

RatingsDirect®

Summary:

North Attleborough, Massachusetts; General Obligation

Primary Credit Analyst:

Anthony Polanco, Manchester + 1 (617) 530 8234; anthony.polanco@spglobal.com

Secondary Contact:

Tyler Fitman, Boston (1) 617-530-8021; tyler.fitman@spglobal.com

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Credit Profile

US\$6.2 mil GO mun purp loan of 2025 bnds ser 2025 dtd 05/06/2025 due 05/01/2045

<i>Long Term Rating</i>	AA+/Stable	New
North Attleborough GO bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
North Attleborough GO (AGI)		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Credit Highlights

- S&P Global Ratings assigned its 'AA+' rating to the Town of North Attleborough, Mass.' approximately \$6.2 million series 2024 general obligation (GO) municipal-purpose bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' rating on the town's existing GO debt.
- The outlook is stable.
- We base the ratings on the application our methodology for rating U.S. governments, published Sept. 9, 2024.

Security

North Attleborough's full-faith-and-credit pledge, subject to Proposition 2 1/2 limitations, secures the bonds. Despite limitations imposed by the commonwealth's levy-limit law, we do not make a rating distinction between the town's general creditworthiness and limited-tax GO debt because we include the limitation on North Attleborough's ability to raise revenue and resource flexibility in our analysis of the town's financial and economic conditions.

Officials intend to use series 2024 bond proceeds to finance various capital improvements.

Credit overview

The rating reflects our opinion of North Attleborough's consistent maintenance of high reserves and steady operating performance. Although county level economic indicators are below average, local income and wealth indicators compare favorably with those of similarly rated peers. At the same time, while its debt burden remains manageable, the town is currently in the planning phase of a large capital project that will significantly add to its debt burden in the near future. However, given management's conservative budgeting, a robust culture of long-term financial and capital planning, and strong property tax base, we believe the project will remain affordable for the town. We also continue to view North Attleborough's combined pension and other postemployment benefit (OPEB) liabilities as elevated, which could lead to budgetary pressure.

Management attributes the fiscal 2024 positive financial operations to higher-than-budgeted revenues including local

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receipts, investment income, and property taxes. North Attleborough also indicates it maintained tight expenditure controls during the year, which led to cost savings across different town departments.

For fiscal 2025, officials indicate budget-to-actual results are on target; North Attleborough currently expects to end fiscal 2025 with balanced operations. For fiscal 2026, the town does not expect any major budget changes compared with fiscal 2025 with just a modest planned expenditure increase. In addition, North Attleborough does not currently plan to draw down reserves.

After the series 2024 issuance, the town will have approximately \$71 million of debt outstanding. North Attleborough is in the planning stages of a new high school project. The project is currently estimated to cost about \$289 million, with the town's portion expected to be about \$195 million and the state making up the remainder. Although the project is still awaiting final voter authorization, we expect the project will lead to a significant increase in the town's debt burden and weaken its current debt metrics. Despite that, we believe the project should remain affordable for North Attleborough given the strong property tax base and favorable tax rate, which is below the state average and on par with the rest of the county. In our view, this provides the town with revenue-raising flexibility to fund the project. However, should the increase in fixed costs lead to a drawdown in reserves or pressure the budget wherein the town is unable to maintain balanced operations, we could lower the rating.

We think pension and OPEB liabilities will likely remain a long-term credit concern due to lower OPEB funding, large liabilities, and our expectation that costs will likely increase. Combined pension and OPEB liabilities totaled about \$175 million as of fiscal 2024. The town's pension plan, however, is 75% funded. Because actuarially determined pension contributions reflect what we view as somewhat weak assumptions and methodologies, particularly the 7% discount, we believe unexpected contribution-escalation risk will likely increase.

The rating reflects our opinion of the town's:

- Primarily residential economy that benefits from participation in the Providence-Warwick metropolitan statistical area. Although initial county-level economic indicators are below average compared with that of the U.S., local incomes and wealth metrics are stronger than the county and U.S. averages and comparable with other 'AA+' rated peers. At the same time, we expect continued economic development in different areas of North Attleborough, which should lead to further growth in the tax base;
- Balanced financial operations and continued maintenance of strong available reserves, including stabilization reserves that are still higher than the adopted stabilization reserve policy of maintaining 5% of expenditures;
- Conservative budgeting practices, coupled with monthly reporting of budget to actuals to the town council, a long-term capital improvement plan, a five-year revenue and expenditure forecast, a formal investment policy, a debt management policy, and a formal reserve policy of maintaining the stabilization fund at no less than 5% of revenue;
- Manageable debt, with pension and OPEB liabilities we consider elevated. At the same time, the town's anticipated debt plans regarding the high school project and retirement liabilities will result in long-term credit pressure; and
- For more information on our assessment of Massachusetts municipalities, see "Institutional Framework Assessment: Massachusetts Local Governments," published Sept. 9, 2024, on RatingsDirect.

Environmental, social, and governance

We have evaluated North Attleborough's environmental, social, and governance factors relative to the town's economy, financial measures, management, and debt and long-term liability profile; we view them all as neutral within our credit analysis. Ten Mile River runs through the town, and it is prone to flooding; North Attleborough has received federal and commonwealth grants to support mitigation efforts.

Outlook

The stable outlook reflects S&P Global Ratings opinion of North Attleborough's financial stability, supported by prudent management and strong property tax revenue, despite the town's large debt plans.

Downside scenario

We could lower the rating if higher costs due to debt and liability pressure were to lead to financial deterioration and lower reserves.

Upside scenario

Although unlikely, we could raise the rating if underlying economic metrics were to improve and North Attleborough's debt and retirement liability burden were to materially decrease, coupled with the town maintaining its high reserves through balanced operations.

Table 1

North Attleborough, Massachusetts--credit summary	
Institutional framework (IF)	2
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Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	4.00

Table 2

North Attleborough, Massachusetts--key credit metrics				
	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	69	71
County PCPI % of U.S.	--	--	96	97
Market value (\$000s)	--	5,773,340	5,148,609	4,538,971
Market value per capita (\$)	--	185,525	165,449	147,317
Top 10 taxpayers % of taxable value	--	4.9	5.3	5.5
County unemployment rate (%)	--	4.7	4.3	4.5
Local median household EBI % of U.S.	--	--	129	133
Local per capita EBI % of U.S.	--	--	126	126
Local population	--	--	31,119	30,811

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Table 2

North Attleborough, Massachusetts--key credit metrics (cont.)				
	Most recent	2024	2023	2022
Financial performance				
Operating fund revenues (\$000s)	--	114,784	111,777	105,159
Operating fund expenditures (\$000s)	--	110,656	113,819	103,011
Net transfers and other adjustments (\$000s)	--	(1,456)	--	--
Operating result (\$000s)	--	2,672	(2,042)	2,148
Operating result % of revenues	--	2.3	(1.8)	2.0
Operating result three-year average %	--	0.8	2.2	3.7
Reserves and liquidity				
Available reserves % of operating revenues	--	18.6	16.8	20.8
Available reserves (\$000s)	--	21,407	18,739	21,835
Debt and liabilities				
Debt service cost % of revenues	--	2.8	3.1	2.9
Net direct debt per capita (\$)	2,277	2,082	1,995	1,880
Net direct debt (\$000s)	70,855	64,787	62,089	57,931
Direct debt 10-year amortization (%)	62	29	--	--
Pension and OPEB cost % of revenues	--	9.0	9.0	10.0
NPLs per capita (\$)	--	1,675	1,946	834
Combined NPLs (\$000s)	--	52,131	60,557	25,684

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

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