

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 20, 2018

**SERIAL BONDS
RENEWAL ISSUE**

**RATING: See "RATING" herein
BOND ANTICIPATION NOTES**

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 Bonds and 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 Bonds and Notes is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds and 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 Bonds and Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

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

**\$29,700,000
SCHOOL DISTRICT SERIAL BONDS - 2018
(the "Bonds")**

Date of Issue: Date of Delivery

Maturity Dates: July 1, 2019 – 2033

and

\$978,438

**BOND ANTICIPATION NOTES FOR BUILDING IMPROVEMENTS - 2018
(the "Building Improvements Notes")**

Date of Issue: July 12, 2018

Maturity Date: July 12, 2019

and

\$1,627,314

**BOND ANTICIPATION NOTES FOR BOCES IMPROVEMENTS - 2018
(the "BOCES Improvements Notes," and together with the Building Improvements Notes, the "Notes")**

Date of Issue: July 12, 2018

Maturity Date: July 12, 2019

The Bonds and 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 Bonds and the Building Improvement Notes and, unless paid from other sources, the Bonds and 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. (See "Nature of the Obligation," herein).

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, as amended. (See "Nature of the Obligation" and "The Tax Levy Limit Law," herein)

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See "Book-Entry-Only System" herein).

The Bonds will be dated their Date of Delivery and will bear interest from such date payable July 1, 2019 and semiannually thereafter on January 1 and July 1 in each year until maturity. The Bonds will mature on July 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).

The Notes are dated July 12, 2018 and will bear interest from that date until July 12, 2019, the maturity date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered form registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such 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 Improvement Notes. 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(s) 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 Bonds and 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 12, 2018 in New York, New York or such place agreed to by the purchaser(s) and the District.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSES OF THE SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

DATED: June __, 2018

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The Bonds mature on July 1 in each year as set forth below:

<u>Date</u>	<u>Amount ⁽¹⁾</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2019	\$ 1,125,000			076316
2020	1,635,000			076316
2021	1,690,000			076316
2022	1,745,000			076316
2023	1,805,000			076316
2024	1,865,000			076316
2025	1,925,000			076316
2026	1,990,000			076316
2027 ⁽²⁾	2,055,000			076316
2028 ⁽²⁾	2,125,000			076316
2029 ⁽²⁾	2,195,000			076316
2030 ⁽²⁾	2,270,000			076316
2031 ⁽²⁾	2,345,000			076316
2032 ⁽²⁾	2,425,000			076316
2033 ⁽²⁾	2,505,000			076316

- (1) The principal maturities of the Bonds are subject to adjustment following their sale pursuant to the terms of the accompanying Notice of Bond Sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law and the refunding objectives of the transaction.
- (2) The Bonds maturing in the years 2027 and thereafter will be subject to optional redemption prior to maturity, as described herein. (See "Optional Redemption" herein.)

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

**2017-2018
BOARD OF EDUCATION**

Brian Sheerin President
Michelle Brooks Vice President
William Canavan Board Member
Colette Dow Board Member
Pam Harney Board Member
Edward Reder Board Member
Beth Staropoli Board Member

DISTRICT OFFICIALS

Dr. Christopher M. Manno Superintendent of Schools
Joel Adelberg Assistant Superintendent for Curriculum
and Instruction
Angelo M. Rubbo Assistant Superintendent for Business
and Administrative Services
Stacey Haynsworth Director of Human Resources
and Professional Development
Nancy Sasso District Treasurer
Carole LaColla District Clerk

BOND COUNSEL

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

MUNICIPAL ADVISOR



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

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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 Bonds and 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

\$27,900,000

**SCHOOL DISTRICT SERIAL BONDS - 2018
(the "Bonds")**

and

\$978,438

**BOND ANTICIPATION NOTES FOR BUILDING IMPROVEMENTS - 2018
(the "Building Improvement Notes")**

and

\$1,627,314

**BOND ANTICIPATION NOTES FOR BOCES IMPROVEMENTS - 2018
(the "BOCES Improvements Notes," and together with the Building Improvements Notes, the "Notes")**

This Official Statement, which includes the cover page, inside cover page and the appendices hereto, presents certain information relating to 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 \$27,900,000 School District Serial Bonds - 2018 (the "Bonds"), \$978,438 Bond Anticipation Notes for Building Improvements - 2018 (the "Notes") and \$1,627,314 Bond Anticipation Notes for BOCES Improvements - 2018 (the "BOCES Improvements 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 Bonds and Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and Notes and such proceedings.

THE BONDS

Description of the Bonds

The Bonds will be dated their Date of Delivery and will bear interest from such date payable July 1, 2019 and semiannually thereafter on January 1 and July 1 in each year until maturity. The Bonds will mature on July 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to redemption prior to the maturity (see "*Optional Redemption*" herein).

(The remainder of this space has been left intentionally blank.)

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof, except for an odd denomination. Purchasers will not receive certificates representing their ownership interest in the Bonds.

Principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

The record date for payment of principal of and interest on the Bonds will be the fifteenth day of the calendar month preceding each interest payment date.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution, the laws 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 Bonds together with \$560,429 in available funds of the District and \$978,438 in renewal notes (the Building Improvement Notes), will redeem \$31,238,867 in outstanding bond anticipation notes which mature on July 13, 2018 which were originally issued 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 (the “Project”).

Optional Redemption

Call Provisions. The Bonds maturing on or before July 1, 2026 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after July 1, 2027 will be subject to redemption prior to maturity, at the option of the District, on any date on or after July 1, 2026, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the District. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date of redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call of redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “Book-Entry-Only System” for additional information concerning redemptions).

THE NOTES

Description of the Building Improvement Notes

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

The District will act as Paying Agent for the Building Improvement Notes issued in book-entry form. For those Building Improvement Notes issued as certificated notes, the purchaser(s) will be, or named, Paying Agent. Paying Agent fees, if any, will be paid for by the purchaser(s). The District’s contact information is as follows: Angelo Rubbo, Assistant Superintendent for Business and Administrative Services, P.O. Box 180, Mount Kisco, New York 10549, (914) 241-6018, e-mail: arubbo4262@bcbsdny.org.

Authority for and Purpose of the Building Improvement Notes

The Building Improvement 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 Improvement Notes together with the proceeds of the Bonds and \$560,429 in available funds of the District will renew outstanding bond anticipation notes which mature on July 13, 2018, which were originally issued to finance the construction of improvements and alterations to various District buildings and sites. See “Authority for and Purpose of the Bonds,” herein.

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 together with \$29,727 will renew \$1,657,041 in outstanding bond anticipation notes which mature on July 13, 2018, which were issued to pay the District’s share of a capital project of the Putnam/Northern Westchester BOCES.

THE BONDS AND NOTES

Nature of the Obligation

The Bonds and Notes, when duly issued and paid for, will constitute a contract between the District and the holder thereof.

The Bonds and 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 Bonds and the Building Improvement Notes and, unless paid from other sources, the Bonds and 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. (See “Nature of the Obligation”).

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, as amended. (See “Nature of the Obligation” and “The Tax Levy Limit Law,” herein)

The Bonds and Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

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 Bonds and Notes and the State is specifically precluded 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. However, the Tax Levy Limit Law imposes a statutory limitation on the District's power to increase its annual tax levy. As a result, the power of the District to levy real estate taxes on all the taxable real property within the District is subject to

statutory limitations set forth in Tax Levy Limit Law, unless the District complies with certain procedural requirements to permit the District to levy certain year-to-year increases in real property taxes. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. As the Bonds and Building Improvements Notes are being issued to voter approved capital expenditures, the Bonds and Notes qualify for such exclusion to the annual tax levy limitation. This 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 "*The Tax Levy Limit Law*" herein.)

REMEDIES UPON DEFAULT

Neither the Bonds and Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds and Notes should the District default in the payment of principal of or interest on the Bonds and Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds and Notes upon the occurrence of any such default. The Bonds and Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, 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.

Upon default in the payment of principal of or interest on the Bonds and Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract 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 serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds and notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds and Notes, the owners of such Bonds and Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Bonds and Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds and Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds and Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or

village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness. See also, “*Compliance History*” under the section entitled “Disclosure Undertaking” herein.

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors’ rights and municipalities. Bankruptcy proceedings by the District, if authorized by the State in the future, could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds and Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under

any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds and if so requested, for the Notes. The Bonds and if so requested, the Notes will be issued as fully-registered securities 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 bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC. One fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP and deposited with DTC.

DTC, the world’s largest depository, 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 Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC’s records. The ownership interest of each actual purchaser of each bond or 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 Bonds and 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 Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all Bonds and 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 Bonds and 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 Bonds and Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and 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 Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices shall be sent to DTC. If less than all of the Bonds and 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.

Principal and interest payments on the Bonds and 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 Bonds and Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond and 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, bond and note certificates will be printed and delivered as applicable.

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 BONDS AND NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

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 BONDS AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND 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 BONDS AND 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 BONDS AND NOTES.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Bonds and Notes.

If and when an owner of any of the Bonds and Notes should elect to sell all or a part of the Bonds and Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds and Notes. The market value of the Bonds and Notes is dependent upon the ability of holder to potentially incur a capital loss if such Bonds and Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds and Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds and Notes, could be adversely affected.

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds and Notes, for income taxation purposes could have an adverse effect on the market value of the Bonds and Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds and Notes. (See "*The Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Bonds and Notes.

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND OSC 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 such 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. See "*Financial Factors – Independent Audits*," herein.

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 cannot be estimated by the District's attorney but could be in excess of \$950,000. In addition, the District is engaged in several matters relating to tuition reimbursements. The extent of such claims cannot be estimated by the District's attorney but could be in excess of \$450,000. It is the intent of the District, and their attorneys, to vigorously defend any such matters.

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, 2016, the District paid tax refunds of \$120,587 (unaudited) pursuant to tax certiorari settlements. For the 2017-18 fiscal year, as of June 6, 2018, the District has paid \$456,113 in tax refunds. The District's tax certiorari reserve had an audited balance of \$1,959,685 as of June 30, 2017. 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 determined. 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 covenants described herein, (i) interest on the Bonds and 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 Bonds and Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 as to any federal, state or local tax consequences arising with respect to the Bonds and Notes, or the ownership or disposition thereof, except as stated above. 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 this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds and Notes.

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 Bonds and Notes in order that interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond.

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 Bonds and Notes.

Prospective owners of the Bonds and 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 Bonds and 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 Bond or 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 (a bond with the same maturity date, interest rate and credit terms) means the first price at which at least 10% of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds and Notes. In general, the issue price for each maturity of the Bonds and Notes is expected to be the initial public offering price set forth on the cover of the Official Statement. Bond Counsel further is of the opinion that, for any Bond or Note having OID (a “Discount Bond” or “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Bonds and/or 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 Bonds and Notes.

In general, under Section 1288 of the Code, OID on a Discount Bond and 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 Bond and Discount Note. An owner’s adjusted basis in a Discount Bond or Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond and 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 Bond and Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Bonds and 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 Bonds and Discount Notes.

Bond and Note Premium

In general, if an owner acquires a Bond or 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 Bond or Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond or note premium” on that Bond or Note (a “Premium Bond or Note”). In general, under Section 171 of the Code, an owner of a Premium Bond or Note must amortize the bond premium over the remaining term of the Premium Bond or Note, based on the owner’s yield over the remaining term of the Premium Bond or Note, determined based on constant yield principles (in certain cases involving a Premium Bond or 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 bond or note). An owner of a Premium Bond or Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond or Note, if the bond or 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 Bond or Note may realize a taxable gain upon disposition of the Premium Bond or 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 Bonds and Notes

should consult their own tax advisors regarding the treatment of bond or 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 bond or note premium on, sale, exchange, or other disposition of Premium Bonds and Notes.

Information Reporting and Back Up Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds and 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 Bond or 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 Bonds and 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 Bonds and Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and 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 Bonds and Notes.

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND 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 Bonds and the Notes, or in any way contesting or affecting the validity of the Bonds and 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 Bonds and 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 Bonds and the Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes are subject to the respective approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Bond Counsel's opinions will be in substantially the forms attached hereto as Appendix D.

Closing Certificates

Upon the delivery of the Notes, the Purchaser(s) will be furnished with the following items: (i) Certificates of the President of the Board of Education and certain officer(s) 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds and the Notes were authorized or affecting the validity of the Bonds and the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds and the Notes have been repealed, revoked or rescinded, and (iv) Tax Certificates executed by the chief fiscal officer of the District, as described under “*Tax Matters*” herein.

DISCLOSURE UNDERTAKING FOR THE BONDS

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Bonds, the District will execute an Undertaking to Provide Continuing Disclosure for the benefit of holders of and owners of beneficial interests in the Bonds, the form of which is attached hereto as Appendix E to this Preliminary Official Statement.

Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody’s Investors Service, S&P Global Ratings 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.

DISCLOSURE UNDERTAKING FOR THE NOTES

In order to assist the purchasers in complying with the Rule with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events for the benefit of holders of and owners of beneficial interests in the Notes, the form of which is attached hereto as Appendix F to this Preliminary Official Statement.

Continuing Disclosure Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody’s Investors Service, S&P Global Ratings 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.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities

Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the District in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal 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 Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. The Municipal 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 and Notes.

RATING

The District has applied to Moody’s Investors Service (“Moody’s”) for a rating of the Bonds. The District did not apply for a rating of the Notes.

The District’s underlying rating by Moody’s is currently “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, 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 Bonds and Notes or the availability of a secondary market for the Bonds and Notes.

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ADDITIONAL INFORMATION

Additional information may be obtained upon request from Angelo M. Rubbo, the Assistant Superintendent for Business and Administrative Services, P.O. Box 180, Mount Kisco, New York 10549, (914) 241-6018, e-mail: arubbo4262@bcSDny.org or from the District's Municipal 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 and Notes.

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 Bonds and 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: /s/

President of the Board of Education and
Chief Financial Officer

DATED: June 20, 2018

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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 2016, the largest of the communities making up the District, was estimated to be \$75,277 and \$159,688, respectively. As noted, the estimated per capita income for 2016 exceeded the County and State by approximately 57.4% and 143.2%, respectively. Median 2016 family income in Bedford exceeded the County by approximately 44.5% and the State as a whole by 115.7%. The estimated 2016 median market value for a typical owner-occupied home in Bedford (\$741,400) was approximately 46.1% greater than homes in general throughout Westchester County (\$507,300) and nearly 2.5 times the value of an average home in the State (\$286,300). 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, 2016, “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).

2018-19 Budget. The voters approved the District’s 2018-19 budget on May 15, 2018. See Appendix B for summaries of the District’s 2017-18 and 2018-19 adopted budgets. The 2017-18 and 2018-19 adopted budgets of the District did not exceed the State imposed Tax Cap (see “Tax Levy Limitation Law,” herein).

See Appendix B of for summaries of the 2017-18 and 2018-19 adopted budgets of the District.

School Enrollment Trends

The following table shows student enrollments (grades K-12) in the District over the last 5 fiscal years and projections for the next 3 fiscal years.

Fiscal Years Ended June 30:	Actual Enrollments	Fiscal Years Ended June 30:	<i>Projected</i> Enrollments
2014	4,410	2019	4,114
2015	4,342	2020	4,047
2016	4,380	2021	3,963
2017	4,187		
2018	4,048		

Source: District Officials.

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. The Bonds and Building Improvements Notes provided funding for such purposes.

Name	Grades	Original Construction
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 706 employees. Information on collective bargaining units and labor contracts is shown below.

Employees Represented	Union Representation	Contract Expiration Date
243	CSEA - Civil Service Union	6-30-17 ⁽¹⁾
435	Bedford Teacher’s Association	6-30-20
19	Bedford Administrative Association	6-30-20

(1) In negotiation.

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% (ERS) or 3.5% (TRS) 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 the immediate future.

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 reasonably expect 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, 2013 through 2017 and the amounts budgeted for the 2017-18 and 2018-19 fiscal years are as follows:

Fiscal Year Ended June 30	ERS	TRS
2013	\$2,608,776	\$5,881,411
2014	2,791,531	8,058,063
2015	2,671,065	8,807,921
2016	2,451,484	6,984,747
2017	2,199,049	6,991,816
2018 (Budgeted)	2,243,028	5,425,881
2019 (Budgeted)	2,173,327	5,876,328

See “Note – 8” in the Audited Financial Statements for the year ended June 30, 2017.

Source: The audited financial statements and 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, 2016 was \$170,431,924. For the year ended June 30, 2017, the District's Annual Required Contribution (“ARC”) was \$16,236,157.

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 legislation or 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.

Legislation has been, from time to time, proposed to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. Such legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State’s OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. There would be no limits on how much a local government can deposit into the trust. The District cannot predict at this time whether such proposed legislation will be enacted into law.

Source: The audited financial statements for the fiscal year ended June 30, 2017.

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 three 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.

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

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, 2017 is contained in Appendix B. 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). Chapter 97 of the Laws of 2011, as amended, 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 85.4% of General Fund revenues for the fiscal year ended June 30, 2017. For the same period, State aid accounted for approximately 5.6% 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

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>Real Property Taxes ⁽²⁾</u>	<u>Real Property Taxes to Revenue</u>
2013	\$118,064,626	\$101,076,111	85.6%
2014	121,957,629	104,786,444	85.9
2015	123,768,721	106,622,907	86.1
2016	125,129,301	107,132,804	85.6
2017	127,452,786	108,834,605	85.4
2018 (Budget) ⁽²⁾⁽³⁾	128,822,250	111,087,744	86.2
2019 (Budget) ⁽²⁾⁽³⁾	133,099,405	114,926,904	86.3

- (1) Exclusive of Other Financing Sources.
- (2) Exclusive of STAR tax payments made to the District by the State. For fiscal 2017-18 the District applied for a reimbursement of approximately \$6.5 million, which reflects the estimated amount that was excluded for 2017-18. See “STAR - School Tax Exemption,” herein.
- (3) Excluded the planned use of reserves of \$0.3 million for 2017-18 and \$2.2 million for 2018-19.

Source: The Audited Financial Statements and Adopted Budgets of the District. The summary itself is not audited.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, 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 School Districts can be paid only if the State has such monies available for such payment.

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years, and the amounts budgeted for the two most current fiscal years.

General Fund State Aid

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>State Aid ⁽²⁾</u>	<u>State Aid to Revenue (%)</u>
2013	\$118,064,626	\$5,293,408	4.5%
2014	121,957,629	5,583,024	4.6
2015	123,768,721	5,643,122	4.6
2016	125,129,301	6,143,455	4.9
2017	127,452,786	7,122,266	5.6
2018 (Budget) ⁽²⁾	128,822,250	7,064,506	5.5
2019 (Budget) ⁽²⁾	133,099,405	7,545,656	5.7

- (1) Exclusive of Other Financing Sources
- (2) Excluded the planned use of reserves of \$0.3 million for 2017-18 and \$2.2 million for 2018-19.

Source: The Audited Financial Statements and 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” herein). The District has received timely STAR aid from the State for the current fiscal year.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. During the 2012 to 2018 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 fiscal year, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. Although the State's 2018-2019 Budget was adopted on March 30, 2018, in advance of the April 1 deadline, the State's 2017-2018 Budget was adopted on April 9, 2017, a delay of approximately 8 days. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

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 mid-year 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.

Litigation Regarding Apportionment of State Aid

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity (“CFE”) v. State of New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in Campaign for Fiscal Equity (“CFE”) v. State of New York, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled NYSER v. State of New York has been filed recently on behalf of the State’s public-school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in CFE v. State of New York. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER’s claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting New York School Districts

The recent history of state aid to school districts in the State for the last five years is as follows:

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

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.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process. School districts were required to obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the State’s 2015-16 Budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the Governor’s budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase included \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State’s 2017-2018 Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, in keeping with the State’s usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor’s plan.

School district fiscal year (2018-2019): The State’s final education budget includes record support for schools of more than \$26 billion, including an increase of \$1 billion over last year. This four-percent increase continues the commitment of funding education at a rate higher than the growth of the rest of the budget.

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 Affecting Financings of the Municipalities of the State” herein).

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, 2017, the audit was performed by the firm of Bonadio & Co., LLP. 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, 2017 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.

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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:

	2014	2015	2016	2017	2018
Assessed Valuations:					
Town of Bedford	\$401,320,492	\$403,149,715	\$405,670,104	\$407,859,951	\$409,449,281
Town of Mt. Kisco	302,006,669	302,073,683	298,813,988	298,846,142	298,356,848
Town of New Castle	65,131,994	64,825,561	68,390,004	68,426,161	70,035,574
Town of North Castle	4,192,590	4,136,143	4,110,083	4,134,512	4,120,744
Town of Pound Ridge	<u>350,262,419</u>	<u>351,621,571</u>	<u>353,884,799</u>	<u>354,830,491</u>	<u>355,348,353</u>
Total Assessed Values	<u>\$1,122,914,164</u>	<u>\$1,125,806,673</u>	<u>\$1,130,868,978</u>	<u>\$1,134,097,257</u>	<u>\$1,137,310,800</u>
State Equalization Rates: ⁽¹⁾					
Town of Bedford	9.76%	11.43%	10.36%	10.22%	10.50%
Town of Mt. Kisco	19.45	20.90	18.08	17.56	17.44
Town of New Castle	20.14	21.02	20.67	19.34	19.50
Town of North Castle	2.24	2.36	2.37	2.25	2.34
Town of Pound Ridge	16.80	18.30	18.11	17.74	18.26
Full Valuations:					
Town of Bedford	\$4,111,890,287	\$3,527,158,486	\$3,915,734,595	\$3,990,801,869	\$3,899,516,962
Town of Mt. Kisco	1,552,733,517	1,445,342,981	1,652,732,235	1,701,857,301	1,710,761,743
Town of New Castle	323,396,197	308,399,434	330,866,009	353,806,417	359,156,790
Town of North Castle	187,169,196	175,260,297	173,421,224	183,756,089	176,100,171
Town of Pound Ridge	<u>2,084,895,351</u>	<u>1,921,437,546</u>	<u>1,954,085,030</u>	<u>2,000,171,877</u>	<u>1,946,047,935</u>
Total Full Valuations	<u>\$8,260,084,548</u>	<u>\$7,377,598,744</u>	<u>\$8,023,839,092</u>	<u>\$8,230,393,552</u>	<u>\$8,091,583,601</u>
Tax Levy ⁽²⁾	<u>\$104,912,808</u>	<u>\$106,694,576</u>	<u>\$107,116,950</u>	<u>\$108,862,234</u>	<u>\$111,407,552</u>
Tax Rate (per \$1,000 AV) ⁽³⁾⁽⁴⁾					
Town of Bedford	\$138.44	\$134.18	\$136.82	\$137.15	\$138.38
Town of Mt. Kisco	69.46	73.39	78.45	79.79	83.32
Town of New Castle	67.09	72.98	68.63	72.48	74.53
Town of North Castle	603.18	650.04	598.59	623.00	621.03
Town of Pound Ridge	80.42	83.83	78.34	79.02	79.58

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

(2) Net tax levy after actual STAR exemptions of \$6,702,268 for 2014, \$6,474,493 for 2015, \$6,706,474 for 2016, \$6,506,601 for 2017 and \$6,180,192 for 2018.

(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, as amended, 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

Chapter 97 of the Laws of 2011, as amended, (herein referred to as the “Tax Levy Limit Law” or “Law”) modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. 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 Bonds and 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).

Chapter 59 of the Laws of 2014 (“Chapter 59”) included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction’s compliance with the provisions of the Tax Levy Limit Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved “government efficiency plan” which demonstrated three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 (“Chapter 20”) introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District (“MCTD”) received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 will vary based on a taxpayer’s personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district’s compliance with the provisions of the Tax Levy Limit Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the “Big 4” cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limit Law is only required in the case of the “Big 4” cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limit Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limit Law. While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and Chapter 20 does, provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law.

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 STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 “full value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

Approximately 5.3% of the District’s 2017-2018 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. For 2017-18, the District has applied for a reimbursement of \$6,180,192. The Districts application included a total of 3,423 basic exceptions and 674 enhanced exemptions.

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Ten of the Largest Taxpayers

2018-19 Fiscal Year Tax Collections

<u>Taxpayer</u>	<u>Property Use</u>	<u>Taxable Full Valuation ⁽¹⁾</u>	<u>Percent of Total Full Valuation ⁽²⁾</u>
New York City Bureau	Municipal	\$390,878,539	4.83%
Consolidated Edison	Utility	151,537,960	1.87
IBM	Business	84,286,822	1.04
Westchester County	Municipal	82,269,406	1.02
Diamon Properties	Shopping Center	78,464,406	0.97
Airport Campus LLC	Real Estate	52,328,767	0.65
Citigroup Inc.	Banking Center	40,584,475	0.50
Massealah International	Misc.	37,852,094	0.47
Freidland/Moger Properties	Real Estate	34,080,580	0.42
Peltz, Nelson	Private	33,919,810	0.42
Total		<u>\$986,202,859</u>	<u>12.19%</u>

(1) Based on the assessed values for computing 2018-19 tax collections. .

(2) Based on the District full valuations for the 2017-18 fiscal year is \$8,230,393,552. The 2018-19 full valuation was not yet available as of the date of this Official Statement.

Source: District officials.

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.

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 of the several objects or purposes contracted therefor; 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 “*Nature of Obligation*” and “*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 has complied with such procedure with respect to the Bonds and 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 Bonds and Notes. However, such finance board may delegate the power to sell the Bonds and 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 ration 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.

Constitutional Debt-Contracting Limitation

Computation of Debt Contracting Limitation - As of June 16, 2018

Town	Assessed Valuations	Equalization Rate ⁽¹⁾	Full Valuations
Bedford	\$409,449,281	10.50%	\$3,899,516,962
Mt. Kisco	298,356,848	17.44	1,710,761,743
New Castle	70,035,574	19.50	359,156,790
North Castle	4,120,744	2.34	176,100,171
Pound Ridge	355,348,353	18.26	1,946,047,935
Total Full Valuation			\$8,091,583,601
2017-18 Debt-Contracting Limitation: (10% of Full Valuation)			\$ 809,158,360

(1) Final rates as established by the ORPTS.

Statutory Debt Limit and Net Indebtedness

**Statement of Debt Contracting Power ⁽¹⁾
As of June 16, 2018**

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation:	\$809,158,360	100.00%
Gross Indebtedness:		
Serial Bonds	33,835,000	4.18%
Bond Anticipation Notes	<u>32,895,908</u>	<u>4.07%</u>
	<u>66,730,908</u>	<u>8.25%</u>
Deductions ⁽²⁾	<u>-0-</u>	<u>0.00%</u>
Net Debt	<u>66,730,908</u>	<u>8.25%</u>
Net Debt Contracting Margin	<u><u>\$742,427,452</u></u>	<u><u>91.75%</u></u>

(1) Excludes installment purchase debt (approximately \$0.7 million).
(2) The District expects to receive State building aid for approximately 8% of debt service related to the current building program. 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

The District has not issued tax anticipation notes in the last 5 completed fiscal years. The District will continue to monitor the cash position prior to making this determination.

Bond Anticipation Notes

As of June 30, 2017, the District had following bond anticipation notes outstanding:

<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
School Additions & Renovations	\$31,238,867	July 13, 2018
BOCES Project	<u>1,657,041</u>	July 13, 2018
	<u><u>\$32,895,908</u></u>	

Such notes will be renewed by the District with available funds and proceeds of the Bonds and Notes.

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 0.25% of the District's maximum debt authority. At June 16, 2018, the balance for such contracts was \$773,641. See page 39 in the Audited Financial Statements for the year ended June 30, 2017.

The District recently received a series of bids on computer leases in the amount of approximately \$175,000 for the 2017-18 fiscal year. District officials have advised they may issues various leases over the next 4 years for such purposes. The amount anticipated to be issued over that term is not expected to exceed \$700,000. In addition, District officials indicated a truck may be leased over a 5 year period requiring annual payments of \$36,350.

Trend of Capital Indebtedness

The following table sets forth capital indebtedness outstanding at the end of each of the fiscal years ended June 30, 2013 through 2017, inclusive. Refunded debt and installment purchase contract debt has been excluded.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonded Indebtedness	\$56,720,000	\$51,960,000	\$46,395,000	\$42,125,000	\$37,860,000
Bond Anticipation Notes	<u>-0-</u>	<u>-0-</u>	<u>12,196,248</u>	<u>26,704,110</u>	<u>33,340,752</u>
Total Outstanding Indebtedness	<u>\$56,720,000</u>	<u>\$51,960,000</u>	<u>\$58,591,248</u>	<u>\$68,829,110</u>	<u>\$71,200,752</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 June 16, 2018

Gross Direct Indebtedness	\$ 66,730,908
Exclusions and Deductions	<u>0</u>
Net Direct Indebtedness	<u>\$ 66,730,908</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⁾	12-31-15	\$574,596,502	5.03%	\$ 28,902,204
Sewer		514,009,904	0.08	411,208
Solid Waste		13,274,321	1.08	143,363
Towns:				
Bedford ⁽²⁾	03-02-17	12,517,985	70.03	8,767,745
Mt. Kisco	12-31-15	-0-	100.00	-0-
New Castle ⁽³⁾	06-16-16	10,815,978	5.93	641,387
North Castle ⁽⁴⁾	12-31-15	4,220,696	3.51	148,146
Pound Ridge	12-31-15	2,075,713	95.32	<u>1,978,570</u>
Total				<u><u>\$ 40,992,623</u></u>

- (1) Excludes \$20,712,948 in water debt.
(2) Excludes \$18,170,124 in water debt and \$2,401,891 in budgetary appropriations.
(3) Excludes \$4,014,022 in water debt.
(4) Excludes \$19,460,304 in water and sew debt.

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 June 16, 2018. Installment purchase contract debt and the net effect of estimated building aid has not been included in these calculations.

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Ratio To Full Value ⁽²⁾</u>
Net Direct Debt	\$ 66,730,908	\$2,264	0.83%
Net Direct and Overlapping Debt	107,723,531	3,655	1.33

- (1) The District's population for 2015, according to the US Census Bureau, is estimated at 29,469.
(2) The District's full valuation of taxable real estate for 2017-18 fiscal year is \$8,091,583,601.

Authorized But Unissued Debt

The District has no authorized but unissued debt. However, the District is in the process of reviewing an opportunity to refund its series 2008 bonds. District officials have not yet determined if this opportunity will be pursued. In addition, District officials have indicated a tax anticipation borrowing may occur during the 2018-19 fiscal year. An exact amount and timeframe for such purposes has not yet been determined and the District will continue to monitor its cash position.

The District recently received a series of bids on computer leases in the amount of approximately \$175,000 for the 2017-18 fiscal year. District officials have advised they may issue various leases over the next 4 years for such purposes. The amount anticipated to be issued over that term is not expected to exceed \$700,000. In addition, District officials indicated a truck may be leased over a 5 year period requiring annual payments of \$36,350.

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. The Bonds and installment purchase contract debt has been excluded from the table.

Schedule of Debt Service Requirements

<u>Fiscal Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Cumulative Principal Paid</u>
2018 ⁽¹⁾	\$ 4,025,000	\$ 1,423,775	\$ 5,448,775	10.63%
2019	4,190,000	1,232,550	5,422,550	21.70
2020	4,410,000	1,033,950	5,443,950	33.35
2021	4,590,000	825,900	5,415,900	45.47
2022	4,780,000	624,763	5,404,763	58.10
2023	4,710,000	432,691	5,142,691	70.54
2024	3,475,000	282,050	3,757,050	79.71
2025	3,585,000	173,925	3,758,925	89.18
2026	3,660,000	71,463	3,731,463	98.85
2027	215,000	19,306	234,306	99.42
2028	220,000	9,900	229,900	100.00
	<u>\$37,860,000</u>	<u>\$ 6,130,273</u>	<u>\$ 43,990,273</u>	

(1) As of June 16, 2018, the District has paid \$4,025,000 in principal and \$1,423,775 in interest in connection with the 2017-18 fiscal year.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

The 2016 population of the District is estimated to be 29,407 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

	2000	2010	2016
Towns:			
Bedford	18,133	17,335	17,800
Mt. Kisco	9,983	10,877	11,062
New Castle	17,491	17,569	17,954
North Castle	10,849	11,841	12,198
Pound Ridge	4,726	5,104	5,214
County	923,459	949,113	969,229
State	18,976,457	19,378,102	19,697,457

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

	2016
Towns:	
Bedford	\$75,277
Mt. Kisco	37,432
New Castle	93,095
North Castle	96,799
Pound Ridge	108,838
County	49,938
State	34,212

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

Median Income of Families - 2016

	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	\$159,688	5.4%	13.7 %	7.4 %	5.3 %	68.2 %
Mt. Kisco	84,970	11.9	21.0	11.3	13.7	42.1
New Castle	216,857	3.1	3.6	2.7	5.4	85.1
North Castle	197,672	1.5	6.02	5.7	5.5	81.1
Pound Ridge	199,063	1.2	4.9	3.1	7.2	83.6
County	110,543	9.4	13.5	12.0	10.4	54.8
State	74,036	15.5	18.6	16.5	13.2	36.3

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

Employment

Average Employed Civilian Labor Force 2000 - 2017

	2000	2010	2017	% Change	
				2000-2010	2010-2017
County	445,400	441,900	462,100	(0.4)	4.4
State	8,718,700	8,769,700	9,249,200	0.6	5.5

Source: New York State Department of Labor.

Average Unemployment Rates

Year	County	State	United States
2012	7.3%	8.5%	8.1%
2013	6.3	7.7	7.4
2014	5.1	6.3	6.2
2015	4.6	5.3	5.3
2016	4.2	4.8	4.9
2017	4.6	4.7	4.4
2018 ⁽¹⁾			
Jan	4.9	5.1	4.5
Feb	5.2	5.1	4.4
Mar	4.7	4.8	4.1
Apr	4.2	4.4	3.7

(1) Monthly Rates.

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

Major Private Sector Employers in the County

Name Of Business	Nature Of Business
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Westchester Medical Center	Hospital and health care services
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and research
Pace University	Private co-educational university
White Plains Hospital	Hospital and health care services
St. John's Riverside Hospital	Hospital and health care services

Source: The 2016 Comprehensive Annual Financial Report of Westchester County. Info was compiled by the Westchester Business Journal as of April 2017.

Housing Data

Comparative Housing Stock 2000 - 2016

	Number of Units			% Change	
	2000	2010	2016	2000-10	2010-16
Town	6,020	6,326	6,506	5.1%	2.8%
County	349,445	370,821	369,925	6.1	(0.2)
State	7,679,307	8,108,103	8,191,568	5.6	1.0

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

Median Housing Values and Rentals 2016

	% Constructed 2010-2016	Median Value Owner Occupied Units	Median Rent Renter Occupied Units	Occupancy Status		
				Owner Occupied	Renter Occupied	Vacant
Town	2.0%	771,000	\$1,421	65.2%	22.0%	12.8%
County	0.8	507,300	1,394	57.3	35.3	7.4
State	1.3	286,300	1,159	47.5	41.2	11.3

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

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:

	2013	2014	2015	2016	2017
ASSETS					
Cash	\$ 20,321,977	\$ 19,024,119	\$ 18,467,070	\$ 13,630,787	\$ 16,962,971
Accounts Receivable	35,639	66,639	31,460	121,061	34,605
Due From State and Federal	752,228	667,894	888,020	836,743	811,301
Due From Other Governments	1,123,451	814,140	1,296,007	1,142,316	1,101,005
Prepaid Expenditures	0	0	0	1,643	0
Due From Other Funds	1,653,281	4,074,368	3,216,924	1,355,585	1,782,766
Total Assets	\$ 23,886,576	\$ 24,647,160	\$ 23,899,481	\$ 17,088,135	\$ 20,692,648
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 2,629,851	\$ 2,999,547	\$ 3,113,784	\$ 3,152,193	\$ 3,033,785
Due To Other Funds	0	0	5,570	6,099	355,645
Due To Other Governments	214,628	139,379	274,460	181,235	112,702
Deferred Revenues	106,754	102,176	0	0	0
Due To Retirement Systems	6,893,848	9,258,484	9,860,353	7,957,600	6,750,116
Unearned Revenue	0	0	0	71,200	125,504
Collection in advance	0	0	126,460	0	0
Compensated Absences Payable	0	0	0	0	0
Total Liabilities	9,845,081	12,499,586	13,380,627	11,368,327	10,377,752
Fund Balance:					
Nonspendable	0	0	0	1,643	0
Restricted	4,637,224	3,812,022	3,283,999	2,984,841	4,297,800
Assigned	4,554,266	3,763,785	3,040,698	688,273	854,206
Unassigned	4,850,005	4,571,767	4,194,157	2,045,051	5,162,890
Total Fund Balance	14,041,495	12,147,574	10,518,854	5,719,808	10,314,896
Total Liabilities and Fund Balance	\$ 23,886,576	\$ 24,647,160	\$ 23,899,481	\$ 17,088,135	\$ 20,692,648

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:

	2013	2014	2015	2016	2017
REVENUES:					
Real Property Taxes	\$ 101,076,111	\$ 104,786,444	\$ 106,622,907	\$ 107,132,804	\$ 108,834,605
Other Tax Items	6,637,504	6,702,268	6,474,493	8,220,307	8,044,542
Non-Property Taxes	1,408,138	1,483,867	1,479,877	0	0
Charges For Services	2,067,796	1,907,650	2,156,381	2,051,273	1,737,803
Use Of Money And Property	496,134	477,006	568,277	594,561	607,168
Forfeitures	250	150	1,200	0	0
Sale Of Property And Compensation For Loss	51,117	44,775	19,123	23,477	14,950
State Aid	5,293,408	5,583,024	5,643,122	6,143,455	7,122,286
Federal Aid	0	0	0	0	0
Miscellaneous	1,034,168	972,445	803,341	963,424	1,091,432
Total Revenues	118,064,626	121,957,629	123,768,721	125,129,301	127,452,786
EXPENDITURES:					
Current:					
General Support	12,926,644	12,528,155	12,148,213	11,366,824	10,544,410
Instruction	62,757,074	61,901,523	64,148,602	67,612,334	65,167,560
Pupil Transportation	8,009,467	8,243,940	8,469,246	8,362,022	8,790,706
Employee Benefits	27,967,039	33,117,562	33,366,476	35,254,481	30,937,238
Debt Service	7,975,048	7,942,934	6,996,351	7,164,557	7,288,497
Total Expenditures	119,635,272	123,734,114	125,128,888	129,760,218	122,728,411
Excess of Revenues Over Expenditures	(1,570,646)	(1,776,485)	(1,360,167)	(4,630,917)	4,724,375
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	300,000	377,864	353,879	100,000	0
Operating Transfers - Out	(1,503,649)	(495,300)	(622,432)	(268,129)	(129,287)
Total Other Financing Sources (Uses)	(1,203,649)	(117,436)	(268,553)	(168,129)	(129,287)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,774,295)	(1,893,921)	(1,628,720)	(4,799,046)	4,595,088
Fund Balance - Beginning of Year	16,815,790	14,041,495	12,147,574	10,518,854	5,719,808
Other Changes In Fund Balance	0	0	0	0	0
Fund Equity - End of Year	\$ 14,041,495	\$ 12,147,574	\$ 10,518,854	\$ 5,719,808	\$ 10,314,896

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
BUDGET SUMMARY

	Adopted Budget <u>2017-2018</u>	Adopted Budget <u>2018-2019</u>
ESTIMATED REVENUES:		
Real Property Taxes (1)	\$ 117,587,744	\$ 121,107,096
Non-Property Taxes (Sales tax)	1,500,000	1,550,000
Charges and Fees	1,510,000	1,589,350
Use of Money and Property	560,000	555,000
Sale of Property and Compensation for Loss	0	5,000
State Sources	7,274,506	7,545,656
Federal Sources	175,000	0
Miscellaneous	215,000	747,303
Interfund Transfers	<u>0</u>	<u>0</u>
 TOTAL ESTIMATED REVENUES	 <u>128,822,250</u>	 <u>133,099,405</u>
 APPROPRIATED FUND BALANCE	 <u>250,000</u>	 <u>0</u>
 TOTAL ESTIMATED REVENUES AND APPROPRIATED FUND BALANCE	 <u><u>129,072,250</u></u>	 <u><u>133,099,405</u></u>
 APPROPRIATIONS:		
General Support	11,611,094	13,749,832
Instruction	67,718,413	70,626,194
Pupil Transportation	8,935,105	9,331,086
Employee Benefits	33,131,773	33,724,216
Interfund Transfers	507,060	358,000
Debt Service	<u>7,168,805</u>	<u>7,364,728</u>
 TOTAL APPROPRIATIONS	 <u><u>\$ 129,072,250</u></u>	 <u><u>\$ 135,154,056</u></u>

(1) Includes school tax relief allocations

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APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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

<https://emma.msrb.org/ER1103938-ES830003-ER1264051.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. Bonadio & 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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APPENDIX D

FORM OF BOND COUNSEL OPINIONS

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The Board of Education of
Bedford Central School District,
in the County of Westchester, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Bedford Central School District (the “District”), in the County of Westchester, New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$29,700,000 School District Serial Bonds-2018 (the “Bonds”), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Concurrently with the issuance of the Bonds, the District is issuing its \$978,438 Bond Anticipation Note for Building Improvements-2018 and \$1,627,314 Bond Anticipation Note for BOCES Improvements-2018 (collectively, the “Notes”). The Notes are treated, together with the Bonds, as a single issue for Federal tax purposes. We served as Bond Counsel with respect to the issuance of the Notes and, on the date hereof, we rendered our opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds, the Notes to become subject to Federal income taxation retroactive to the date hereof, irrespective of the date on which such noncompliance occurs or is ascertained.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds 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 Bonds and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.
2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the District will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District represents that it 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 that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement related to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

The Board of Education of
Bedford Central School District,
in the County of Westchester, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Bedford Central School District, in the County of Westchester (the "School District"), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$978,438 Bond Anticipation Note for Building Improvements-2018 (the "Note"), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Concurrently with the issuance of the Note, the School District is issuing its \$29,700,000 School District Serial Bonds and the \$1,627,314 Bond Anticipation Note for BOCES Improvements-2018 (collectively, the "Other Obligations"). The Other Obligations are treated, together with the Note, as a single issue for Federal income tax purposes. We have served as bond counsel with respect to the issuance of the Other Obligations and, on the date hereof, have rendered our opinion with respect to the exclusion of interest on the Other Obligations from gross income for Federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Other Obligations and the Note to become subject to Federal income taxation retroactive to the date of issue thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.
2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note 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 Note is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to its date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it 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 that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the accuracy, sufficiency or completeness of the Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District which have been or may hereafter be furnished or disclosed to purchasers of said Note.

Very truly yours,

The Board of Education of
Bedford Central School District,
in the County of Westchester, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Bedford Central School District, in the County of Westchester (the "School District"), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$1,627,314 Bond Anticipation Note for BOCES Improvements-2018 (the "Note"), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Concurrently with the issuance of the Note, the School District is issuing its \$29,700,000 School District Serial Bonds and the \$978,438 Bond Anticipation Note for Building Improvements-2018 (collectively, the "Other Obligations"). The Other Obligations are treated, together with the Note, as a single issue for Federal income tax purposes. We have served as bond counsel with respect to the issuance of the Other Obligations and, on the date hereof, have rendered our opinion with respect to the exclusion of interest on the Other Obligations from gross income for Federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Other Obligations and the Note to become subject to Federal income taxation retroactive to the date of issue thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note 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 Note is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to its date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it 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 that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the accuracy, sufficiency or completeness of the Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District which have been or may hereafter be furnished or disclosed to purchasers of said Note.

Very truly yours,

APPENDIX E

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

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UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Bedford Central School District, in the County of Westchester, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s \$29,700,000 School District Serial Bonds - 2018, dated July 12, 2018, maturing in various principal amounts on July 1 in each of the years 2019 to 2033, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the EMMA System:

- (i) not later than the last day of the sixth month following the end of each fiscal year, commencing with the fiscal year ending June 30, 2018, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for each fiscal year commencing with the fiscal year ending June 30, 2018, if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than the last day of the succeeding fiscal year; provided, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933.
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) 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;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "The District", "Financial Factors", "Tax Information", "District Indebtedness", "Economic and Demographic Information" and "Litigation", and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with New York State regulatory requirements or GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with subsection (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person;

provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

BEDFORD CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education and Chief Fiscal Officer

APPENDIX F

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

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UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean **Bedford Central School District**, in the County of Westchester, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of July 13, 2017.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$978,438 Bond Anticipation Note for Building Improvements – 2018 and \$1,627,314 Bond Anticipation Note for BOCES Improvements - 2018** dated July 12, 2018, maturing on July 12, 2019, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) 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;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

BEDFORD CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education and Chief Fiscal Officer

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