

**Summary:**

## Bedford Township, Massachusetts; General Obligation

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Credit Profile		
US\$2.755 mil GO rfdg bnds dtd 04/01/2010 due 12/01/2010-2017		
<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' long-term rating, and stable outlook, to Bedford, Mass.' general obligation (GO) refunding bonds. At the same time, Standard & Poor's affirmed its 'AAA' rating, with a stable outlook, on the town's parity debt outstanding.

In our opinion, the rating reflects:

- A residential community with access to, and participation in, the deep and diverse Greater Boston employment base, providing employment and income stability;
- Very strong income levels with median household effective buying income that is 195% of the national level;
- Extremely strong market value above \$239,000 per capita;
- Sound financial position, good management policies, and very strong reserves; and
- Moderate debt burden, net of state school construction aid.

The bonds are secured by the town's full faith pledge. We understand that proceeds will be used to refund 1998 and 2000 GO bonds for net present value savings.

Bedford, with a 2008 population estimate of 13,092, is an affluent suburb 15 miles northwest of Boston along Interstate 95 and State Route 3. Standard & Poor's views the town's property tax base as diverse, with a good mix of residential (77.0%), industrial (10.7%), and commercial (9.8%). Total assessed value (AV) rose 3.6% between fiscals 2006 and 2010 and now stands at \$2.75 billion. Due to the recession, AV declined 2.6% in fiscal 2010, but the decline in valuation has been much less than in many Massachusetts communities. The town's affluence is reflected by both high income levels and high per capita property wealth. Bedford's market value is what we consider an extremely strong \$239,000 per capita; and median household effective buying income is a very strong 195% of national levels. Unemployment has historically been below commonwealth and national rates, and while rising amid the recession, the jobless rate remains favorable at 6.9%, as of January 2010.

The town's financial position remains sound in our opinion, with a strong general fund balance bolstered by a sizable stabilization fund reserve. The audited fiscal year-end 2009 closed with a strong unreserved general fund balance of \$6.8 million or 9.4% of operating expenditures. The stabilization fund, which is available for any purpose with a two-thirds town meeting vote, also closed the year with what we consider a strong balance of \$3.0 million. Overall, the unreserved general fund balance and stabilization fund balance was a combined \$9.9 million,

or, in our opinion, a very strong 13.5% of operating expenditures.

Bedford also maintains a separate pension and other postemployment benefits (OPEB) trust funds that are used intermittently to offset annual required contributions. Although the pension and OPEB trust funds are restricted for those uses, they boost the town's overall revenue flexibility and demonstrate management's willingness and ability to appropriate funds to mitigate long-term liabilities. Other designated reserve funds, such as the community preservation fund, also provide indirect long-term operating flexibility.

Real estate taxes, which we view as a very stable and predictable revenue source, account for two-thirds of general fund revenue; current property tax collections remain strong with a near 100% collection rate. Bedford is not overly susceptible to local aid, which accounted for 17.5% of general fund revenues in fiscal 2009. Although we expect reserves to narrow slightly somewhat as certain revenues (particularly those sensitive to economic conditions) continue to moderate, we believe that the town will maintain its financial position at very strong levels as management continues to make the necessary expenditure adjustments needed to offset revenue declines, as it has historically demonstrated. Bedford's 2010 operating budget is up by 5.9% over the previous year, and totals \$67.6 million. Management indicates that revenues and expenditures are tracking budget for the current year.

Based on a review of several key financial practices, Standard & Poor's considers Bedford's management practices "good" under its Financial Management Assessment (FMA) methodology. In our framework, an FMA of good indicates financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them.

Bedford's overall debt burden is moderate in our opinion, but as a percent of market value we consider the debt burden low. The town has issued the majority of its long-term debt for school building purposes with reimbursements from the Massachusetts School Building Authority offsetting the debt. Net of estimated state school construction support, we view the town's overall net debt per capita as a moderate \$4,484 but a low 1.9% of market value. Debt service carrying charges are also a moderate, at 10.3% of operating expenditures in fiscal 2009, but this is due, in part, to a front-loaded amortization schedule that retires 80% of principal by 2027.

## Outlook

The stable outlook reflects Standard & Poor's expectation that the town's financial position will remain stable, supported by strong reserves and continued prudent financial management. The outlook also reflects Bedford's location and access to more-diverse employment bases, which aids in property tax base growth and provides employment and income stability.

## Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Ratings Detail (As Of March 22, 2010)		
<b>Bedford Twn GO</b>		
<i>Unenhanced Rating</i>	AAA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at [www.globalcreditportal.com](http://www.globalcreditportal.com) and RatingsDirect subscribers at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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