

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's downgrades to Aa2 Bedford CSD, NY's \$46M in outstanding GO bonds; outlook negative

Global Credit Research - 07 Jul 2015

Assigns MIG 1 to \$26.7M in BANs

New York, July 07, 2015 --

Moody's Rating

Issue: Bond Anticipation Notes for Building Improvements Purposes - 2015; Rating: MIG 1; Sale Amount: \$25,000,000; Expected Sale Date: 7/20/2015; Rating Description: Note: Bond Anticipation

Issue: Bond Anticipation Notes for BOCES Improvements - 2015; Rating: MIG 1; Sale Amount: \$1,704,000; Expected Sale Date: 7/20/2015; Rating Description: Note: Bond Anticipation

Opinion

Moody's Investors Service assigns a MIG 1 rating to Bedford Central School District, NY's \$25 million Bond Anticipation Notes for Building Improvements Purposes - 2015 and a MIG 1 to \$1.7 million Bond Anticipation Notes for BOCES Improvements - 2015. Concurrently, Moody's downgrades to Aa2 from Aa1 the long-term rating on the district's \$46 million in outstanding bonds. The outlook remains negative.

SUMMARY RATING RATIONALE

The downgrade to Aa2 is driven by the district's continued use of reserves to balance the budget. The assignment of the MIG 1 short term rating reflects the district's strong credit characteristics, adequate take out management plans and satisfactory liquidity.

OUTLOOK

The negative outlook reflects management's plan to continue to use reserves to balance the budget through fiscal 2017. Full use of reserves over this time will result in diminished financial flexibility putting pressure on the long-term rating.

WHAT COULD MAKE THE RATING GO UP

- Return to structurally balanced budgets
- Growth in reserves and liquidity

WHAT COULD MAKE THE RATING GO DOWN

- Continued use of reserves to balance the budget
- Inability to structurally balance budget

OBLIGOR PROFILE

Bedford CSD is a school district located approximately 35 miles north of New York City in Westchester County. The district is comprised primarily from the towns of Bedford, Mt. Kisco and Pound Ridge.

LEGAL SECURITY

Debt service on the bonds is secured by the district's general obligation unlimited ad valorem tax pledge.

USE OF PROCEEDS

The proceeds of the notes will renew \$12.7 million in existing BANs while providing an additional \$14 million in new

financing.

PRINCIPAL METHODOLOGY

The principal methodology used in the general obligation rating was US Local Government General Obligation Debt published in January 2014. The principal methodology used in the bond anticipation notes rating was US Bond Anticipation Notes published in April 2014. Please see the Credit Policy page on www.moody.com for a copy of these methodologies.

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