

July 14, 2015

Town of Bedford
425 Cherry Street
Bedford Hills, NY 10507
Attention: The Honorable Edward Ritter, Comptroller

Re: *US\$8,577,016 Bedford Town, New York, Public Improvement (Serial) Bonds, Series 2015A, dated: Date of delivery, due: May 1, 2035*
US\$977,611 Bedford Town, New York, Public Improvement (Serial) Bonds, Series 2015B, dated: Date of delivery, due: May 1, 2045

Dear Comptroller Ritter:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AAA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

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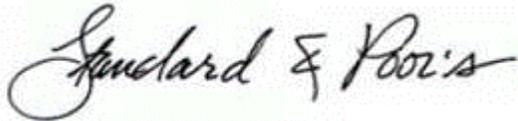
Please send hard copies to:
Standard & Poor's Ratings Services

Public Finance Department
55 Water Street
New York, NY 10041-0003

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Sincerely yours,

The logo for Standard & Poor's, featuring the company name in a stylized, cursive script font.

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or
enclosures

cc: Ms. Judy Maurer, Advisor
Capital Markets Advisors, LLC



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Summary:

Bedford Town, New York; General Obligation

Primary Credit Analyst:

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Summary:

Bedford Town, New York; General Obligation

Credit Profile

US\$8.577 mil pub imp (serial) bnds ser 2015A		
<i>Long Term Rating</i>	AAA/Stable	New
US\$0.978 mil pub imp (serial) bnds ser 2015B		
<i>Long Term Rating</i>	AAA/Stable	New
Bedford Twn GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AAA' rating and stable outlook to Bedford Town, N.Y.'s series 2015A and 2015B general obligation (GO) public improvement serial bonds and affirmed its 'AAA' rating, with a stable outlook, on the town's existing GO debt.

The town's faith-and-credit pledge secures the bonds. Officials intend to use series 2015A and 2015B bond proceeds to fund various town capital projects.

The rating reflects our opinion of the following factors for the town, specifically its:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with "good" financial management policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 34% of operating expenditures;
- Very strong liquidity, with total government available cash of 73.4% of total governmental fund expenditures and 5.9x governmental debt service, and access to external liquidity we consider strong;
- Adequate debt and contingent liability position, with debt service carrying charges of 12.4% of expenditures and net direct debt that is 112.3% of total governmental fund revenue, and low overall net debt at less than 3% of market value and rapid amortization with 67.4% of debt scheduled to be retired within 10 years, but a large pension and other postemployment benefit (OPEB) liability; and
- Strong institutional framework score.

Very strong economy

We consider Bedford's economy very strong. The town, with an estimated population of 17,602, is located in Westchester County in the New York-Newark-Jersey City MSA in New York State; New Jersey; and Pennsylvania, which we consider broad and diverse. The town has a projected per capita effective buying income of 200% of the national level and per capita market value of \$322,086. Overall, the town's market value grew by 12.3% over the past year to \$5.7 billion in fiscal 2015. The county unemployment rate was 5.1% in 2014.

Bedford encompasses approximately 40 square miles in northern Westchester County, about 35 miles north of New York City. Many of the primarily residential town's residents commute into New York City for employment. County unemployment remained below state and national rates. The property tax base remains very diverse with the 10 leading taxpayers accounting for 5.2% of assessed value.

Strong management

We view the town's management as strong, with "good" financial management policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights include management's:

- Looking back three years and considering trends when budgeting;
- Monthly updates on budget-to-actual results to the town board with amendments performed as needed;
- Five-year, long-term financial plan that it formally updates annually;
- Nine-year, long-term capital plan that it formally updates every other year;
- Formal investment policy, coupled with following the state's guidelines; and
- Informal fund balance target of keeping reserves at more than \$3.5 million, which it has adhered to over the past four years.

Strong budgetary performance

Bedford's budgetary performance is strong, in our opinion. The town had surplus operating results in the general fund of 5.2% of expenditures, when including recurring transfers, but a deficit result across all governmental funds of a negative 1.7% of expenditures in fiscal 2014.

Officials report that fiscal 2015 is currently in-line with the budget in every area and that they currently expect the town to finish fiscal 2015 with a general fund surplus of a few hundred thousand dollars. The fiscal 2016 budget is currently not available; the town will not make the preliminary budget available until after the first week of August 2015.

Very strong budgetary flexibility

Bedford's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2014 of 34% of operating expenditures, or \$6.6 million.

Management currently expects a small general fund surplus in fiscal 2015. Therefore, we believe budgetary flexibility will likely remain very strong over the next couple of fiscal years. The town has remained within the state's tax levy cap, and it has historically left room below the cap; management currently plans to continue to leave room below the cap over the next few fiscal years.

Very strong liquidity

In our opinion, Bedford's liquidity is very strong, with total government available cash of 73.4% of total governmental fund expenditures and 5.9x governmental debt service in fiscal 2014. In our view, the town has strong access to external liquidity if necessary.

Bedford has historically issued GO bonds, which gives it strong access to external liquidity. Investments are, what we

regard as, conservative. The town does not currently have any contingent liability risk.

Adequate debt and contingent liability profile

In our view, Bedford's debt and contingent liability profile is adequate. Total governmental fund debt service is 12.4% of total governmental fund expenditures, and net direct debt is 112.3% of total governmental fund revenue. Overall net debt is low at 2.7% of market value and approximately 67.4% of the direct debt is scheduled to be repaid within 10 years, which are, in our view, positive credit factors.

The town plans to take on renovations to its police department, which will cost approximately \$4 million. The town will use roughly \$1 million of fund balance, and it will bond for the additional \$3 million. According to management, it plans to issue the debt sometime in fiscal 2016. We do not expect this new debt to have a significant effect on the town's debt score.

Bedford is facing large pension and OPEB obligations, which we consider a negative credit factor. In fiscal 2014, Bedford contributed 100% of the annual required pension contribution. The combined annual pension and OPEB cost accounted for 10.7% of total government expenditures in fiscal 2014. Of that amount, 7.1% represented contributions to pension obligations and 3.6% represented OPEB payments. The town made its full annual required pension contribution in fiscal 2015. The pension's funded ratio is 88.5%.

Strong institutional framework

The institutional framework score for New York towns is strong.

Outlook

The stable outlook reflects Standard & Poor's opinion of Bedford's very strong economy and liquidity. We believe Bedford's access to the New York City-Newark-Jersey City MSA provides further rating stability. If future debt issuance were to cause the town's debt and liabilities position to weaken, we could lower the rating. We, however, do not expect to change the rating over the outlook's two-year period.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: New York Local Governments

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings

Summary: Bedford Town, New York; General Obligation

affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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