

RatingsDirect®

Summary:

Attleboro, Massachusetts; Note

Primary Credit Analyst:

Krystal Tena, New York + 1 (212) 438-1628; krystal.tena@spglobal.com

Secondary Contact:

Melissa Stoloff, Boston (1) 617-530-8030; melissa.stoloff@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

Attleboro, Massachusetts; Note

Credit Profile

US\$7.345 mil GO sch const BANs dtd 11/01/2023 due 11/01/2024

Short Term Rating

SP-1+

New

Attleboro GO sch const BANs dtd 11/01/2023 due 11/01/2024

Short Term Rating

SP-1+

Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'SP-1+' short-term rating to Attleboro, Mass.' \$7.345 million GO bond anticipation notes (BANs) dated Nov. 1, 2023.

Security

Attleboro's full-faith-and-credit pledge secures the 2023 general obligation school construction bond anticipation notes. The short-term rating reflects our criteria for evaluating and rating BANs. In our view, Attleboro maintains a very strong capacity to make principal and interest payments when BANs come due. We view the city's market-risk profile as low because it has strong legal authority to issue long-term debt to take out the BANs and is a frequent debt issuer that regularly provides disclosure to market participants.

Officials plan to use series 2023 BAN proceeds to fund the construction of a new high school. City voters authorized \$259.9 million in debt for this project on April 3, 2018, and at the same time authorized to exclude debt service related to this project from Proposition 2 1/2 tax limitations. To date, the city has issued \$154.2 million against this authorization.

Credit overview

Attleboro is a primarily residential community in southeastern Massachusetts. The city has more than doubled available reserves resulting from very strong surplus results in fiscal years 2020 and 2021, although management may look to expend reserves over the next few years for capital projects and to offset rising expenditures. We expect operational results for fiscal year 2023 to be at least break even, in line with the city's general performance trend. Over the near term, the city expects to issue about \$3 million in general obligation debt for various citywide capital outlay. In addition, over the medium term, the city expects to issue about \$176 million in new money debt through the Massachusetts Clean Water Trust for treatment and upgrades to its wastewater facility, with debt service expected to be subsidized through the application of loan subsidy amounts received by the trust. We also expect this debt to be self-supporting from user fees with net revenues of the wastewater system, which has averaged about 1x coverage over the past three audited fiscal years. We believe increasing retirement costs due to low-funded retirement-plan ratios and large unfunded liabilities will likely increasingly pressure the budget. However, the rating and stable outlook reflect our view of Attleboro's strong financial management environment and growing property tax base that offset potential credit pressures in the near term. The city's economic metrics remain below those of higher rated state

municipalities, and, while we understand Attleboro's target available reserve level is about \$7 million to \$8 million, we believe the city could have limited long-term flexibility to address its unfunded retirement obligations without pressuring other areas of the budget. We do not expect to revise our rating during the two-year outlook period.

The rating also reflects our view of the city's:

- Stable residential tax base with demonstrated growth particularly in multifamily housing and access to a broad and diverse metropolitan statistical area;
- Well-embedded financial policies and practices and a strong institutional framework score;
- Consistent financial operations supported by predictable revenue and expenditure profiles; and
- Low debt burden but elevated retirement costs.

Environmental, social, and governance

We assessed the city's environmental, social, and governance risks relative to its economy, management, financial measures, and debt and liability profile and determined that they are neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that the city will maintain at least balanced budgetary results with fund balance levels.

Downside scenario

We could lower the rating if budgetary performance weakened, thus significantly decreasing available reserves, or if economic metrics were to weaken.

Upside scenario

Over time, we could raise the rating if management maintains its current reserve profile through consistent balanced financial performance, along with a reduction in long-term retirement liabilities and growth in wealth and income metrics to levels consistent with those of higher rated peers.

Related Research

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.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.