

OFFICE OF THE SUPERINTENDENT

Millburn Public Schools

INFORMATION ITEM

October 18, 2010

To: Board of Education Members

From: Ellen E. Mauer, PhD

Subject: 5 Year Financial Forecast

Howie Crouse from PMA Financial Services will be here tonight to present the latest 5 year financial forecast. Please see the attached powerpoint.



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Millburn School District 24

PMA Financial Planning Program
Presented by
Howard Crouse, Vice President
PMA Financial Network, Inc.
October 18, 2010



Historical Aggregate Revenues vs. Expenditures

(Educational, O&M, Transportation, IMRF, Working, Cash and Tort Funds)

Millburn School District 24

Aggregate View - History Analysis

	ACTUAL REVENUE / EXPENDITURES								BUDGET		
	FY 2006	FY 2007	Change %	FY 2008	Change %	FY 2009	Change %	FY 2010	Change %	FY 2011	Change %
REVENUE											
Local	\$7,725,727	\$8,200,204	6.14%	\$8,399,283	2.43%	\$8,948,895	6.54%	\$9,367,953	4.68%	\$9,587,391	2.34%
State	\$2,754,066	\$2,932,417	6.48%	\$4,297,206	46.54%	\$3,831,974	-10.83%	\$4,020,975	4.93%	\$3,893,267	-3.18%
Federal	\$90,555	\$88,332	-2.45%	\$80,533	-8.83%	\$854,480	961.03%	\$1,002,281	17.30%	\$434,000	-56.70%
Other	\$6,462	\$7,587	17.41%	\$0	-100.00%	\$0		\$28,256		\$111,894	296.00%
TOTAL REVENUE	\$10,576,810	\$11,228,540	6.16%	\$12,777,022	13.79%	\$13,635,349	6.72%	\$14,419,465	5.75%	\$14,026,552	-2.72%
EXPENDITURES											
Salary and Benefit Costs	\$9,522,406	\$10,819,124	13.62%	\$11,551,451	6.77%	\$12,070,829	4.50%	\$11,457,962	-5.08%	\$11,638,612	1.58%
Other	\$2,743,795	\$2,791,215	1.73%	\$3,083,189	10.46%	\$3,111,868	0.93%	\$2,776,795	-10.77%	\$2,297,122	-17.27%
TOTAL EXPENDITURES	\$12,266,201	\$13,610,339	10.96%	\$14,634,640	7.53%	\$15,182,697	3.74%	\$14,234,757	-6.24%	\$13,935,734	-2.10%
EXCESS / DEFICIT	(\$1,689,391)	(\$2,381,799)		(\$1,857,618)		(\$1,547,348)		\$184,708		\$90,818	
OTHER FIN. SOURCES/USES											
Transfer Among Funds (Net)	\$126,843	\$101,321		\$84,547		(\$119,854)		(\$108,889)		\$15,804	
Sale of Bonds	\$354,398	\$0		\$245,884		\$205,284		\$5,099		\$0	
Other Financing Sources	\$0	\$0		\$0		\$0		\$99,666		\$0	
Other Financing Uses	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL OTHER FIN. SOURCES/USES	\$481,241	\$101,321		\$330,431		\$85,430		(\$4,124)		\$15,804	
BEGINNING FUND BALANCE	\$5,677,562	\$4,469,412		\$2,188,934		\$661,747		(\$800,171)		(\$697,758)	
YEAR-END FUND BALANCE	\$4,469,412	\$2,188,934		\$661,747		(\$800,171)		(\$697,758)		(\$591,136)	
FUND BALANCE AS % OF EXPENDITURES	36.44%	16.08%		4.52%		-5.27%		-4.90%		-4.24%	
FUND BALANCE AS # OF MONTHS OF EXPENDITURES	4.37	1.93		0.54		(0.63)		(0.59)		(0.51)	

FY 2010

- Reflected significant cuts made in FY09
- Budgeted for 5 State categorical payments, expecting the State to make the two late payments from FY09, and 3 of the 4 promised for FY10
- State has made 4 payments
- State payments to the District, not including GSA, were \$100,000 under budget in FY09 and \$450,000 under budget in FY10
- Federal \$ were higher than usual because some of them were used to make State GSA payments and there are additional \$ in FY 11

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

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

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

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
- FY1 budgeted expenditures overall were reduced \$300,000 from last year's actuals

Projected Aggregate Revenues Vs. Expenditures

Millburn School District 24

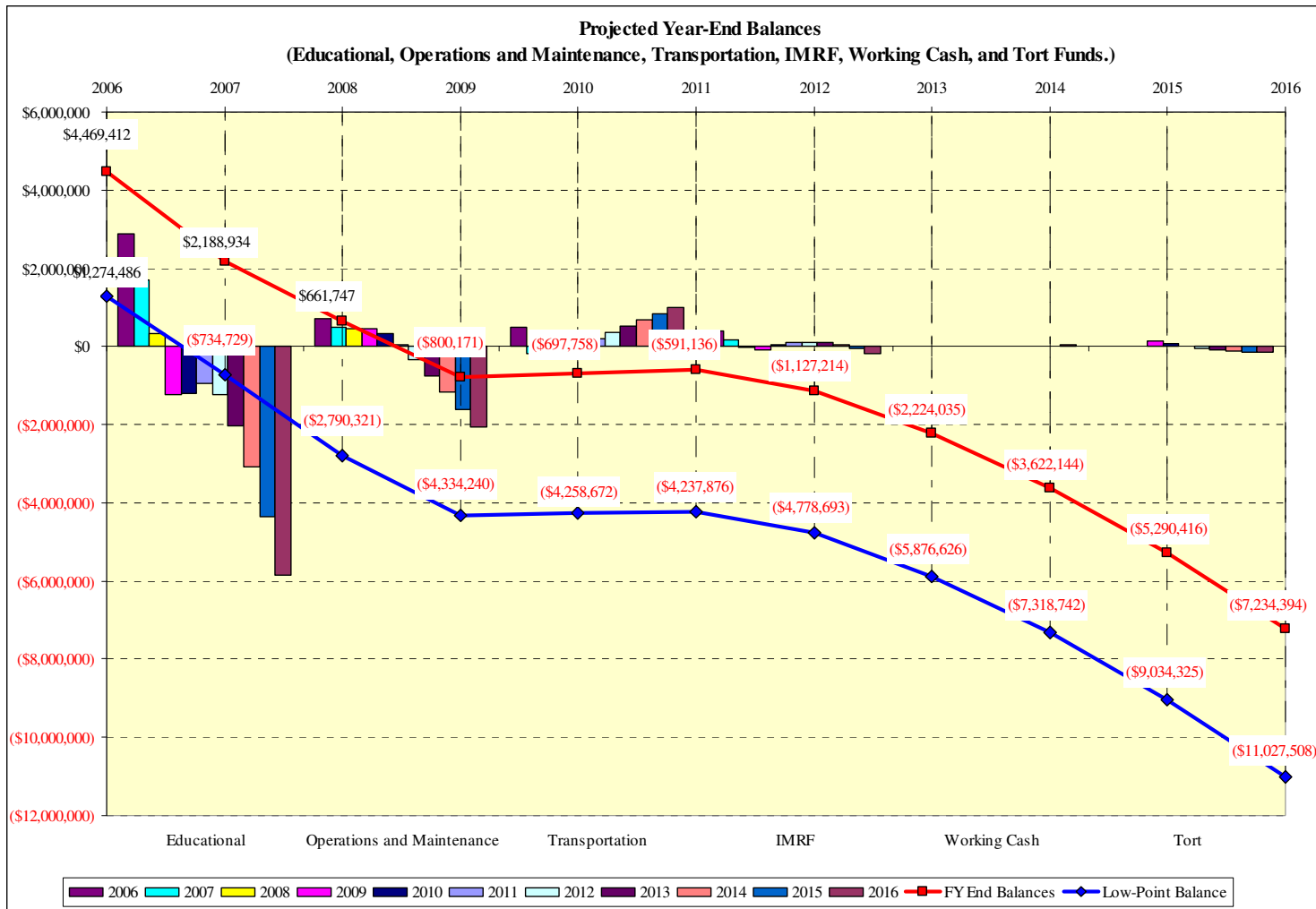
Aggregate View - Projection Analysis

	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)	

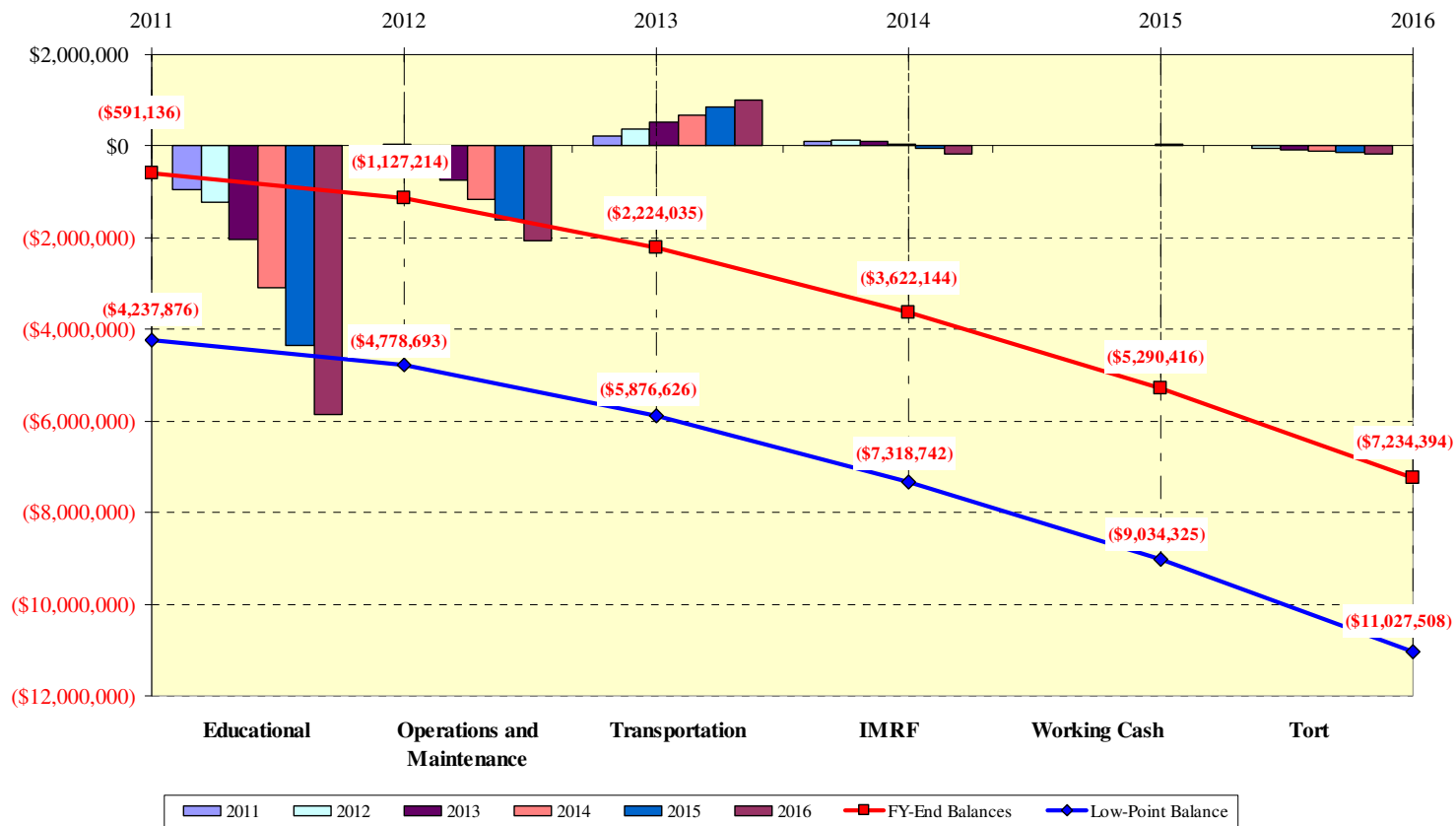
Aggregate Fund Balance Analysis

- 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.

Historical & Projected Fund Balances



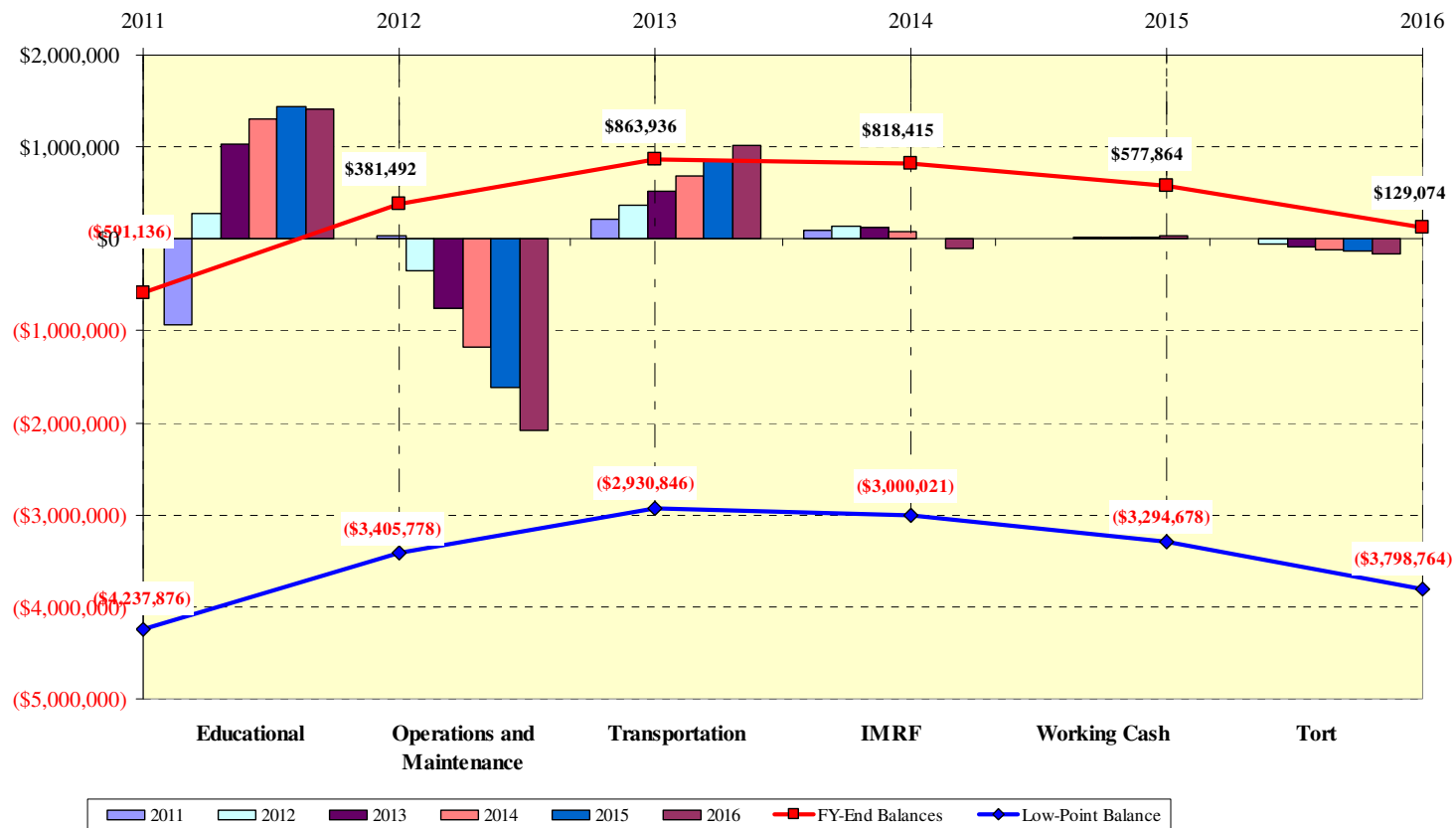
Projected Fund Balances



Proposed Expenditure Reductions for FY12

- If the referendum does not pass
 - 19 classroom teachers
 - 3.64 support teachers
 - .5 aide
 - \$300,000 reduction in other operating expenditures for two years

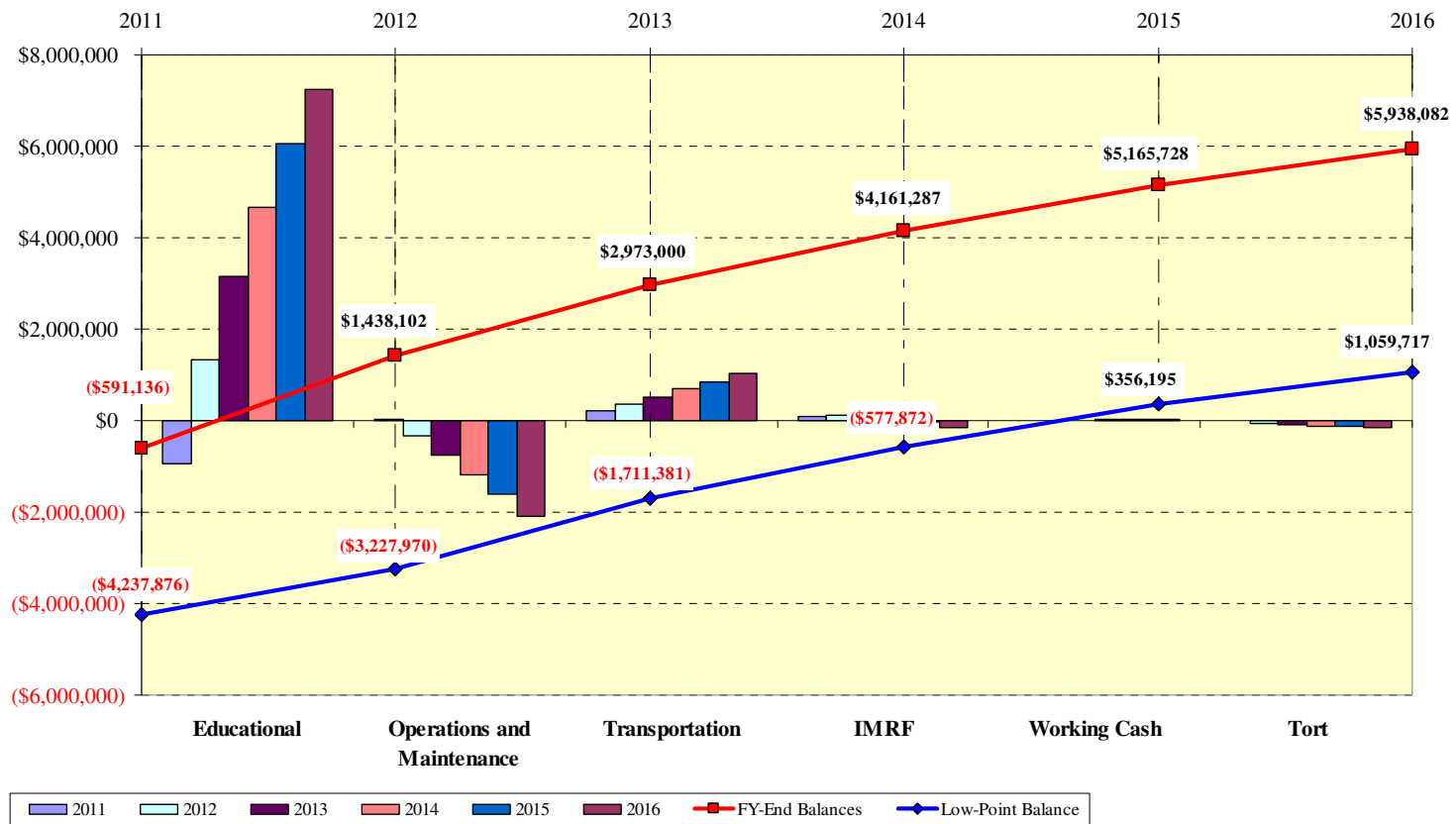
Proposed FY12 Reductions – Referendum Fails



Proposed Expenditure Reductions for FY12

- If the referendum passes
 - Reduce 9.86 classroom teachers
 - \$128,180 reduction in other operating expenditures for two years

Proposed Expenditure Reductions for FY12 - Referendum Passes





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