

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

The District **will not** designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**BEDFORD CENTRAL SCHOOL DISTRICT
WESTCHESTER COUNTY, NEW YORK**

\$25,000,000

1.00% BOND ANTICIPATION NOTES FOR BUILDING IMPROVEMENTS

PURPOSES - 2015

(Reoffered @ 0.595 %)

(the "Building Improvements Notes")

Date of Issue: July 16, 2015

CUSIP # 076316 KT4

Maturity Date: July 15, 2016

and

\$1,704,110

1.25% BOND ANTICIPATION NOTES FOR BOCES IMPROVEMENTS - 2015

(Reoffered @ 0.70%)

(the "BOCES Improvements Notes," and together with the Building Improvements Notes, the "Notes")

Date of Issue: July 16, 2015

CUSIP # 076316 KU1

Maturity Date: July 15, 2016

The Building Improvement Notes are general obligations of the Bedford Central School District in Westchester County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Building Improvement Notes and, unless paid from other sources, the Building Improvement Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

The BOCES Improvement Notes are general obligations of the District, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the BOCES Improvement Notes and, unless paid from other sources, the BOCES Improvement Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011. (See "*The Tax Levy Limit Law*" herein).

The Notes are dated July 16, 2015 and will bear interest from that date until July 15, 2016, the maturity date, at the annual rate(s) as specified by the purchaser of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

The Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination of BOCES Improvements Notes which is or includes \$4,110. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "*Book-Entry-Only System*" herein).

The Notes are offered subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about July 16, 2015 in New York, New York or such place agreed to by the purchaser and the District.

FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DESCRIBED IN THE RULE, SEE "*DISCLOSURE UNDERTAKING*," HEREIN.

DATED: July 8, 2015

TD SECURITIES (USA) LLC

**BEDFORD CENTRAL SCHOOL DISTRICT
WESTCHESTER COUNTY, NEW YORK**

BOARD OF EDUCATION

Andrew Bracco Board Member
Colette Dow Board Member
Jennifer Gerken Board Member
Suzanne Grant Board Member
Edward Reder Board Member
Brian Sheerin Board Member
Mike Solomon Board Member

DISTRICT OFFICIALS

Dr. Jere Hochman Superintendent of Schools
Andrew Patrick Assistant Superintendent for Curriculum
and Instruction
Mark L. Betz Assistant Superintendent for Business
and Administrative Services
Gina Healy Assistant Superintendent for
Human Resources
Nancy Sasso District Treasurer
Carole LaColla District Clerk

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

FINANCIAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(845) 227-8678**

No dealer, broker, salesman or other person has been authorized by the Bedford Central School District to give any information or to make any representations not contained in this official statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This official statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this official statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bedford Central School District since the date hereof.

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OFFICIAL STATEMENT

**BEDFORD CENTRAL SCHOOL DISTRICT
WESTCHESTER COUNTY, NEW YORK**

relating to

\$25,000,000

BOND ANTICIPATION NOTES FOR BUILDING IMPROVEMENTS – 2015
(the “Building Improvements Notes”)

and

\$1,704,110

BOND ANTICIPATION NOTES FOR BOCES IMPROVEMENTS – 2015
(the “BOCES Improvements Notes,” and together with the Building Improvements Notes, the “Notes”)

This Official Statement has been prepared by the Bedford Central School District in the County of Westchester, in the State of New York (the “District,” “County,” and “State,” respectively), in connection with the sale of \$25,000,000 Bond Anticipation Notes for Building Improvements - 2015 (the “Building Improvements Notes”), and \$1,704,110 Bond Anticipation Notes for BOCES Improvements – 2015 (the “BOCES Improvement Notes” and together with the Building Improvements Notes, the “Notes”).

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof. All references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Building Improvements Notes

The Building Improvements Notes will be dated and will mature on the date as reflected on the cover page hereof.

The Building Improvements Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

Authority for and Purpose of the Building Improvements Notes

The Building Improvements Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on November 13, 2013. The proceeds of the Building Improvements Notes will renew \$11,000,000 in outstanding bond anticipation notes which mature on July 17, 2015 and provide \$14,000,000 in original financing to finance the construction of improvements and alterations to various District buildings and sites. See “Authorized and Unissued Debt,” herein for a further discussion on the district wide capital improvement project.

Description of the BOCES Improvements Notes

The BOCES Improvements Notes will be dated and will mature on the date as reflected on the cover page hereof.

The BOCES Improvements Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

Authority for and Purpose of the BOCES Improvement Notes

The BOCES Improvements Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on February 6, 2013. The proceeds of the BOCES Improvements Notes will renew \$1,196,248 in outstanding bond anticipation notes which mature on July 17, 2015 and provide \$507,862 in originally financing to fund the District's proportionate share of a BOCES capital project.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes issued as book-entry Notes. Such Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each note bearing the same rate of interest and CUSIP and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEOWNERS.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

Nature of the Obligation

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Building Improvement Notes are general obligations of the Bedford Central School District in Westchester County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Building Improvement Notes and, unless paid from other sources, the Building Improvement Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

The BOCES Improvement Notes are general obligations of the District, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the BOCES Improvement Notes and, unless paid from other sources, the BOCES Improvement Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011. (See "*The Tax Levy Limit Law*" herein).

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. On June 24, 2011, the Governor signed into law Chapter 97 of the Laws of 2011 (the "*Tax Levy Limit Law*"), imposing a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy. The amount of such year-to-year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. (See "*The Tax Levy Limit Law*" herein.)

MARKET FACTORS

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

Should the District fail to receive monies expected from the State in the amounts or at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State Aid.

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. Any such future legislation would have an adverse effect on the market value of the Notes (See "*Tax Matters*" herein).

The enactment of Chapter 97 of the Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, school districts, including the District, and fire districts in the State could have an impact upon operations of the District and as a result, the market price for the Notes. (See "*Tax Matters*" herein).

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the District as "No Designation."

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. OSC has not completed a compliance review and subsequent report on the District in the past five years.

LITIGATION

General. In common with other school districts, the District from time to time receives various notices of claim and is party to litigation. In the opinion of the School District Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

Like other school districts, the District is engaged in several matters relating to labor and employment law. The extent of such claims can not be estimated by the Districts attorney but could be in excess of \$100,000. It is the intent of the District, and their attorneys, to vigorously defend any matters involving labor disputes.

Tax Certiorari Claims. The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years. District officials indicate that historical settlement rates have averaged 15% of the maximum or worst case liability.

It is not possible to estimate the outcome of pending tax certiorari cases. Tax certiorari claims are frequently settled for amounts substantially less than the original claims. In addition, settlements sometimes provide for reduced assessments in future years rather than a refund of taxes previously paid. For the fiscal year ended June 30, 2014, the District paid tax refunds of \$154,805 pursuant to tax certiorari settlements. For the current fiscal year, as of June 15, 2015, the District has paid \$332,376 in tax refunds. The District's tax certiorari reserve had an audited balance of \$2,173,243 at of June 30, 2014. Pursuant to State law, the District designates its tax certiorari reserve for the settlement of specific claims including certain large items. Reserve funds are permitted to be kept on deposit for more than four years if the tax certiorari proceeding has not been finally determine. The District may also finance tax settlements by issuing debt pursuant to the provisions set forth in the Local Finance Law.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code.

These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Notes of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner

of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of note premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes. For example, the Fiscal Year 2016 Budget proposed by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt obligation with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt obligation, regardless of issue date.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the District shall furnish certificates of the School Attorney, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the

Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the respective final approving opinions of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the District with respect to the Notes, which will be available at the time of delivery of the Notes.

As to the Building Improvements Notes, said opinion will be to the effect that the Building Improvements Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Building Improvements Notes and interest thereon without limitation of rate or amount.

As to the BOCES Improvements Notes, said opinion will be to the effect that the BOCES Improvements Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the BOCES Improvements Notes and interest thereon, subject to certain statutory limitations. (See “The Tax Levy Limit Law Limitation” herein).

The opinions shall also discuss the treatment of interest on the Notes under applicable tax laws, as further described in the section entitled “*Tax Matters*” and shall contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm gives no assurances as to the adequacy, sufficiency or completeness of the Official Statement of the District relating to the Notes, or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Notes which have been or may be furnished or disclosed to purchasers of the Notes.

Closing Certificates

Upon the delivery of the Notes, the Purchasers will be furnished with the following items: (i) Certificates of the President of the Board of Education and certain officers of the District to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) Certificates signed by an officer of the District evidencing payment for the Notes; and (iii) Signature Certificates evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the collection of revenues to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of Notes have been repealed, revoked or rescinded, and (iv) a Tax Certificate executed by the President of the Board of Education of the District, as described under “*Tax Matters*” herein.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the District will provide an executed copy of its “Undertaking to Provide Notices of Events” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities; (vii) modifications to rights of securityholders, if material; (viii) security calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Securities, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (iii) is not applicable, since no “debt service reserves” will be established for the Notes.

With respect to event (iv) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The District may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

Other than is noted below, the District is in compliance in all material respects with Rule 15c2-12 during the last five years.

Continuing Disclosure Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the District. Due to widespread knowledge of these rating actions, material event notices were not filed by the District in each instance.

In 2012, the District issued refunding bonds on May 2, 2012. The required material event notice or defeasances was not filed within 10 days of the closing of the bond issue such notice was filed on July 25, 2012.

Except as noted, the District is in compliance in all material respects with all previous undertakings made pursuant to the Rule 15c2-12 during the last five years.

FINANCIAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, New York (the "Financial Advisor") has served as the independent financial advisor to the District in connection with this transaction.

In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

RATING

The Notes are rated a "MIG1" by Moody's Investors Service ("Moody's").

The District's underlying rating by Moody's is "Aa2" with a negative outlook.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating should be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from Mark L. Betz, the Assistant Superintendent for Business and Administrative Services, P.O. Box 180, Mount Kisco, New York 10549, (914) 241-6018, e-mail: mbetz0079@bcsdny.org or from the District's Financial Advisor, Capital Markets Advisors, LLC, 1075 Route 82 – Suite 4, Hopewell Junction, New York 12533, (845) 227-8678.

Any statements in this official statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements

will be realized. This official statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Bonds.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

BEDFORD CENTRAL SCHOOL DISTRICT,
WESTCHESTER COUNTY, NEW YORK

By: _____
District Treasurer

DATED: July 8, 2015

APPENDIX A

THE DISTRICT

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THE DISTRICT

General Information

The District is located in the northern portion of the County about 30 to 35 miles north of New York City. Fairfield County, Connecticut is a short distance to the east of the District. The District is comprised primarily of the towns of Bedford, Mt. Kisco and Pound Ridge and includes minor portions of the towns of New Castle and North Castle.

The District is primarily residential in character. Most residential development consists of single family homes including large estates. Townhouses are also located within the area. Commercial facilities mainly include professional buildings and suburban shopping centers. Horse farms may be found throughout the District.

Most residents are employed throughout the County, New York City or nearby Fairfield County, Connecticut and many hold leadership positions in industry or finance or are engaged in the professions.

The wealth levels of District residents exceed County and State averages by a significant amount. In addition, the County overall remains one of the most affluent areas in the United States. According to the American Community Survey – 5 Year Estimate (US Census Bureau), per capita income and median family income within the Town of Bedford for 2013, the largest of the communities making up the District, was estimated to be \$67,480 and \$152,904, respectively. As such, the estimated per capita income for 2013 exceeded the County and State by approximately 40.6% and 108.4%, respectively. Median 2013 family income in Bedford exceeded the County by approximately 45.1% and the State as a whole by 116.4%. The estimated 2013 median market value for a typical owner-occupied home in Bedford (\$731,000) was approximately 41.0% greater than homes in general throughout Westchester County (\$518,400) and more than 2.5 times the value of an average home in the State (\$288,200). See “*Economic and Demographic Data,*” herein.

Rail service is available by the Metro North Railroad. Highways serving the District include the Interstate 684, State Routes 22 and 35 and the Saw Mill Parkway. The area is also covered by an extensive network of County and town roads. In addition, public bus transportation is available in the area. Commercial airline service is available at LaGuardia, Kennedy, Newark and Westchester Airports, all of which can be reached within one hour or less by car.

District Organization

The District is an independent entity governed by an elected Board of Education comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the Educational Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are chosen on a rotating basis by qualified voters at the annual election of the District. The term of office for each board member is three years and the number of terms that may be served is unrestricted. A president is selected by the board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints a superintendent of schools (the “Superintendent”) who serves at the pleasure of the Board. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent for Business and Administrative Services and the District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent for Business and Administration Services and the District Clerk.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

See the Audited Financial Statement as of and for the year ended June 30, 2014, "Notes to Financial Statements." Also see "Independent Audits," herein.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See "The Tax Levy Limit Law" herein).

The budget for the 2015-16 fiscal year was approved by a majority of the voters of the District on May 19, 2015. See Appendix B of this Official Statement for summaries of the 2014-15 and 2015-16 adopted budgets of the District.

School Enrollment Trends

The following table shows student enrollments (grades K-12) in the District over the last 5 years and projections for the next 1 year period.

<u>Fiscal Years Ended June 30:</u>	<u>Actual Enrollments</u>	<u>Fiscal Years Ended June 30:</u>	<u>Projected Enrollments</u>
2011	4,306	2016	4,339
2012	4,296		
2013	4,477		
2014	4,410		
2015	4,342		

Source: District Officials

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District Facilities

The District presently operates five elementary schools, a middle school and a high school. All buildings are scheduled for renovation and/or expansion as part of the current District wide improvement program.

<u>Name</u>	<u>Grades</u>	<u>Original Construction</u>
Fox Lane High School	9-12	1958
Fox Lane Middle School	6-8	1966
West Patent Elementary School	K-5	1970
Pound Ridge Elementary School	K-5	1939
Mt. Kisco Elementary School	K-5	1912
Bedford Hills Elementary School	K-5	1922
Bedford Village Elementary School	K-5	1941

Employees

The District presently employs a full-time staff of approximately 769 employees. Information on collective bargaining units and labor contracts is shown below.

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
253	CSEA - Civil Service Union	6-30-17
449	Bedford Teacher's Association	6-30-16
20	Bedford Administrative Association	6-30-15

Source: District Officials.

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009 a new Tier V was signed into law. The law is effective for new ERS and TRS employees hired after January 1, 2010 and on or before April 1, 2012. Tier V ERS employees will contribute 3% of their salaries and TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% with no provision for these contributions to cease after a certain period of service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. The reform legislation also required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would otherwise make a lower contribution possible.

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District has not and does not reasonably expect to amortize such contributions.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below.

The TRS SCO deferral plan is available to school districts for a total of seven years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District has not and does not plan to participate in the SCO program.

Retirement Billing Procedures

TRS. TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January.

ERS. The District’s contributions to ERS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year.

The amounts contributed to ERS and TRS for the fiscal years ended June 30, 2010 through 2014 and the amounts budgeted for 2014-15 and 2015-16 fiscal years are as follows:

Fiscal Year Ended June 30	ERS	TRS
2010	\$1,114,941	\$2,871,939
2011	1,901,069	3,382,985
2012	2,655,218	5,361,213
2013	2,608,776	5,881,411
2014	2,791,531	8,058,063
2015 (Budgeted)	2,946,772	8,888,428
2016 (Budgeted)	2,716,003	7,009,523

See “Note 13 - C” in the Audited Financial Statements for the year ended June 30, 2014.

Source: The audited financial statements and the 2014-15 and 2015-16 adopted budgets of the District. The summary itself is not audited.

Other Post Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other nonpension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial valuation will be required every two years for the District. The District is in compliance with the requirements of GASB 45. The District has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of July 1, 2013 was \$191,971,195. For the year ended June 30, 2014, the District’s Annual Required Contribution (“ARC”) was \$18,750,431.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of reserve funds or irrevocable trusts for the funding of OPEB. The District continues funding the expenditure on a pay-as-you-go basis.

See “Note 14 - C” in the Audited Financial Statements for the fiscal year ended June 30, 2014.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the Assistant Superintendent for Business and Administrative Services who was required to establish written operating procedures consistent with the District’s investment policy guidelines. According to the investment policy of the District, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The District has designated two banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit. In addition, the District has authorized pooled investments with PT Asset Management LLC / NYCLASS.

The following disclosure has been extracted from the District's website. The full investment policy, along with other financial policies, may be obtained by visiting the policies section of the District's website.

This investment policy applies to all monies and other financial resources available for investment on the district's behalf or on behalf of any other entity or individual(s) for whom the district has designated responsibility. The objectives of the District's investment policy are to conform with all applicable federal and state legal requirements, safeguard district funds and to minimize risk, to ensure that investments mature when cash is required to finance operations and to ensure a competitive rate of return.

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Bedford Central School District. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

To the extent feasible, investments and deposits shall be made in and through local or regional financial institutions. Concentration of investments in a single financial institution should be avoided. Diversification of investments and deposits is encouraged. The governing board's responsibility for administration of the investment program is delegated to the assistant Superintendent for Business and Administrative Service, who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates, and other relevant information to regulate the activities of subordinate employees.

This policy will be annually reviewed by the Board and may be amended from time to time in accordance with the provisions of section 39 of the General Municipal Law.

R Investments Regulation

The Assistant Superintendent for Business and Administrative Services and the Treasurer are authorized to invest all available district funds not required for immediate expenditures for terms not to exceed its projected cash flow needs. The following are authorized types of investments:

1. special time deposit accounts;
2. certificates of deposit;
3. obligations backed by the full faith and credit of the United States of America;
4. obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the full faith and credit of the United States of America;
5. obligations backed by the full faith and credit of the State of New York;
6. Certificates of Participation (COPs) issued pursuant to GML 109-b;
7. obligations of this local government, but only with the moneys in a reserve fund established pursuant to GML 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the Bedford Central School District within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Bedford Central School District within two years of the date of purchase.

Conditions

All investments made pursuant to this investment policy will comply with the following conditions:

A. Operations, Audit, and Reporting

1. The Assistant Superintendent of Business and/or Treasurer will authorize (or is authorized to contract) the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the school district. This purchase may be accomplished:
 - a. Directly, including through a repurchase agreement, from an authorized trading partner;
 - b. By participation in a cooperative investment program with another authorized governmental entity pursuant to article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller
 - c. Opinion No. 88-46, and the specific program has been authorized by the governing board.
2. The school district will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.
3. The independent auditors will audit the investment proceeds of the school district for compliance with the provisions of this Investment Regulation.
4. Monthly investment reports will be furnished to the Board of Education for its review.

B. Collateral

1. Savings accounts, money market accounts, time deposit accounts and certificates of deposit will be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State, the United States, New York State school districts and federal agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at all times exceed the principal amount of the certificate of deposit. Collateral will be monitored no less frequently than on a weekly basis.
2. Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the principal and interest of which are guaranteed by the United States government.

C. Collateralization of Deposits in excess of the amount insured under FDIC In accordance with the provisions of the General Municipal Law and unless otherwise provided for in a municipal cooperative agreement in which Bedford Central School District is a party, all deposits of the Bedford Central School District including certificates of deposit and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, shall be secured:

1. by a pledge of "eligible securities" with an aggregate "market value" as provided by General Municipal Law Section 10, equal to the aggregate amount of deposit times a margin of 105% from the categories below:
 - a. Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
 - b. Obligations issued or fully insured or guaranteed by full faith and credit of the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation that under a specific State statute may be accepted as security for deposit of public monies.
 - c. Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization and backed by the full faith and credit of that state.
 - d. Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
2. by an eligible, "irrevocable letter of credit" issued by a qualified bank other than the bank which the money is being deposited for a term not to exceed 90 days with an aggregate value equal to 140 percent of the aggregate amount of deposits and the agreed upon interest, if any; and,

3. by an eligible surety bond payable to the Bedford Central School District for an amount at least equal to 100 percent of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

D. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by a bank or trust company subject to security and custodial agreements. The security agreement shall provide that eligible securities are being pledged to secure Bedford Central School District's deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the Bedford Central School District to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Bedford Central School District, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Bedford Central School District or its custodial bank or trust company.

The custodial agreement shall provide that the securities held by the bank or trust company, or agent of, and custodian for the Bedford Central School District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposits or other liabilities. The agreement shall also reflect the manner in which the custodial bank or trust company shall confirm the receipt, substitution, or release of the securities. The agreement shall provide for the frequency of reevaluation of eligible securities and for the substitution of securities when change in the rating of a security may cause ineligibility. Such agreements shall include all provisions necessary to provide the Bedford Central School District a perfected interest in the securities.

E. Delivery of Securities

1. Payment of funds may only be made upon receipt of collateral or other acceptable form of security, or upon the delivery of government obligations whether such obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.
2. Every Repurchase Agreement will make payment to the seller contingent upon the seller's delivery of obligations of the United States to the Custodial Bank designated by the school district, which shall not be the repurchaser, or in the case of a book-entry transaction, when the obligations of the United States are credited to the Custodian's Federal Reserve account. The seller will not be entitled to substitute securities. Repurchase agreements shall be for periods of 30 days or less. The Custodial Bank shall confirm all transactions in writing to insure that the school district's ownership of the securities is properly reflected in the records of the Custodial Bank.

F. Written Contracts

1. Written contracts are required for certificates of deposit and custodial undertakings and Repurchase Agreements. With respect to the purchase of direct obligations of U.S., New York State, or other governmental entities in which monies may be invested, the interests of the school district will be adequately protected by conditioning payment on the physical delivery of purchased securities to the school district or custodial bank, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed promptly in writing to the school district.
2. The following written contracts are required:
 - a. Written agreements will be required for the purchase of all certificates of deposit.
 - b. A written contract will be required with the Custodial Bank(s).
 - c. Written contracts shall be required for all Repurchase Agreements. Only credit-worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the school district.

The written contract will stipulate that only obligations of the United States, New York State, or other governmental entities may be purchased and that the school district shall make payment upon delivery of the securities or the appropriate book-entry of the purchased securities. No specific repurchase agreement will be entered into unless a master repurchase agreement has been executed between the school district and the trading partners.

While the term of the master repurchase agreement may be for a reasonable length of time, a specific repurchase agreement will not exceed 30 days.

G. Designation of Custodial Bank

1. The Board will designate a commercial bank or trust company authorized to do business in the State of New York to act as Custodial Bank of the school district's investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.
2. When purchasing eligible securities, the seller will be required to transfer the securities to the district's Custodial Bank.

H. Selection of Financial Institutions

1. The Treasurer will periodically monitor, to the extent practical but not less than annually, the financial strength, credit-worthiness, experience, size and any other criteria of importance to the district, of all institutions and trading partners through which the district's investments are made.
2. Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, located and authorized to do business in the State of New York and as otherwise permitted by law.

Source: District Officials.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ended June 30, 2014 is contained in Appendix B of this Official Statement. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). On June 24, 2011, Chapter 97 of the Laws of 2011 was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*”) herein. Excluding other financing sources, property taxes accounted for approximately 85.9% of General Fund revenues for the fiscal year ended June 30, 2014, excluding other financing sources. For the same period, State aid accounted for approximately 4.6% of such revenue.

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The following table sets forth General Fund revenue and real property tax revenues during the last five audited fiscal years, and real property tax revenue budgeted for the two most recent fiscal years.

General Fund Real Property Taxes

Fiscal Year Ended June 30:	General Fund Revenue ⁽¹⁾	Real Property Taxes ⁽²⁾	Real Property Taxes to Revenue
2010	\$113,239,860	\$95,620,502	84.4%
2011	113,062,943	95,962,432	84.9
2012	115,528,108	98,346,889	85.1
2013	118,064,626	101,076,111	85.6
2014	121,957,629	104,786,444	85.9
2015 (Budget) ⁽²⁾	123,464,839	106,707,720	86.4
2016 (Budget) ⁽²⁾	124,499,424	107,406,574	86.2

- (1) Exclusive of Other Financing Sources and Other Tax Items and the planned use of approximately \$3.0 million and \$2.6 million in fund balance in the 2014-15 and 2015-16 budgets, respectively.
- (2) Exclusive of STAR tax payments made to the District by the State. For the 2014-15 budget STAR has been estimated at approximately \$6.5 million, which was the amount included in the Districts 2014-15 reimbursement application. (See “STAR - School Tax Exemption,” herein). The application for the 2015-16 has not yet been completed, however the District anticipates a similar amount will be applied for. As such, same exclusion was made for the above 2015-16 budget amount.

Source: The Audited Financial Statements and the 2014-15 and 2015-16 Adopted Budgets of the District. The summary itself is not audited.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth General Fund revenue and State aid revenue during the last five fiscal years, and the amounts budgeted for the two most recent fiscal years.

General Fund State Aid

Fiscal Year Ended June 30:	General Fund Revenue ⁽¹⁾	State Aid ⁽²⁾	State Aid to Revenue (%)
2010	\$113,239,860	\$5,345,500	4.7%
2011	113,062,943	5,074,883	4.5
2012	115,528,108	5,176,515	4.5
2013	118,064,626	5,293,408	4.5
2014	121,957,629	5,583,024	4.6
2015 (Budget)	123,464,839	5,744,630	4.7
2016 (Budget)	124,499,424	6,038,000	4.8

- (1) Exclusive of Other Financing Sources and Other Tax Items and the planned use of approximately \$3.0 million and \$2.6 million in fund balance in the 2014-15 and 2015-16 budgets, respectively.
- (2) Exclusive of funds received through the ARRA grant program (\$419,383 for 2011 and \$1,041,986 for 2010).

Source: The Audited Financial Statements and the 2014-15 and 2015-16 Adopted Budgets of the District. The summary itself is not audited.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (see “STAR-School Tax Exemption”). The District expects to receive timely STAR aid from the State for the current fiscal year.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the

District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or other circumstances including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Events Affecting State Aid

School district fiscal year (2011-2012): The total reduction in State aid for school districts' 2011-2012 fiscal year was \$1.3 billion or 6.1 percent from the previous year, and all aid was received on time.

School district fiscal year (2012-2013): The State Legislature adopted the State budget on March 30, 2012. The budget includes an increase of \$751 million in State aid for school districts.

School district fiscal year (2013-2014): The State Legislature adopted the State budget on March 29, 2013. The budget includes an increase of \$1.0 billion in State aid for school districts.

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The budget includes an increase of \$1.1 billion in State aid for school districts.

School district fiscal year (2015-2016): On April 1, 2015, New York State Governor Andrew M. Cuomo announced the passage of the 2015-16 budget (the "Enacted State Budget"). The Enacted State Budget provides for school aid of approximately \$23.5 billion, which represents an increase of approximately \$1.3 billion, or 7.4%, in total school aid spending from the 2014-15 school year. The Enacted State Budget continues a three-year appropriation methodology established in the 2011-12 State fiscal year and limits future school aid increases to growth as measured by the total personal income of residents of the State.

The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors*" herein).

The Gap Elimination Adjustment (GEA) law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the state level is divided among all school districts throughout the State and reflected as a reduction in school district state aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the District has amounted to approximately \$883,051 annually. In the 2014-15 fiscal year the State began to restore the GEA, and as a result, \$367,104 in State aid to the District was eliminated during the 2014-15 fiscal year.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$624,371.

Other Revenues

District finances are operated primarily through the General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Independent Audits

Audit Financial Statements. The financial statements of the District are audited each year by an independent public accountant. For the fiscal year ended June 30, 2014, the audit was performed by the firm of R.S. Abrams & Co., LLP, Certified Public Accountants. A copy of such report together with the financial statements and notes thereto has been filed with the Municipal Securities Rulemaking Board (<http://www.emma.msrb.org/>). Additional years of District audits are also on file with the Municipal Securities Rulemaking Board.

Summary financial statements for the five years ended June 30, 2014 are presented in Appendix B of this Official Statement. The statements were compiled from the audited financial statements of the District, however, the presentation of these statements has not been audited. The statements are not considered audited under accounting principles generally accepted in the United States of America because the notes to the statements and the auditor's report thereon have been omitted. Copies of the District's audited financial statements will be made available upon request.

State Audits. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See "*The State Comptroller's Fiscal Stress Monitoring System*," herein.

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REAL PROPERTY TAXES

Real Property Tax Assessments and Rates

Real Property Tax Assessments, Rates and Collections Fiscal Year Ending June 30:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed Valuations:					
Town of Bedford	\$407,080,991	\$407,393,537	\$403,573,295	\$401,320,492	\$403,149,715
Town of Mt. Kisco	306,839,710	306,168,063	302,377,317	302,006,669	302,073,683
Town of New Castle	65,077,239	65,503,177	65,036,178	65,131,994	64,825,561
Town of North Castle	4,175,219	4,204,645	4,202,198	4,192,590	4,136,143
Town of Pound Ridge	<u>353,617,492</u>	<u>352,115,938</u>	<u>351,595,885</u>	<u>350,262,419</u>	<u>351,621,571</u>
Total Assessed Values	<u>\$1,136,790,651</u>	<u>\$1,135,385,360</u>	<u>\$1,126,784,873</u>	<u>\$1,122,914,164</u>	<u>\$1,125,806,673</u>
State Equalization Rates: ⁽¹⁾					
Town of Bedford	8.88%	10.30%	9.93%	9.76%	11.43%
Town of Mt. Kisco	17.68	18.05	19.05	19.45	20.90
Town of New Castle	17.45	18.47	20.05	20.14	21.02
Town of North Castle	1.94	2.13	2.30	2.24	2.36
Town of Pound Ridge	14.56	16.07	16.85	16.80	18.30
Full Valuations:					
Town of Bedford	\$4,625,920,352	\$3,955,277,058	\$4,064,182,226	\$4,111,890,287	\$3,527,158,486
Town of Mt. Kisco	1,735,518,722	1,696,221,956	1,587,282,504	1,552,733,517	1,445,342,981
Town of New Castle	372,935,467	354,646,329	324,369,965	323,396,197	308,399,434
Town of North Castle	215,217,474	197,401,174	182,704,261	187,169,196	175,260,297
Town of Pound Ridge	<u>2,428,691,566</u>	<u>2,191,138,382</u>	<u>2,086,622,463</u>	<u>2,084,895,351</u>	<u>1,921,437,546</u>
Total Full Valuations	<u>\$9,378,283,581</u>	<u>\$8,394,684,899</u>	<u>\$8,245,161,418</u>	<u>\$8,260,084,548</u>	<u>\$7,377,598,744</u>
Tax Levy ⁽²⁾	<u>\$96,039,188</u>	<u>\$98,524,320</u>	<u>\$101,332,823</u>	<u>\$104,912,808</u>	<u>\$106,694,576</u>
Tax Rate (per \$1,000 AV) ⁽³⁾⁽⁴⁾					
Town of Bedford	\$125.25	\$121.70	\$131.85	\$138.44	\$134.18
Town of Mt. Kisco	62.34	69.44	68.71	69.46	73.39
Town of New Castle	63.16	67.87	65.31	67.09	72.98
Town of North Castle	568.18	588.52	569.31	603.18	650.04
Town of Pound Ridge	75.70	78.01	78.01	80.42	83.83

(1) Source: The ORPTS. All equalization rates are final.

(2) Net tax levy after actual STAR exemptions of \$7,255,511 for 2011, \$6,726,878 for 2012, \$6,637,504 for 2013, \$6,702,268 for 2014, and \$6,474,493 for 2015.

(3) Tax rates are based on apportionments determined using County equalization rates.

(4) Tax rates are based on the gross tax levy prior to STAR exemptions.

Source: The Districts Joint Statement of School Tax Levy forms and the Star Reimbursement Application forms.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the amount of real property taxes that a school district may levy. (See “*The Tax Levy Limit Law*” herein.)

The Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the “Tax Levy Limit Law” or “Law”) was signed by Governor Cuomo. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. The Law is effective for the District’s fiscal year which began July 1, 2012.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

The Tax Levy Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Building Improvement Notes) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See “*Nature of Obligation*” herein).

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 (“Chapter 59”), a newly adopted State budget bill, includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School district budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

Tax Collection Procedures

Real property taxes are levied by the District but are collected by the five towns making up the District. Such taxes may be paid in two equal installments on September 1 and January 1 and may be paid without penalty on or before September 30 and January 31, respectively. Delinquent school tax payments are assessed penalties in accordance with an ascending scale which starts at 2% in the month of October and increases to a maximum of 12% for all payments received the following April and thereafter.

According to the County Tax Code, the towns must remit school tax collections to the District by the fifth day of the month following their collection. In addition, the towns are obligated to pay the District the full amount of its current tax levy by April 1. The District is therefore guaranteed 100% of its real property taxes during the current fiscal year. Subsequently, the towns enforce unpaid school taxes in the same manner as unpaid town taxes.

The District is not responsible for the collection of taxes of any other unit of government.

STAR - School Tax Exemption

The School Tax Relief (“STAR”) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January of each year.

The District has applied for a reimbursement of \$6,466,850 from the State for school taxes exempted pursuant to the STAR program for the fiscal year ending June 30, 2015 and received \$6,474,493. The application for the 2015-16 fiscal year is not anticipated to be available until mid-September of 2015. (See “*State Aid*” herein).

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Ten of the Largest Taxpayers

2014-15 Fiscal Year Tax Collections

<u>Taxpayer</u>	<u>Property Use</u>	<u>Taxable Full Valuation</u>	<u>Percent of Total Full Valuation (1)</u>
New York City Bureau	Municipal	\$350,116,314	4.75%
Consolidated Edison	Utility	120,622,855	1.63
Westchester County	Municipal	76,093,220	1.03
Diamond Properties	Shopping Center	62,919,187	0.85
IBM	Business	54,411,017	0.74
Nat. RE Holdings of Armonk	Real Estate	50,677,966	0.69
Citigroup Inc.	Banking Center	37,661,017	0.51
Peltz, Nelson	Private	32,481,190	0.44
Aquarion Water Co. of NY	Water Utility	29,797,639	0.40
NYNEX/Verizon	Utility	29,216,113	0.40
Total		<u>\$843,996,518</u>	<u>11.44%</u>

(1) District full valuations for the 2014-15 fiscal year is \$7,377,598,744.
* Taxpayer has filed tax certiorari claims (See "Litigation" herein).

DISTRICT INDEBTEDNESS

Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Bonds:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the periods of probable usefulness of the objects or purposes determined by statute or the weighted average period of probable usefulness thereof; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See "*The Tax Levy Limit Law*" herein).

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specifications of such project have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District expects to comply with such procedure with respect to the Notes.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

Remedies upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds or notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds or notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds or notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds or notes shall be forwarded promptly to the

paying agent or agents for the bonds or notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds or notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds or notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds or notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

Under current law, provision is made for contract creditors (including the Noteholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation servicing the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its bonds and notes although any permanent repeal by statute or constitutional amendment of a noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

Constitutional Debt-Contracting Limitation

**Computation of Debt Contracting Limitation
As of July 2, 2015**

Town	Assessed Valuations	Equalization Rate ⁽¹⁾	Full Valuations
Bedford	\$403,149,715	11.43%	\$3,527,158,486
Mt. Kisco	302,073,683	20.90	1,445,342,981
New Castle	64,825,561	21.02	308,399,434
North Castle	4,136,143	2.36	175,260,297
Pound Ridge	351,621,571	18.30	1,921,437,546
Total Full Valuation			\$7,377,598,744
Debt-Contracting Limitation: (10% of Full Valuation)			\$ 737,759,874

(1) Final rates as established by the ORPTS.

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Statutory Debt Limit and Net Indebtedness

**Statement of Debt Contracting Power ⁽¹⁾
As of July 2, 2015**

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation:	\$737,759,874	100.00%
Gross Indebtedness:		
Serial Bonds	46,395,000	6.29
Refunded Bonds ⁽²⁾	30,850,000	4.18
Bond Anticipation Notes	<u>12,196,248</u>	<u>1.65</u>
	<u>89,441,248</u>	<u>12.12</u>
Deductions ⁽³⁾	<u>-0-</u>	<u>0.00</u>
Net Debt	<u>89,441,248</u>	<u>12.12</u>
Net Debt Contracting Margin	<u><u>\$648,318,626</u></u>	<u><u>87.88%</u></u>

(1) Excludes installment purchase debt (approximately \$0.9 million as of July 2, 2015).

(2) All future payments of principal and interest will be provided for form a portfolio of non-callable direct obligations of the United States of America held in an irrevocable trust fund. The Local Finance Law of the State does not provide for the exclusion of such debt form the District's debt statement. Approximately \$18.3 million of the refunded bonds will be called on November 15, 2015 and the remaining amount will be called on June 1, 2016.

(3) The District expects to receive State building aid for approximately 8% of debt service related to the current building program (\$58.6 million outstanding as of July 2, 2015, excluding refunded debt). Such estimate, however, has not been certified by the State and, therefore, no deduction has been taken to compute the District's debt limit

Short-Term Indebtedness

Pursuant to the Local Finance Law, the District is authorized to issue short-term indebtedness, in the form of notes as specified by such statute, to finance both capital and operating purposes.

The District is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash for operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Regulations issued under the U.S. Internal Revenue Code of 1986, as amended. Notes may be renewed from time to time but not beyond three years in the case of revenue anticipation notes or five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year.

Tax Anticipation Notes

District officials have not issued tax anticipation notes in the last 5 completed fiscal years and do not expect to issue cash flow notes in the foreseeable future.

Bond Anticipation Notes

The District currently has the following bond anticipation notes outstanding:

<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
School Additions & Renovations ⁽¹⁾	\$11,000,000	July 17, 2015
BOCES Project ⁽²⁾	<u>1,196,248</u>	July 17, 2015
	<u><u>\$12,196,248</u></u>	

- (1) Proceeds of the Building Improvement Notes will be used to renew the bond anticipation notes at maturity. See "Authority for and Purpose of the Building Improvement Notes," herein.
- (2) Proceeds of the BOCES Improvement Notes will be used to renew the bond anticipation notes at maturity. See "Authority for and Purpose of the BOCES Improvement Notes," herein.

Installment Purchase Contracts

The District from time-to-time enters into financing leases or installment purchase contracts as such leases are described under State law. Under State law, installment purchase contracts are deemed to be executory only to the extent that moneys have been appropriated and are available therefor. Such contracts do not constitute general obligations of the District secured by a faith and credit pledge of the District's taxing powers. The total amount of periodic payments, exclusive of interest, due on installment purchase contracts may not exceed 40% of the District's constitutional debt limit. Such obligations presently represent approximately 0.11% of the District's maximum debt authority.

The District has various outstanding contracts used to acquire certain equipment, the balance for such contracts was \$978,610 at July 2, 2015.

Source: District Officials

Trend of Capital Indebtedness

The following table sets forth capital indebtedness outstanding at the end of each of the fiscal years ended June 30, 2011 through 2015, inclusive. Refunded debt and installment purchase contract debt has been excluded.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bonded Indebtedness	\$66,355,000	\$61,365,000	\$56,720,000	\$51,960,000	\$46,395,000
Bond Anticipation Notes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12,196,248</u>
Total Outstanding Indebtedness	<u><u>\$66,355,000</u></u>	<u><u>\$61,365,000</u></u>	<u><u>\$56,720,000</u></u>	<u><u>\$51,960,000</u></u>	<u><u>\$58,591,248</u></u>

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Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue debt and levy or cause to be levied taxes on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total equalized values. The following table presents the estimated amount of overlapping debt and the District's share of this estimated debt. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness As of July 2, 2015

Gross Direct Indebtedness (Excluding Refunded Debt)	\$ 89,441,248
Exclusions and Deductions	<u>0</u>
Net Direct Indebtedness	<u>\$ 89,441,248</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Debt</u>	<u>Percentage Applicable</u>	<u>Applicable Net Overlapping Debt</u>
County:				
General Purpose ⁽¹⁾	12-31-14	\$547,650,496	5.03%	\$ 27,546,820
Sewer		524,685,940	0.08	419,749
Solid Waste		16,035,363	1.08	173,182
Towns:				
Bedford ⁽²⁾	05-16-14	14,367,954	70.03	10,061,878
Mt. Kisco	12-31-12	-0-	100.00	-0-
New Castle ⁽³⁾	09-16-13	15,460,623	5.93	916,815
North Castle ⁽⁴⁾	11-01-14	14,534,000	3.51	510,143
Pound Ridge	12-31-13	1,598,571	95.32	<u>1,523,758</u>
Total				<u><u>\$ 41,152,345</u></u>

- (1) Excludes \$10,074,185 in water debt.
(2) Excludes \$21,158,666 in water debt and \$2,289,105 in budgetary appropriations.
(3) Excludes \$5,197,508 in water debt, \$2,975,000 in refunded debt, and \$400,920 in budgetary appropriations.
(4) Excludes \$539,000 in budgetary appropriations.

Source: County, Town and Village officials, the Office of the State Comptroller and the Municipal Securities Rulemaking Board.

Debt Ratios

The following table sets forth certain debt ratios relating to the District's indebtedness as of July 2, 2015. Refunded debt and installment purchase contract debt has not been included in these calculations.

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Ratio To Full Value ⁽²⁾</u>	<u>Ratio To Per Capita Income ⁽³⁾</u>
Net Direct Debt	\$ 58,591,248	\$2,004	0.79%	2.97%
Net Direct and Overlapping Debt	99,743,593	3,411	1.35	5.05

- (1) The District's population for 2013, according to the US Census Bureau, is estimated at 29,238.
(2) The District's full valuation of taxable real estate for 2014-15 fiscal year is \$7,377,598,744.
(3) Based on the 2013 (American Community Survey – 5 Year Estimate) per capita income for residents of the Town of Bedford (\$67,480).

Authorized and Unissued Debt

As of the date of this Official Statement, the District has approximately \$21.8 million in authorized but unissued debt. On October 22, 2013 district voters approved a capital financing of approximately \$31.8 million for various improvements to district buildings. Notes issued in July of 2014 provided \$11.0 million in initial funding for the project. The Building Improvement Bonds will redeem such \$11 million notes and provide additional funding for this purpose (see Authority for and Purpose of the Building Improvement Notes,” herein). District Officials intend to issue additional projects funds over the course of the next 2 to 3 years, as needed, to complete the project.

Recent Financings

The District last issued bonds on July 31, 2014 at which time \$29,510,000 School District Refunding Serial Bonds – 2014 were issued to refund two series of bonds issued in 2005 and 2006. Such refunding bonds bear a true interest rate of 2.12% and serially mature on November 15th of each year through and including 2025.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness. Refunded bonds and installment purchase contract debt has been excluded from the table.

Schedule of Debt Service Requirements

Fiscal Years Ending June 30:	Principal	Interest	Total Debt Service	Cumulative Principal Paid 2015-2028
2016 ⁽¹⁾	4,270,000	1,841,825	6,111,825	16.78
2017	4,265,000	1,627,850	5,892,850	25.21
2018	4,025,000	1,423,775	5,448,775	33.16
2019	4,190,000	1,232,550	5,422,550	41.44
2020	4,410,000	1,033,950	5,443,950	50.15
2021	4,590,000	825,900	5,415,900	59.22
2022	4,780,000	624,763	5,404,763	68.66
2023	4,710,000	432,691	5,142,691	77.96
2024	3,475,000	282,050	3,757,050	84.83
2025	3,585,000	173,925	3,758,925	91.91
2026	3,660,000	71,463	3,731,463	99.14
2027	215,000	19,306	234,306	99.57
2028	220,000	9,900	229,900	100.00
	<u>\$46,395,000</u>	<u>\$ 9,599,948</u>	<u>\$ 55,994,948</u>	

(1) As of July 2, 2015, the District has paid \$0 of the principal and \$0 of the interest on serial bonds due in the year ending June 30, 2016.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

The 2013 population of the District is estimated to be 17,500 by the U.S. Bureau of the Census. The following table sets forth population statistics for the various towns making up the District as well as the County and State.

Population Trend

	1990	2000	2013
Towns:			
Bedford	16,906	18,133	17,500
Mt. Kisco	9,108	9,983	10,936
New Castle	16,648	17,491	17,500
North Castle	10,013	10,849	11,941
Pound Ridge	4,550	4,726	5,145
County	874,866	923,459	968,802
State	17,990,455	18,976,457	19,651,127

Source: U.S. Department of Commerce, Bureau of the Census.

Income

Per capita money income and family incomes statistics are not available for the District as such, however, the following two tables present this information for the various towns within which the District is situated. Comparative information for the County and State is also provided in these tables.

Per Capita Money Income - 2013

	2013
Towns:	
Bedford	\$67,480
Mt. Kisco	35,465
New Castle	88,996
North Castle	89,211
Pound Ridge	92,576
County	47,984
State	32,382

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

Median Income of Families - 2013

	Median Family Income	Income Groups - % of Families				
		Under \$25,000	\$25,000 -49,999	\$50,000 -74,999	\$75,000 -99,999	\$100,00 Or More
Towns:						
Bedford	\$152,904	6.1 %	10.5 %	7.1 %	7.5 %	68.9 %
Mt. Kisco	79,571	15.1	13.5	17.8	16.7	36.8
New Castle	211,538	2.5	3.9	4.9	4.8	83.9
North Castle	175,536	3.7	7.5	7.1	6.5	75.1
Pound Ridge	192,841	1.1	11.2	7.3	2.5	78.0
County	105,341	10.0	13.7	12.9	11.1	52.3
State	70,670	16.1	19.5	17.1	13.5	33.9

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

Employment

Average Employed Civilian Labor Force 2000 - 2014

	2000	2010	2014	% Change	
				2000-2010	2010-2014
County	445,400	441,900	446,500	(0.7)	0.1
State	8,718,700	8,769,700	8,964,000	0.6	2.2

Source: The New York State Department of Labor.

Average Unemployment Rates (%) 2010-2015

Year	County	State	United States
2010	7.3 %	8.6 %	9.6 %
2011	7.0	8.2	8.9
2012	7.2	8.5	8.1
2013	6.3	7.7	7.4
2014	5.1	6.3	6.2
2015: ⁽¹⁾			
Jan	5.3	6.5	6.1
Feb	5.2	6.4	5.8
Mar	4.7	5.8	5.6

(1) Monthly Rates.

Source: The New York State Labor Department and the U.S. Bureau of Labor Statistics.

Trends in Employment by Industry in Westchester/Rockland/Putnam Counties ⁽¹⁾ (In 000's)

	Manufac.	Natural Resources, Mining, Constr.	Trade, Trans., Util.	Finance Activities	Serv., Misc.	Govt.	Total Private
2010	32.1	31.2	134.1	36.4	189.0	119.7	542.5
2011	31.2	32.4	137.6	37.0	201.2	115.8	555.2
2012	31.1	31.8	139.3	36.9	210.6	112.4	562.1
2013	30.6	33.2	140.4	37.3	216.7	110.3	568.5
2014	29.7	35.3	142.7	36.8	222.7	109.7	576.9

(1) Non-agricultural workers.

Note: Totals may not add due to rounding.

Source: The New York State Department of Labor.

Major Private Sector Employers in the County (2013)

<u>Name of Business</u>	<u>Nature of The Business</u>	<u>Number of Employees</u>
* IBM Corporation	Computer products and research services	8,825
* Verizon Communications	Telecommunications and information products	3,146
* Pepsico, Inc.	Soft drinks and snack foods	3,000
* Morgan Stanley	Financial services	1,763
* Consolidated Edison	Utility services	1,400
J.P. Morgan Chase ⁽¹⁾	Commercial and retail banking	1,271
Entergy	Energy Provider	1,200
* MasterCard	Financial services	1,200
Yonkers Raceway	Casino and harness racing	1,200
New York Life Insurance Company ⁽²⁾	Medical diagnostic equipment	936

(1) Information reported in 2012.

(2) Information reported in 2011.

* Headquarters or major branch operations in Westchester.

Source: Official Statement of Westchester County, dated November 26, 2013. Compiled by the Westchester County Department of Finance, October 2013. Figures are as reported by firms.

Housing Data

**Comparative Housing Stock
2000 - 2013**

	<u>Number of Units</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2013</u>	<u>2000-10</u>	<u>2010-13</u>
Town	6,802	7,982	8,058	17.3%	0.9%
County	349,445	370,821	369,996	6.1	(0.2)
State	7,679,307	8,108,103	8,113,270	5.6	0.1

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

**Median Housing Values and Rentals
2013**

	<u>% Constructed 2010-2013</u>	<u>Median Value Owner Occupied Units</u>	<u>Median Rent Renter Occupied Units</u>	<u>Occupancy Status</u>		
				<u>Owner Occupied</u>	<u>Renter Occupied</u>	<u>Vacant</u>
Town	0.2%	503,900	\$2,000	88.2%	6.5%	5.3%
County	0.2	518,400	1,325	57.4	35.5	7.1
State	0.2	288,200	1,088	48.4	40.8	10.8

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

END OF APPENDIX A

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APPENDIX B

**UNAUDITED SUMMARY OF FINANCIAL STATEMENTS
AND BUDGETS**

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BEDFORD CENTRAL SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

AS OF JUNE 30:

	2010
ASSETS	
Cash	\$ 18,948,587
Investments	222,573
Taxes Receivable	0
Accounts Receivable	70,119
Due From State and Federal	1,477,251
Due From Other Governments	834,885
Due From Other Funds	1,540,748
Prepaid Expenditures	0
Total Assets	\$ 23,094,163
 LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 2,822,648
Due To Other Funds	46,135
Due To Other Governments	453,995
Deferred Revenues	38,157
Due To Retirement Systems	4,028,538
Compensated Absences Payable	0
Total Liabilities	7,389,473
Fund Balance:	
Reserved:	
For Prepaid Expenses	0
For Encumbrances	693,447
For Other	0
For Tax Certiorari	2,910,000
Reserved for Employee Retirement	1,504,815
For Repairs	305,198
For Employee Benefit Accrued Liability	596,441
Reserved for Unemployment Benefits	100,000
Reserved for Workers' Compensation Benefits	501,928
Reserved for Insurance	100,385
Unreserved:	
Designated for Subsequent	
Years Expenditures	4,383,184
Undesignated	4,609,292
Total Fund Balance	15,704,690
Total Liabilities and Fund Balance	\$ 23,094,163

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

**BEDFORD CENTRAL SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF JUNE 30:

	2011	2012	2013	2014
ASSETS				
Cash	\$ 20,124,168	\$ 23,936,199	\$ 20,321,977	\$ 19,024,119
Investments	0	0	0	0
Taxes Receivable	0	0	0	0
Accounts Receivable	95,300	562,561	35,639	66,639
Due From State and Federal	1,147,505	503,138	752,228	667,894
Due From Other Governments	958,665	911,595	1,123,451	814,140
Due From Other Funds	1,629,659	736,508	1,653,281	4,074,368
Prepaid Expenditures	0	0	0	0
Total Assets	\$ 23,955,297	\$ 26,650,001	\$ 23,886,576	\$ 24,647,160
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,899,731	\$ 2,552,532	\$ 2,629,851	\$ 2,999,547
Due To Other Funds	20,000	0	0	0
Due To Other Governments	207,501	104,825	214,628	139,379
Deferred Revenues	66,060	104,805	106,754	102,176
Due To Retirement Systems	5,375,117	7,072,049	6,893,848	9,258,484
Compensated Absences Payable	0	0	0	0
Total Liabilities	8,568,409	9,834,211	9,845,081	12,499,586
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	5,757,256	5,199,434	4,637,224	3,812,022
Assigned	5,188,523	6,767,360	4,554,266	3,763,785
Unassigned	4,441,109	4,848,996	4,850,005	4,571,767
Total Fund Balance	15,386,888	16,815,790	14,041,495	12,147,574
Total Liabilities and Fund Balance	\$ 23,955,297	\$ 26,650,001	\$ 23,886,576	\$ 24,647,160

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

**BEDFORD CENTRAL SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION**

FOR THE FISCAL YEARS ENDED JUNE 30:

	2010	2011	2012	2013	2014
REVENUES:					
Real Property Taxes	\$ 95,620,502	\$ 95,962,432	\$ 98,346,889	\$ 101,076,111	\$ 104,786,444
Other Tax Items	7,003,493	7,255,511	6,726,878	6,637,504	6,702,268
Non-Property Taxes	1,285,670	1,329,859	1,363,716	1,408,138	1,483,867
Charges For Services	1,084,832	1,441,403	1,603,854	2,067,796	1,907,650
Use Of Money And Property	411,416	435,809	442,276	496,134	477,006
Forfeitures	0	2,325	550	250	150
Sale Of Property And Compensation For Loss	79,551	83,990	549,129	51,117	44,775
State Aid	5,345,500	5,074,883	5,176,515	5,293,408	5,583,024
Federal Aid	1,042,300	419,383	0	0	0
Miscellaneous	1,366,596	1,057,348	1,048,301	1,034,168	972,445
Total Revenues	113,239,860	113,062,943	115,258,108	118,064,626	121,957,629
EXPENDITURES:					
Current:					
General Support	11,590,047	11,535,268	11,284,151	12,926,644	12,528,155
Instruction	58,806,335	58,600,315	60,482,214	62,757,074	61,901,523
Pupil Transportation	7,188,165	7,343,329	7,128,093	8,009,467	8,243,940
Employee Benefits	23,086,763	27,399,838	26,946,297	27,967,039	33,117,562
Debt Service	8,242,956	8,261,577	8,012,134	7,975,048	7,942,934
Total Expenditures	108,914,266	113,140,327	113,852,889	119,635,272	123,734,114
Excess of Revenues Over Expenditures	4,325,594	(77,384)	1,405,219	(1,570,646)	(1,776,485)
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	204,724	145,272	500,000	300,000	377,864
Operating Transfers - Out	(868,080)	(385,690)	(476,317)	(1,503,649)	(495,300)
Total Other Financing Sources (Uses)	(663,356)	(240,418)	23,683	(1,203,649)	(117,436)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,662,238	(317,802)	1,428,902	(2,774,295)	(1,893,921)
Fund Balance - Beginning of Year	12,042,452	15,704,690	15,386,888	16,815,790	14,041,495
Other Changes In Fund Balance	0	0	0	0	0
Fund Equity - End of Year	\$ 15,704,690	\$ 15,386,888	\$ 16,815,790	\$ 14,041,495	\$ 12,147,574

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BEDFORD CENTRAL SCHOOL DISTRICT
GENERAL FUND
BUDGET SUMMARY

	<u>Adopted Budget 2014-15</u>		<u>Adopted Budget 2015-16</u>
ESTIMATED REVENUES:			
Real Property Taxes (1)	\$ 113,174,570	\$	113,873,424
Non-Property Taxes (Sales tax)	1,480,000		1,587,000
Charges and Fees	1,780,000		1,920,000
Use of Money and Property	525,200		547,000
State Sources	5,744,630		6,038,000
Federal Sources	275,000		150,000
Miscellaneous	485,439		384,000
Interfund Transfers	35,161		100,000
	<u>123,500,000</u>		<u>124,599,424</u>
TOTAL ESTIMATED REVENUES			
	<u>3,000,000</u>		<u>2,600,000</u>
APPROPRIATED FUND BALANCE			
	<u>126,500,000</u>		<u>127,199,424</u>
TOTAL ESTIMATED REVENUES AND APPROPRIATED FUND BALANCE			
	<u>126,500,000</u>		<u>127,199,424</u>
APPROPRIATIONS:			
General Support	12,107,908		12,351,898
Instruction	63,705,421		66,323,876
Pupil Transportation	8,182,744		8,445,767
Employee Benefits	34,469,445		32,628,186
Interfund Transfers	652,000		275,000
Debt Service	7,382,482		7,174,697
	<u>126,500,000</u>		<u>127,199,424</u>
TOTAL APPROPRIATIONS	<u>\$ 126,500,000</u>	\$	<u>127,199,424</u>

(1) Includes school tax relief allocations

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:

<http://emma.msrb.org/EA677294-EA530541-EA926764.pdf>

The audited financial statements referenced above are hereby incorporated into the attached Official Statement.

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. R.S. Abrams & Co., LLP has not been requested by the District to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

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