)	
FUND BALANCE AS % OF EXPENDITURES	-4.24%	-7.94%		-15.23%		-24.03%		-34.30%		-45.83%	
FUND BALANCE AS # OF MONTHS OF EXPENDITURES	(0.51)	(0.95)		(1.83)		(2.88)		(4.12)		(5.50)	

October: Historical & Projected Fund Balances

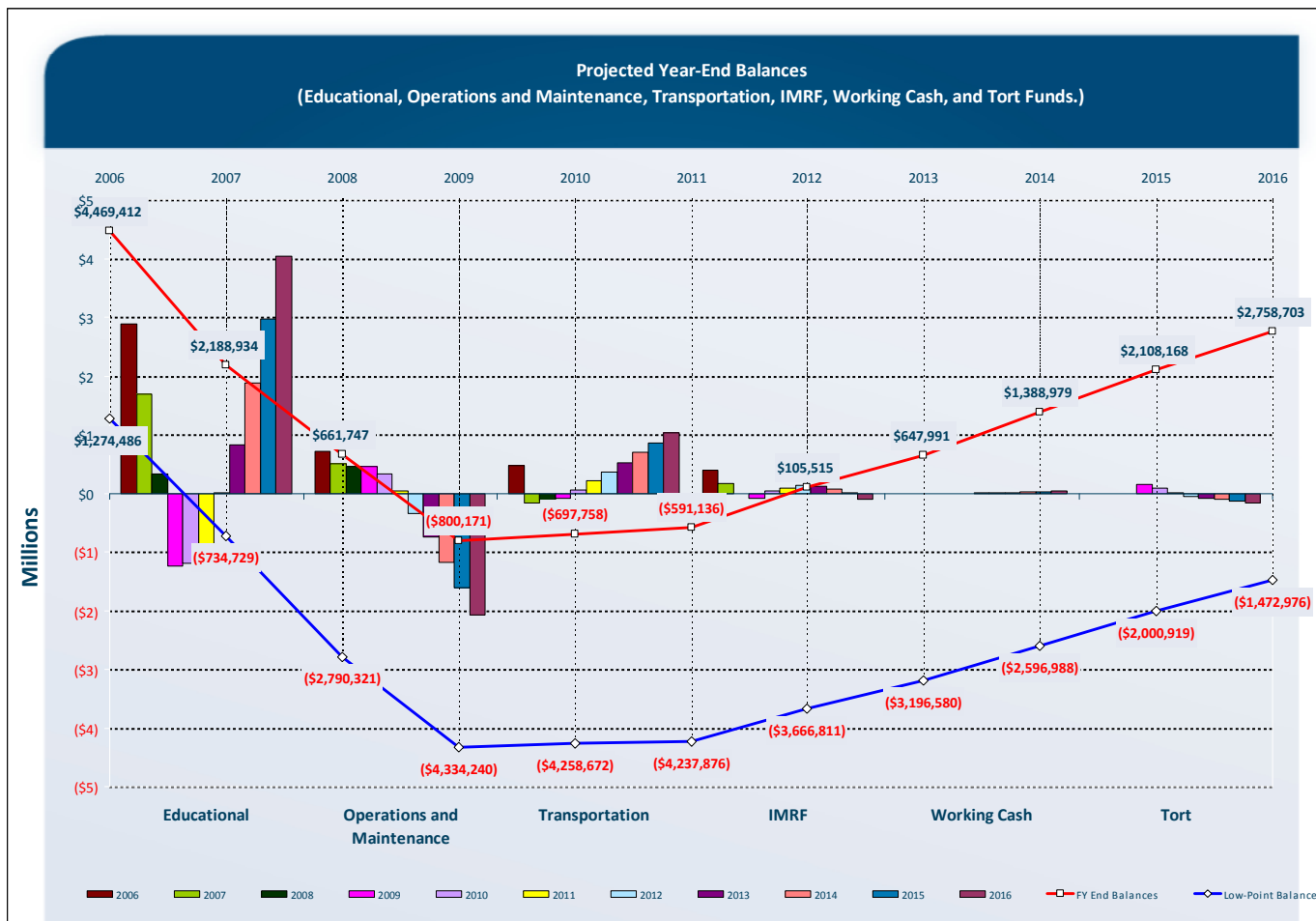




March Update: Aggregate Revenues and Expenditures

	BUDGET		REVENUE / EXPENDITURE PROJECTIONS								
	FY 2011	FY 2012	% chg	FY 2013	% chg	FY 2014	% chg	FY 2015	% chg	FY 2016	% chg
REVENUE											
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%
TOTAL REVENUE	\$14,026,552	\$13,781,704	-1.75%	\$13,724,801	-0.41%	\$14,331,946	4.42%	\$14,584,328	1.76%	\$14,812,017	1.56%
EXPENDITURES											
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%
TOTAL EXPENDITURES	\$13,935,734	\$13,085,053	-6.10%	\$13,182,325	0.74%	\$13,590,958	3.10%	\$13,865,139	2.02%	\$14,161,482	2.14%
SURPLUS / DEFICIT	\$90,818	\$696,651		\$542,476		\$740,988		\$719,189		\$650,535	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	\$106,622	\$696,651		\$542,476		\$740,988		\$719,189		\$650,535	A+B
BEGINNING FUND BALANCE	(\$697,758)	(\$591,136)		\$105,515		\$647,991		\$1,388,979		\$2,108,168	
PROJECTED YEAR END BALANCE	(\$591,136)	\$105,515		\$647,991		\$1,388,979		\$2,108,168		\$2,758,703	
FUND BALANCE AS % OF REVENUES	-4.21%	0.77%		4.72%		9.69%		14.46%		18.62%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	(0.51)	0.10		0.59		1.23		1.82		2.34	

March 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



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.