

# RatingsDirect®

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## Summary:

# Bedford Town, New York; General Obligation

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### Credit Profile

US\$6.777 mil pub imp (serial) bnds ser 2023 dtd 09/29/2023 due 05/01/2043

*Long Term Rating* AAA/Stable New

Bedford Twn GO

*Long Term Rating* AAA/Stable Affirmed

### Credit Highlights

- S&P Global Ratings assigned its 'AAA' rating to Bedford Town, N.Y.'s roughly \$6.7 million series 2023 public-improvement serial revenue bonds.
- S&P Global Ratings also affirmed its 'AAA' rating on the town's general obligation (GO) debt.
- The outlook is stable.

### Security

The town's faith-and-credit pledge secures the bonds. Officials intend to use series 2023 bond proceeds to fund various capital improvements.

### Credit overview

The rating reflects our opinion of Bedford's very strong economy with high income and significant residential property tax base component, supported by access to Westchester County's and New York City's broader employment centers.

Budgetary performance, after adjustments for transfers, continues positive operational trends. Revenue outperformed budgeted levels by roughly \$2.5 million due primarily to sales tax revenue and additional state aid. Conservative budgeting led to expenses \$1.4 million underbudget. Property taxes are the main revenue source followed by sales taxes.

The fiscal 2023 general fund budget is \$28.8 million, a 4.9% increase from fiscal 2022. Across all funds, the total budget is \$44.1 million, including a tax levy increase of 2.84%. Management reports budget-to-actual results are strong, in our view.

Following the series 2023 issuance, Bedford will likely maintain approximately \$49.6 million of total debt. We note the two pension systems Bedford participates in--New York State Police & Fire Retirement System (98.66% funded with a net pension liability of \$568,042) and New York State Employees' Retirement System (103.65% funded with a net pension asset of \$8.1 million)--are well funded. However, the other postemployment benefit (OPEB) liability will likely result in escalating costs since Bedford funds OPEB liabilities on a pay-as-you-go basis due to claims volatility and medical-cost and demographic trends. Its unfunded liability is \$71.3 million.

The rating reflects our view of the town's:

- Continued tax base appreciation while leveraging grants for downtown improvements in its underlying municipalities while looking to strengthen its retail component townwide through infrastructure improvements;
- Strong management with good financial-management policies, practices under our Financial Management Assessment (FMA) methodology and strong Institutional Framework score;
- History of positive performance, supported by conservative budgeting, resulting in very strong reserves in excess of 30%- of expenditures, which we consider a credit positive, and very strong liquidity; and
- Manageable debt despite a large OPEB liability, which we view as a credit pressure--The town's additional debt plans are manageable and not what we consider sizable.

### Environmental, social, and governance

We have analyzed environmental, social, and governance (ESG) factors relative to Bedford's economy, budgetary outcomes, management, and debt and long-term liability profile; we view them all as consistent with the sector. Furthermore, we view the state statutory framework limiting the creation of trust funds to offset OPEB liabilities as a governance weakness for the New York State local government sector.

### Outlook

The stable outlook reflects S&P Global Ratings' opinion of Bedford's robust local economy and strong budgetary performance, bolstered by good management practices and manageable fixed costs.

### Downside scenario

We could lower the rating or revise the outlook to negative if budgetary performance were to weaken materially or if OPEB liabilities were to continue to grow, resulting in a significant deterioration of budgetary flexibility or liquidity.

### Ratings above the sovereign

Under our criteria, titled "Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions," published Nov. 19, 2013, on RatingsDirect, Bedford's GO bonds are eligible to be rated above the sovereign because we think the town can maintain better credit characteristics than the nation in a stress scenario. Under the criteria, the town has a predominately locally derived revenue source, accounting for nearly two-thirds of general fund revenue.

### Bedford Town, New York key credit metrics

	Most recent	--Historical information--		
		2022	2021	2020
<b>Very strong economy</b>				
Projected per capita effective buying income (EBI) (%) of U.S.	203.4			
Market value per capita (\$)	348,017			
Population		18,468	17,640	17,615
County unemployment rate(%)		3.1		
Market value (\$000)	6,427,173	5,237,146	5,461,316	5,331,357
10 largest taxpayers as a % of taxable value	5.2			

## Bedford Town, New York key credit metrics (cont.)

	Most recent	--Historical information--		
		2022	2021	2020
<b>Strong budgetary performance</b>				
Operating fund result as a % of expenditures		14.7	13.1	(6.3)
Total governmental fund result as a % of expenditures		10.9	14.6	10.1
<b>Very strong budgetary flexibility</b>				
Available reserves as a % of operating expenditures		56.7	45.1	32.3
Total available reserves (\$000)		13,320	10,228	7,468
<b>Very strong liquidity</b>				
Total government cash % of governmental fund expenditures		75.9	65.0	65.4
Total government cash % of governmental fund debt service		613.0	570.9	489.7
<b>Strong management</b>				
Financial Management Assessment	Good			
<b>Adequate debt and long-term liabilities</b>				
Debt service as a % of governmental fund expenditures		12.4	11.4	13.4
Net direct debt as a % of governmental fund revenue	106.5			
Overall net debt as a % of market value	1.5			
Direct debt 10-year amortization (%)	72.1			
Required pension contribution as a % of governmental fund expenditures		5.5		
Other postemployment benefits actual contribution as a % of governmental fund expenditures		5.5		
<b>Strong Institutional Framework</b>				

Data points and ratios may reflect analytical adjustments.

## Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- 2022 Update Of Institutional Framework For U.S. Local Governments
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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