

RatingsDirect®

Summary:

Attleboro, Massachusetts; Note

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Credit Profile

US\$19.865 mil GO sch const BANs ser 2022 dtd 11/01/2022 due 11/01/2023

Short Term Rating

SP-1+

New

Credit Highlights

- S&P Global Ratings assigned its 'SP-1+' short-term rating to Attleboro, Mass.' \$19.865 million general obligation (GO) bond anticipation note (BAN) dated Nov. 1, 2022.

Security

Attleboro's full-faith-and-credit pledge secures the GO BAN. The city elected to exclude debt service from the financed projects in this issue from Proposition 2-1/2 limitations. We do not make a rating distinction between the city's limited- and unlimited-tax pledges. 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 the BAN proceeds to renew outstanding BANs of the same amount, issued to fund school construction projects.

Credit overview

Attleboro is a primarily residential community in southeastern Massachusetts. Surplus operating results over the past two years more than doubled available reserves, and although management may look to expend reserves over the next few years for capital projects and offsetting rising expenditures, we expect reserves will continue to rise in the near term. Increasing retirement costs due to low-funded retirement plan ratios and large unfunded liabilities will likely increasingly pressure the budget. The city's economic metrics remain below those of higher rated state municipalities, and it is not yet clear that it will maintain very strong reserve levels or have the long-term flexibility to address its unfunded retirement obligations without pressuring other areas of the budget. However, given the increased reserves and demonstrated ability to adjust its budget, we expect continued stability through the outlook period.

The rating further reflects our opinion 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 (MSA);
- 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 (ESG) risks relative to its economy, management, financial measures, and debt and liability profile and determined that they are neutral. Additionally, the city is taking measures to protect itself from cyber security risk.

Outlook

The rating and stable outlook reflect our view of Attleboro's strengthened reserve position, strong financial management environment, and growing property tax base that offset potential credit pressures in the near term. We do not expect to revise our rating during the two-year outlook period.

Downside scenario

We could lower the rating if budgetary performance weakened, resulting in significantly decreased 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.

For more information on the city's general creditworthiness, see the summary analysis on Attleboro, published April 22, 2022, on RatingsDirect.

Attleboro, MA -- Key Credit Metrics				
	Most recent	Historical information		
		2021	2020	2019
Strong economy				
Projected per capita EBI % of U.S.	107			
Market value per capita (\$)	124,771			
Population		45,715	45,464	
County unemployment rate(%)		6.5		
Market value (\$000)	5,703,672	5,214,820	5,010,217	
Ten largest taxpayers % of taxable value	5.9			
Strong budgetary performance				
Operating fund result % of expenditures		3.7	4.0	0.5
Total governmental fund result % of expenditures		(1.0)	2.1	1.7
Very strong budgetary flexibility				
Available reserves % of operating expenditures		14.7	11.6	7.8
Total available reserves (\$000)		23,731	17,727	11,266
Very strong liquidity				
Total government cash % of governmental fund expenditures		27	21	21
Total government cash % of governmental fund debt service		1,086	633	1,100

Attleboro, MA -- Key Credit Metrics (cont.)

	Most recent	Historical information		
		2021	2020	2019
Strong management				
Financial Management Assessment	Good			
Very weak debt & long-term liabilities				
Debt service % of governmental fund expenditures		2.5	3.4	1.9
Net direct debt % of governmental fund revenue	90			
Overall net debt % of market value	3.0			
Direct debt 10-year amortization (%)	35			
Required pension contribution % of governmental fund expenditures		4.3		
OPEB actual contribution % of governmental fund expenditures		4.2		

Strong institutional framework

EBI--Effective buying income. OPEB--Other postemployment benefits.

Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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