S&P Global
Ratings

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

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