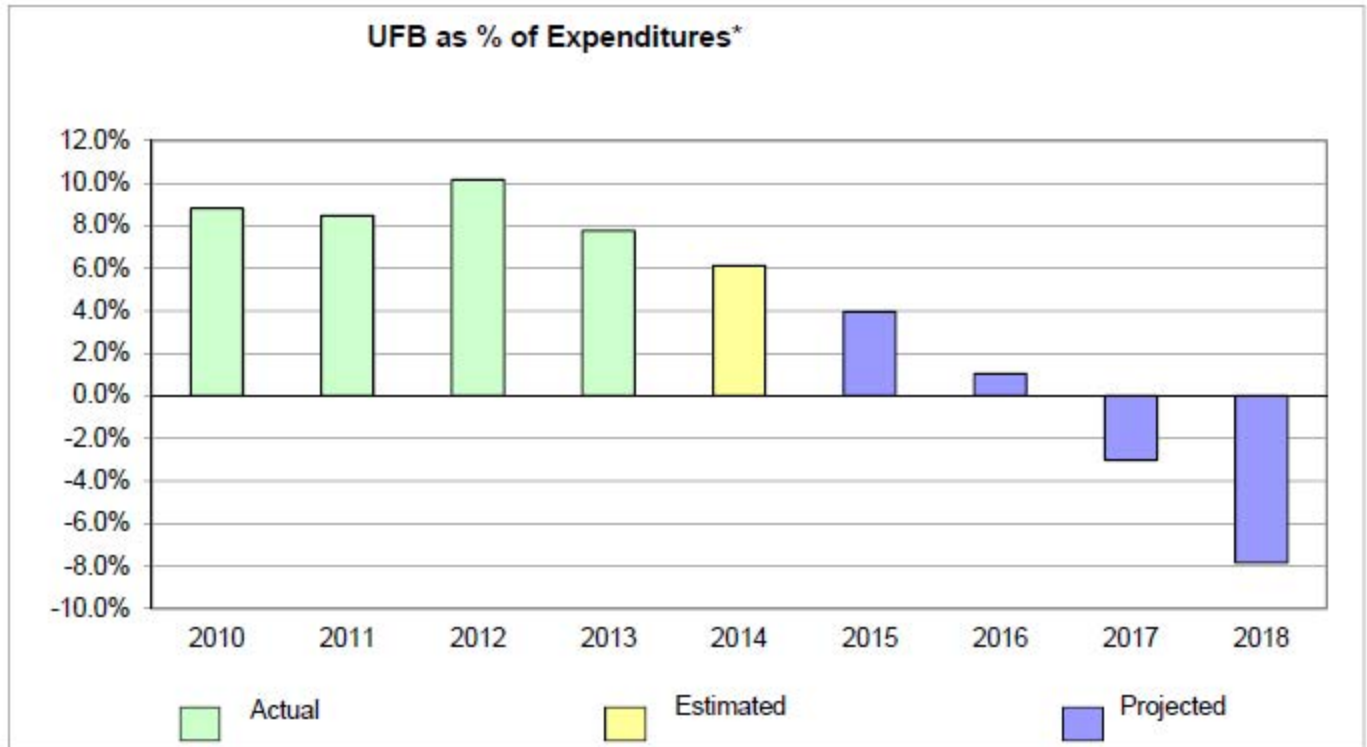


Initial Findings



Multi-Year Financial Planning

For Fiscal Years

2014-2015 through 2017-2018

Planning Process

- Establish known facts:
 - Salary costs from existing labor contracts
 - Costs from existing contract service agreements
 - Debt service schedules
 - Trends from previous years
 - Existing district programs and enrollments

Planning Process

- Developing Assumptions for Unknowns
 - Feedback from Budget Advisory Committee
 - Utilize past trends where appropriate
 - Use recent debt projections for bond projects
 - Use estimated CPI for items where applicable
 - Use higher rate increases for items that typically exceed the CPI
 - After labor contracts expire, use trends of prior contracts

Sample Revenue Assumptions Used

- Tax levy increase 2% per year plus or minus adjustment for local capital debt exclusions
- Sales tax increase 2.5% per year from trends
- Tuition receipts flat all four years; no placement guarantees
- Rentals and health service income up 2% per year
- Estimate state aid increasing 2% per year
- All other misc. income up 2% except loss of Medicare RDS

Sample Expenditure Assumptions

- Salary increases at 2.5% to 3.5%
- Equipment increase at 2% per year
- Contract services and other similar costs ranging from 1.5% to 3.5% depending on type
- Debt service increasing by new bond debt and decreasing by expiring old construction debt
- Interfund transfers for capital and special aid fund kept flat

Employee Benefit Assumptions

- After 2014-2015 employee pension rates decreasing 0.7% to 1.5% annually
- Health cost increases planned at 6% to 7%
- Dental rate costs average 3% to 5%
- Life and Disability insurances at 1% increases
- Workers compensation estimated at 3%
- Unemployment kept flat
- Social Security at 7.3% of certified salaries and 7.65% of classified salaries

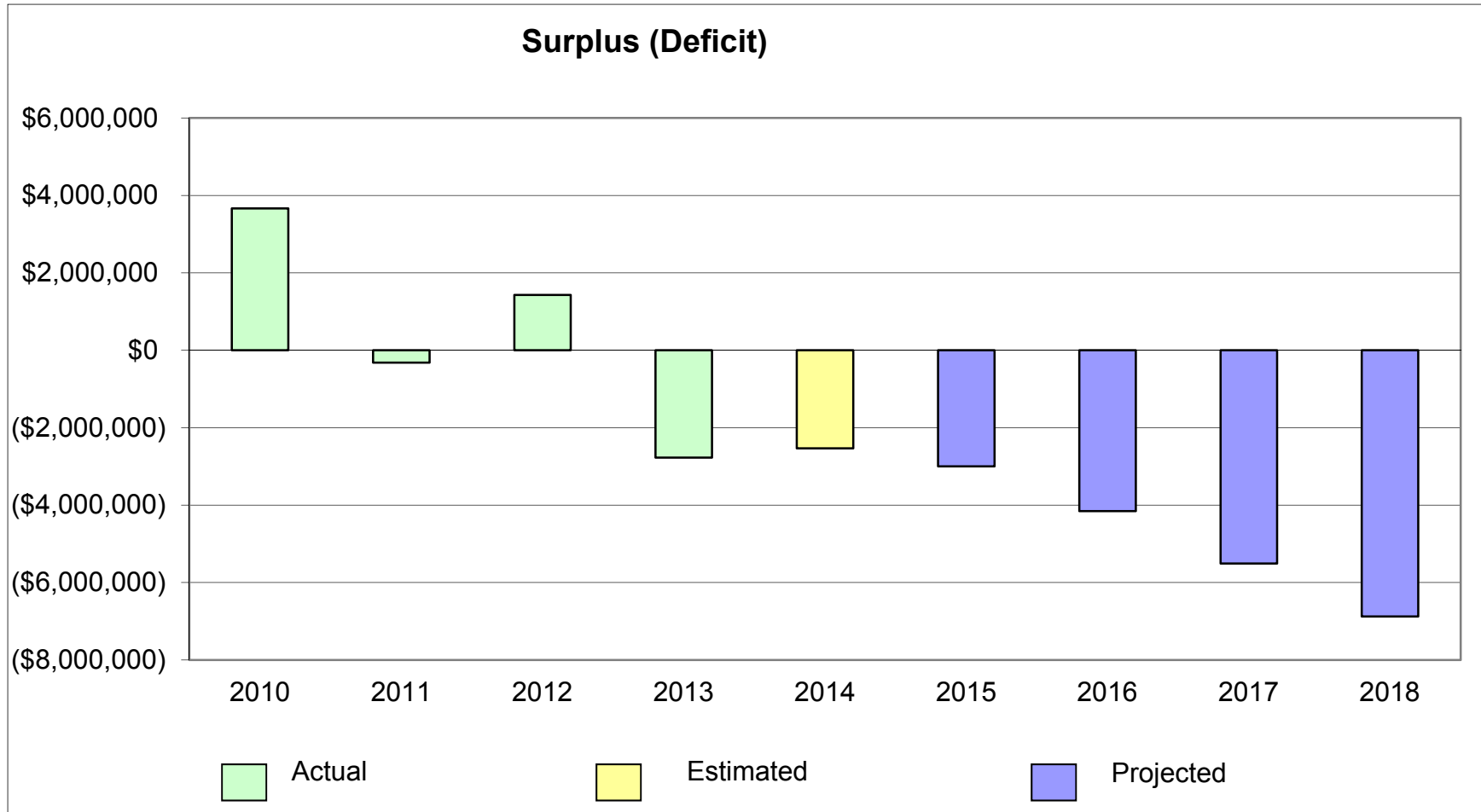
Program & Other Assumptions

- No enrollment or staffing changes used in the predictions beyond 2014-2015
- No major program increases or decreases assumed for this initial exercise
- Assuming declining reserves over plan period
- No assumptions of “assigned” fund balance after 2014-2015

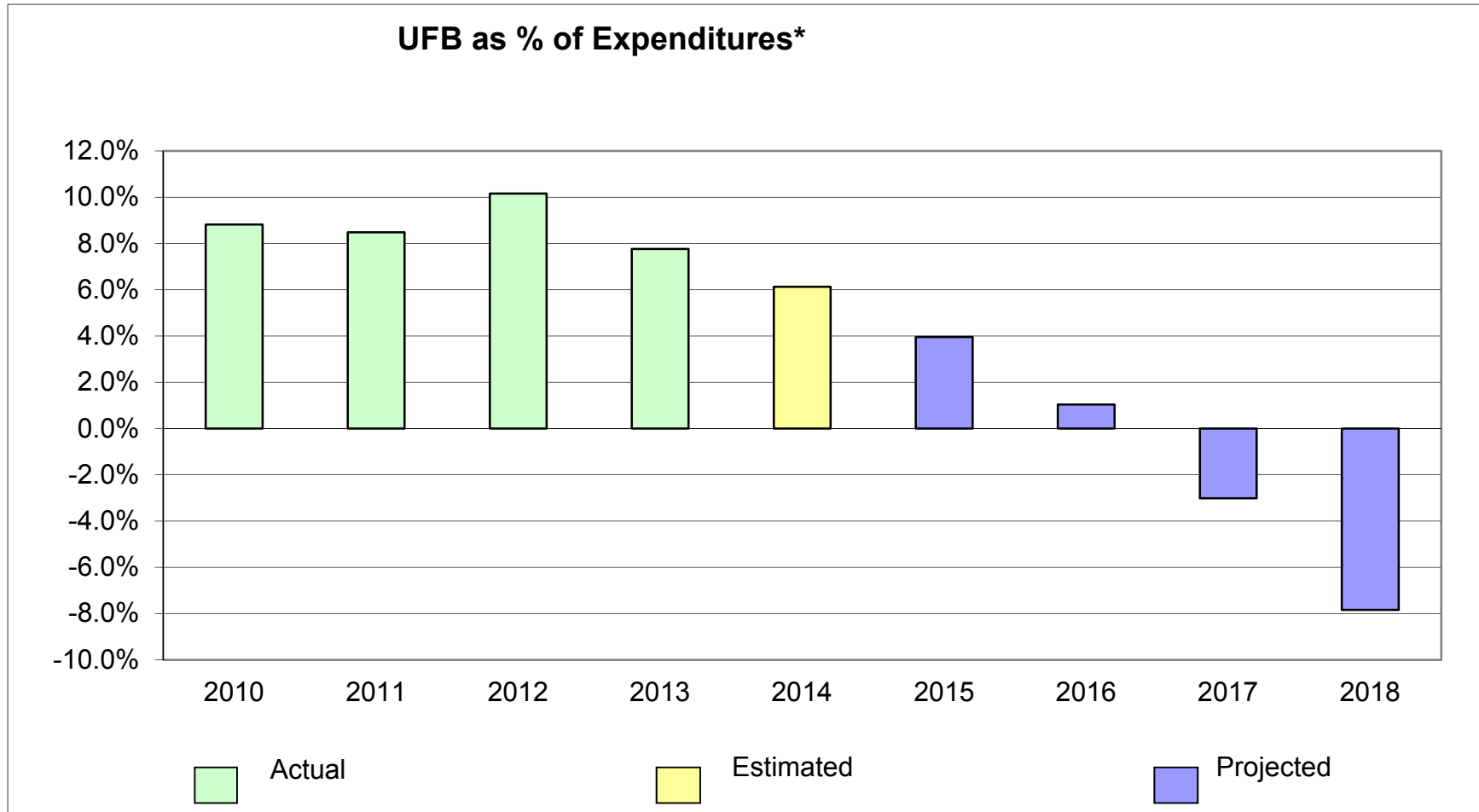
Estimated Revenue, Expenditures & Fund Balance

	Estimated Actual	Projected			
Year Ending June 30:	2014	2015	2016	2017	2018
Revenues					
Real Property Tax Items Including STAR	111,505,246	113,174,570	116,154,293	118,622,342	120,689,014
Non-Property Tax Items	1,469,705	1,480,000	1,517,000	1,554,925	1,593,798
Charges for Services	2,177,408	2,265,200	2,198,904	2,212,882	2,227,140
State Aid	5,340,433	5,744,630	5,859,523	5,976,713	6,096,247
Federal Aid	0	0	0	0	0
Other (includes Sale of Property, Misc.)	1,248,027	800,439	549,049	572,484	595,308
Interfund Transfers	377,864	35,161	0	0	0
Total Revenues and Other Sources	\$122,118,683	\$123,500,000	\$126,278,769	\$128,939,346	\$131,201,508
Year-to-Year Revenue Change	3.17%	1.13%	2.25%	2.11%	1.75%
Expenditures by Object					
Personal Services - Instructional	48,905,542	50,352,449	52,158,784	54,007,421	55,816,491
Personal Services - Noninstructional	13,829,558	13,954,561	14,342,498	14,772,773	15,142,092
Equipment and Capital Outlay	246,678	259,775	264,971	270,270	275,675
Contractual and Other	20,107,270	19,429,288	20,266,714	20,861,151	21,474,396
Employee Benefits	33,094,084	34,469,445	34,802,482	35,766,124	36,905,908
Debt Service (Principal and Interest)	7,942,935	7,382,482	8,048,714	8,193,677	7,887,902
Interfund Transfers	525,000	652,000	550,000	575,000	575,000
Total Expenditures and Other Uses	\$124,651,067	\$126,500,000	\$130,434,163	\$134,446,416	\$138,077,464
Year-to-Year Expenditure Change	2.90%	1.48%	3.11%	3.08%	2.70%
Surplus (Deficit)	(\$2,532,384)	(\$3,000,000)	(\$4,155,394)	(\$5,507,070)	(\$6,875,957)
Budgetary Reserves					
Fund Equity, Beg. of Year	\$14,041,496	\$11,509,112	\$8,509,112	\$4,353,718	(\$1,153,352)
Fund Equity, End of Year	11,509,112	8,509,112	4,353,718	(1,153,352)	(8,029,309)
Nonspendable and Restricted Fund Balance	3,869,471	3,500,000	3,000,000	2,900,000	2,800,000
Unrestricted Fund Balance	7,639,641	5,009,112	1,353,718	(4,053,352)	(10,829,309)
UFB as % of Expenditures*	6.1%	4.0%	1.0%	-3.0%	-7.8%

Initial Findings



Initial Findings



What does it tell us?

- Revenue will continue to grow at a slower pace than expenditures
- Without an influx of revenue or a significant reduction in expenditures the district's reserves and fund balance will be fully depleted by the end of fiscal year 2016-2017
- Initial indicators from this data applied to the OSC fiscal stress model show the district "Susceptible to Fiscal Stress" by June 2016

What are the next steps?

- BOE Finance Committee review and discussion of this draft information
- Budget Advisory Committee review and discussion
- Setting a timetable for finding solutions
- Developing scenarios for preventing fiscal stress and ensuring adequate revenue to cover appropriate expenditures
- Reviewing and recommitting to appropriate reserve and fund balance levels

Bedford Central School District 2014-2015 Budget

Adopted by Board of Education 4/9/14
for Voter Consideration on 5/20/14

Highlights of Proposed Budget

- No major program cuts
- Average 3% salary increases; a lower trajectory than previous years due to collaborative negotiations
- Reduced debt service costs
- Increased TRS pension rates; slightly decreased ERS pension rates
- Increases in health benefit costs partially offset by savings expected from plan administration changes
- Provision for continued safety/security capital improvements
- Contract transportation rate and bus increases

Highlights of Proposed Budget

- Increases in materials, supplies, equipment and textbooks; previously cut in other budgets
- Increased BOCES Occupational Education program costs (tech center) due to significant enrollment increases
- Significantly reduced budget for out-of-district special education tuition placements
- Provision for new replacement leases for computer technology, copier machines and a dump/sander truck
- Increased electrical costs from rate increases

What Has Helped Our Budget Process Over The Years?

- Creating a culture to seize more efficiencies
- Collective bargaining has changed spending trajectories
- Board's use of reserves and fund balance has been judicious and alleviated millions in cuts
- Significant reductions in personnel and materials over many years
- Some major service changes in the past like Transportation outsourcing and ACES closure

What Has Hurt The Budget Process Over The Years?

- Continued, significant pension rate increases
- The State's broken promise for mandate relief
- The tax levy cap itself and additional incentives not to override the tax levy cap
- State Aid "Gap Elimination Adjustment"; the State's "IOU" to us with no promise to make us whole
- More mandates without any additional funding

Identifying Budget Gap

Description	Estimated \$	Est. % Change
Originally Estimated Budget	\$128,637,829	2.86%
Revenue Funds:		
Capped Levy	\$113,174,570	1.41%
Est. Non-Tax Revenue	<u>\$10,325,430</u>	4.26%
Est. Available Funding	\$123,500,000	1.64%
Estimated Funding Gap	\$5,137,829	

Before allocating any reserves/surplus to help fund the budget

Actions Taken to Balance Budget

- Make \$2.2 million in budget net cuts
- Use \$1 mil. ERS reserve to fund 2014-15 budget
- Appropriate \$2 mil. unreserved fund balance to fund '14-'15 budget
- Create a \$600K '13-'14 tax certiorari reserve
- Reduce some certiorari reserves to reflect assessor settlements
- Leave estimated \$4.6M in unassigned fund balance or 3.67% of next year's budget

Recommended Financial Actions

Description	Estimated \$
Estimated Funding Gap	\$5,137,829
Estimated Available Reserves/Surplus to Appropriate to the '14-'15 Budget	<u>\$3,000,000</u>
Gap After Reserve/Surplus Allocation	\$2,137,829
Find Recommended Net Budget Cuts	<u>\$2,137,829</u>
Eliminate Budget Gap for '14-'15	\$0

Revised Tax Levy Limit & Maximum Allowable Tax Levy for Bedford Central School District 2014-2015 Budget

Prior Year Tax Levy (2013-2014)		\$111,603,000
Multiplied times the Estimated Tax Base Growth Factor	X	1.0053
		\$112,194,496
Add Prior Year Pilot Payments	+	\$0
		\$112,194,496
Subtract Prior Year Capital, Debt & Court Order Exemptions:		
Court Order Judgements Exceeding 5% of Total Tax Levy	-	\$0
Capital Local Debt Net of Aid <small>(Revised Local Capital Debt)</small>	-	\$7,316,489
Resulting Adjusted Prior Year Tax Levy		\$104,878,007
Multiplied by Allowable Levy Growth Factor (CPI or 2%)	X	1.0146
		\$106,409,226
Minus Anticipated Coming Year Pilot Payments	-	\$0
		\$106,409,226
Plus Available Carryover, if any	+	\$0
		\$106,409,226
Estimated Resulting Tax Levy Limit Reportable to Comptroller		\$106,409,226
Plus Coming School Year Exclusions:		
Court Order Judgements Exceeding 5% of Total Tax Levy	+	\$0
Est. Capital Local Debt Exp. Net of Est. Aid	+	\$6,768,798
ERS Exclusion; Not available this year	+	\$0
TRS Exclusion; Not available this year	+	\$0
		\$113,178,024
Estimated Maximum Allowable Tax Levy (2014-2015)		\$113,178,024
Amount District is Levying	1.41%	\$113,174,500

Revised Revenue Estimates

		2013-2014	2013-2014	2014-2015
		2013-2014	Estimated	Estimated
REVENUE ITEM		Budget	Actual	Budget
TAX REVENUE				
PROPERTY TAXES/STAR		\$111,603,000	\$111,505,246	\$113,174,570
NON-TAX REVENUE AGAINST ORIGINAL BUDGET				
STATE & OTHER AIDS		\$5,400,000	\$5,290,433	\$5,744,630
TUITION		\$1,460,000	\$1,567,004	\$1,580,000
COUNTY SALES TAX		\$1,390,000	\$1,469,705	\$1,480,000
MEDICARE GOV'T SUBSIDY		\$310,000	\$297,879	\$275,000
ENVIRO. FACILITIES CORP WWTP REIMB		\$190,000	\$190,000	\$275,600
INTEREST INCOME		\$100,000	\$38,810	\$40,000
RENTALS/BLDG. USE		\$490,000	\$409,677	\$485,200
HEALTH SERVICES		\$130,000	\$200,727	\$200,000
REFUND PRIOR YEAR EXPENSES		\$120,000	\$295,702	\$75,000
MISCELLANEOUS		\$214,000	\$35,641	\$134,839
TRANSFER from OTHER FUNDS		\$100,000	\$377,864	\$35,161
NON-TAX REVENUE SUBTOTAL 1		\$9,904,000	\$10,173,442	\$10,325,430
NON-TAX REVENUE ADDITIONS TO BUDGET				
DRIVER ED FEES			\$68,231	
DIRECT STUDENT FEES			\$9,789	
INSURANCE RECOVERIES			\$33,079	
REFUND PRIOR YEAR EXPENSE			\$55,430	
GIFTS & DONATIONS			\$136,691	
SPECIAL STATE GRANT			\$50,000	
WWTP REVISED AID			\$86,775	
NON-TAX REVENUE SUBTOTAL 2			\$439,995	
TOTAL NON-TAX REVENUE				
		\$9,904,000	\$10,613,437	\$10,325,430
TOTAL ALL REVENUE				
		\$121,507,000	\$122,118,683	\$123,500,000

Revised Estimated Fund Balance for June 30, 2014		
Bedford Central School District Fund Balance at Start of 2013-2014		
Restricted Fund Balance (Reserved)		\$4,637,226
Assigned Fund Balance		\$4,554,266
Unassigned Fund Balance (Undesignated)	3.88%	\$4,850,004
Total All Fund Balance (restricted, assigned and unassigned)		\$14,041,496
<u>How We Started Fiscal Year 2013-2014</u>		
Total Fund Balance - Beginning July 1, 2013		\$14,041,496
<i>Estimated Revenue:</i>		\$122,118,683
<i>Estimated Expenditures and Year-End Open P.O.s</i>		\$124,651,067
Estimated Net Change in Fund Balance		(\$2,532,384)
Estimated June 30, 2013 All Fund Balance		\$11,509,112
<u>Recommended BOE Actions:</u>		
Set up 2013-2014 Certiorari Reserve	\$600,000	Take from unassigned and restrict it
Reduce Cert Reserves to Match Remaining Petitions	(\$271,440)	Take from restricted and unassign it
Assign ERS Reserve to Pay '14-'15 ERS Costs	(\$1,000,000)	Take from restricted and assign it to '14-'15
Assign Fund Balance to Reduce '14-'15 Tax Levy	(\$2,000,000)	Take from unassigned and assign it to '14-'15
<u>Results from Recommended Actions:</u>		
Total Estimated Restricted (for reserves) at year end		\$3,869,471
Total Estimated Assigned Reserves & Fund Balance to '14-15 Budget		\$3,000,000
Total Estimated Unassigned Fund Balance	3.67%	\$4,639,641
Total Estimated All Fund Balance (restricted, assigned and unassigned) at June 30, 2014		\$11,509,112

Reserve Analysis for 2013-2014

Reserve	June 30, 2013 Balance	Interest & Expensed	Recommended Changes	Est. Balance at June 30, 2014
Unemployment Reserve	253,771	400	-	254,171
ERS Reserve	1,726,668	2,748	(1,000,000)	729,416
Insurance Reserve	90,003	(10,400)		79,603
Tax Certiorari Reserve 04-05	10,112	12	(11)	10,113
Tax Certiorari Reserve 05-06	48,607	(1,762)	(8,498)	38,347
Tax Certiorari Reserve 06-07	52,316	(3,094)	(10,778)	38,444
Tax Certiorari Reserve 07-08	103,003	(5,125)	(11,428)	86,450
Tax Certiorari Reserve 08-09	153,557	(5,810)	(56,673)	91,073
Tax Certiorari Reserve 09-10	173,207	(9,054)	(20,428)	143,725
Tax Certiorari Reserve 10-11	267,697	(12,813)	(50,408)	204,477
Tax Certiorari Reserve 11-12	481,239	(12,466)	(47,741)	421,032
Tax Certiorari Reserve 12-13	657,936	(34,164)	(65,475)	558,297
Tax Certiorari Reserve 13-14	-	-	600,000	600,000
Employee Benefit Liab. Reserve	513,193	(4,953)		508,240
Repair Reserve	105,915	168		106,083
TOTAL	4,637,223	(96,313)	(671,440)	3,869,471

Net Budget Changes to Originally
Proposed Budget

Elementary Changes

- Reduce 4 elementary class sections district wide; hold firm on class size guidelines
- Reduce 7 elementary teacher aides; expand part-time staff use
- Increase 0.5 elementary psychologist
- Increase 1.4 elementary TESOL/Bilingual
- Reduce salaries for recent retirements

Estimated Net Elementary Change (\$646,589)

High School/Middle School Changes

- Reduce 4 high school aides and replace with 2 senior office assistants
- Reduce 0.6 Hillside psychologist
- Reduce 1 secondary library media specialist
- Reduce 1 MS house aide & 1 safety monitor
- Reduce 0.2 World Language position
- Eliminate contracted student assistance counselor funding/now funded by grant

High School/Middle School Changes

- Increase 1.0 secondary ESOL/LOTE services
- Add 1 middle school learning specialist
- Add 0.5 middle school instructional assistant
- Add 0.4 secondary AVID instruction
- Expect additional salary reduction from retirements
- Reduce summer guidance counselor time

Estimated Net Secondary Change (\$350,800)

Other Budget Changes

- Consolidate bus runs to save 2 vans
- Significantly reduce budget provision for staff development consultants and salaries
- End membership fees to MSAN and BOCES safety/risk coser services
- Provide a “superclub advisor” approach to MS & HS afterschool clubs
- Eliminate the returned field trip transp. budget
- Add voter registration system left out of budget

Other Budget Changes

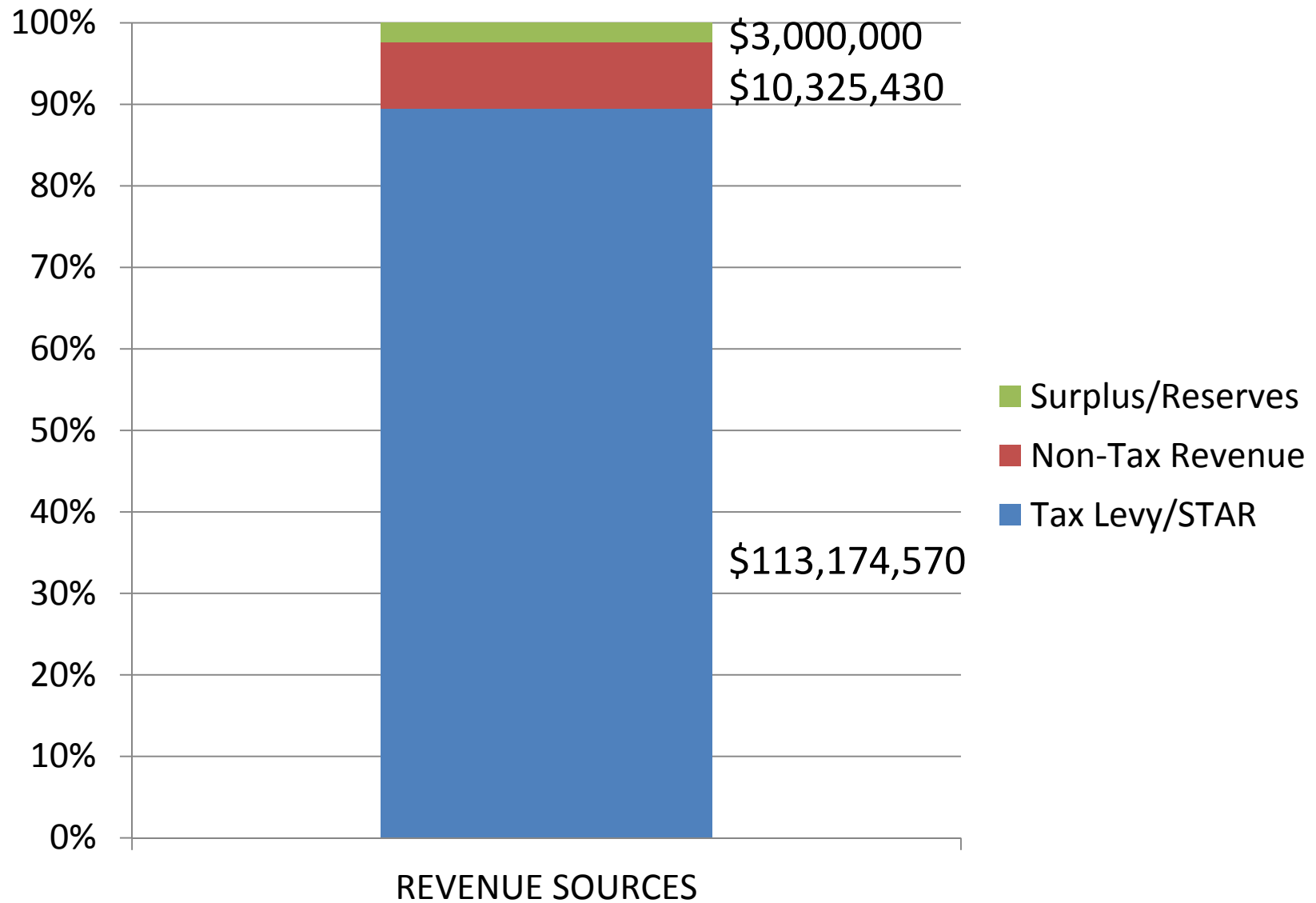
- Reduce some BOCES services
- Cut supplies, equipment, text & library books, and workshop/conference fee budgets
- Reduce legal fee budget
- Reduce property tax refund budget
- Slightly reduce heating fuel budget
- Eliminate 1 of 3 late bus run series/save fuel
- Reduce health budget for estimated savings
- Reduce unemployment budget/use reserves
- Reduce safety training consultant/do more in house

Estimated Net Other Cost Changes (\$1,140,440)

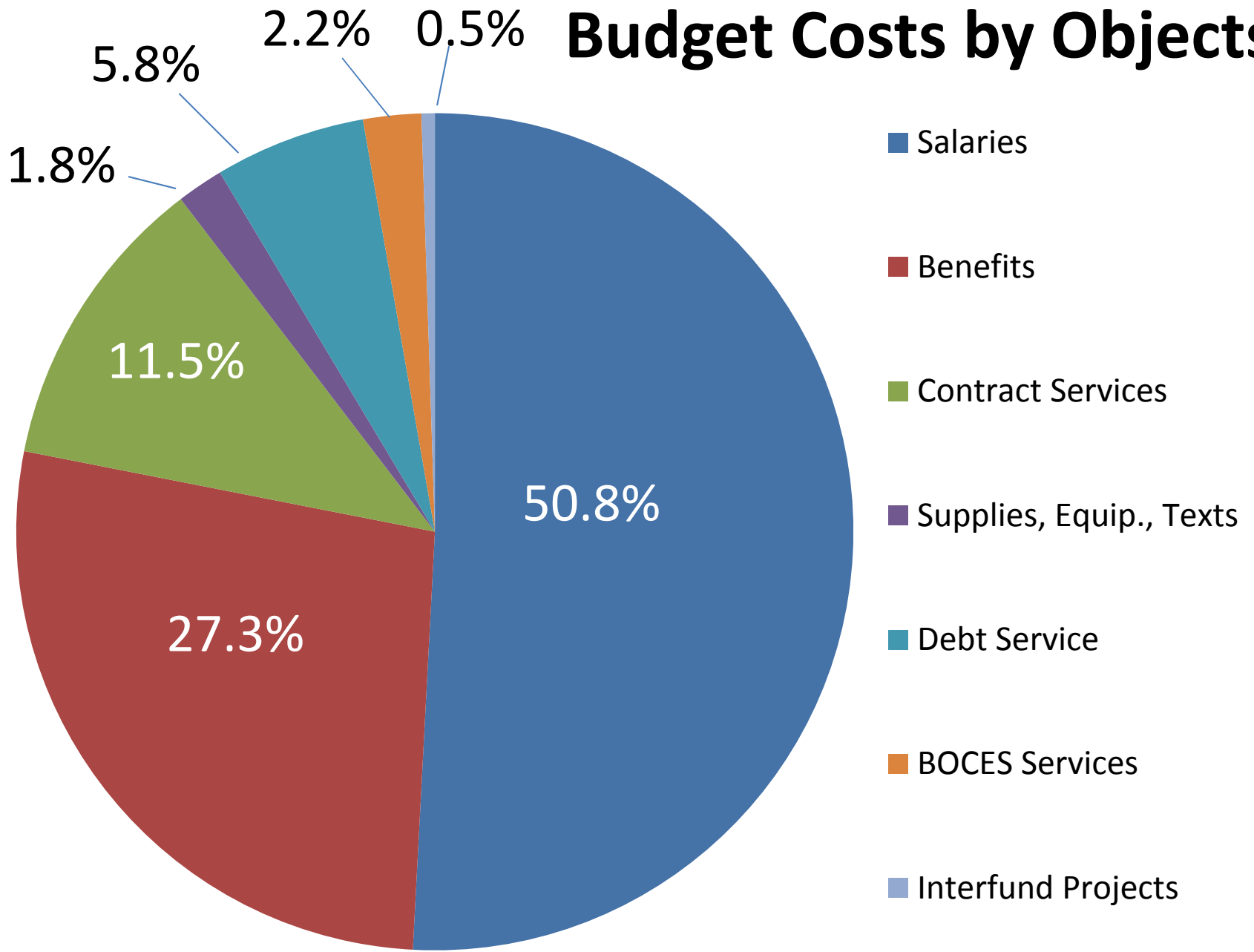
Proposed Changed Budget

Original Budget Estimate	\$128,637,829
Elementary Net Changes	(\$646,589)
Secondary Net Changes	(\$350,800)
Other Net Changes	<u>(\$1,140,440)</u>
Newly Proposed Budget	\$126,500,000

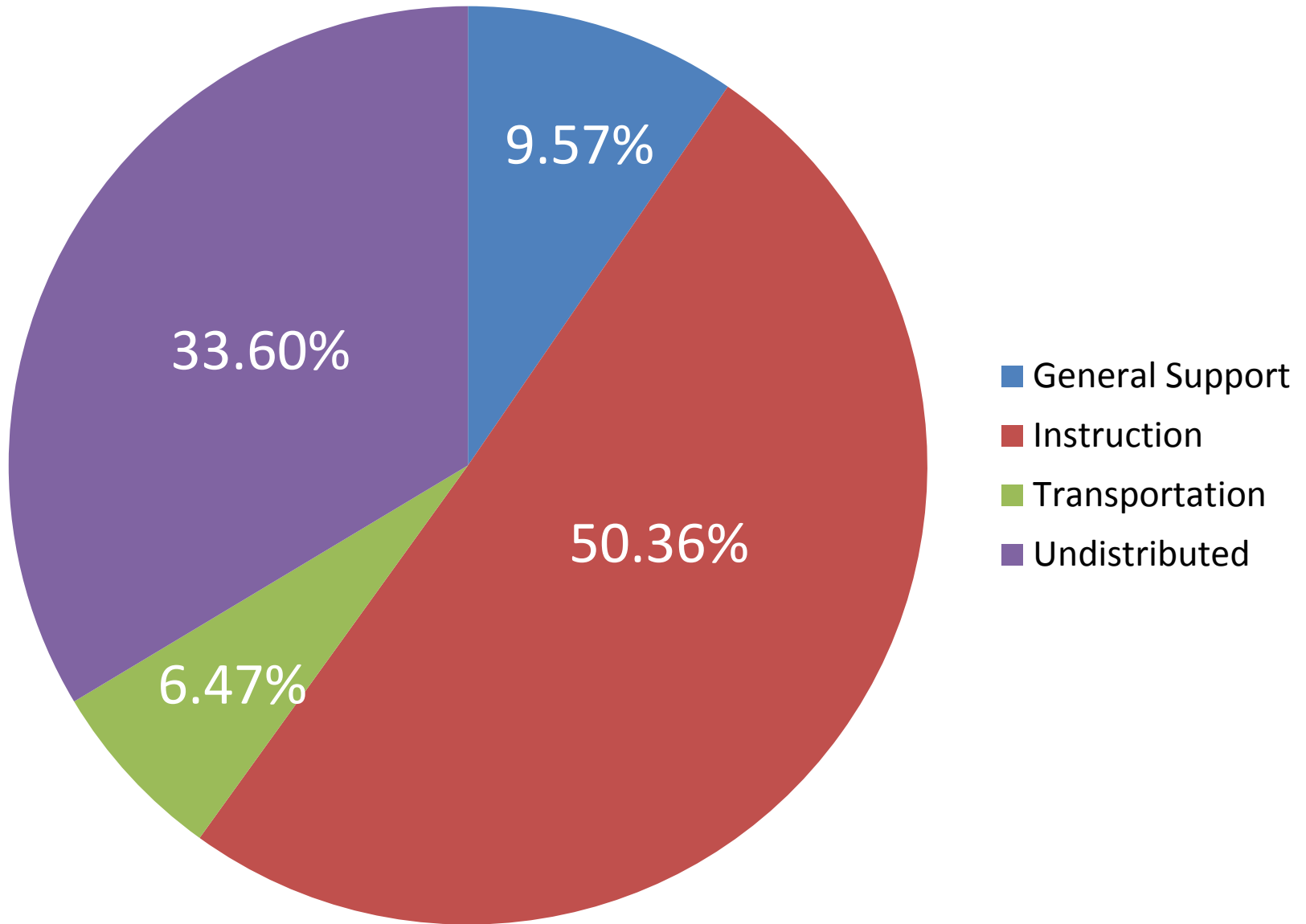
Budget-to-Budget Increase of 1.15%



Budget Costs by Objects



Budget Costs by Major Function



Budget-to-Budget & Tax Levy Change History

YEAR	Budget-to-Budget	Tax Levy	YEAR	Budget-to-Budget	Tax Levy
2014-2015	1.15%	1.41%	Last 6 YRS	1.56%	1.38%
2013-2014	1.92%	3.37%	Last 10 YRS	3.57%	3.70%
2012-2013	3.12%	2.60%	Last 20 YRS	4.90%	5.06%
2011-2012	2.15%	1.80%			
2010-2011	1.70%	0.73%			
2009-2010	-0.67%	-1.61%			

Estimated Tax Rate Implications

Town	2013-2014 Tax Rates	Estimated 2014-2015 Tax Rates	Estimated % Change for '14-'15	Avg. Change Per Yr. Last 6 Yrs. '14-'15 included
Bedford	\$138.44	\$134.29	(2.99%)	1.33%
Mt. Kisco	\$69.46	\$73.45	5.75%	2.99%
Pound Ridge	\$80.42	\$83.89	4.31%	1.20%
New Castle	\$67.09	\$73.03	8.86%	2.04%
North Castle	\$603.18	\$650.47	7.84%	2.70%

What Does the Future Hold?

- Non-tax revenue not projected to grow significantly in future; need to find new opportunities
- Even with the successful efforts to change our expenditure growth trajectory, expenditures will continue to exceed available revenue in future budgets without a tax levy cap override
- Extreme budget cuts cannot continue forever
- Fund balance will need to be built back up to ensure favorable bond borrowing rates and secure district's fiscal health according to Comptroller's "fiscal stress measures"