

# **RatingsDirect®**

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## **Summary:**

## **Littleton, Massachusetts; General Obligation; Note**

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## Summary:

# Littleton, Massachusetts; General Obligation; Note

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US\$7.579 mil GO BANs ser B dtd 05/17/2023 due 11/17/2023		
<i>Short Term Rating</i>	SP-1+	New
US\$4.457 mil GO BANs ser A dtd 05/17/2023 due 05/17/2024		
<i>Short Term Rating</i>	SP-1+	New
Littleton GO mun purp loan bnds ser 2018 due 05/15/2038		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

## Credit Highlights

- S&P Global Ratings assigned its 'SP-1+' short-term rating to the Town of Littleton, Mass.' general obligation (GO) bond anticipation notes (BANs), series A (\$4.5 million) and series B (\$7.6 million).
- We also affirmed our 'AAA' long-term rating on the town's GO debt outstanding and our 'SP-1+' short-term rating on its GO BANs outstanding, which mature on May 17, 2023.
- The outlook, where applicable, is stable.

## Security

Littleton's full-faith-and-credit pledge, subject to Proposition 2 1/2 limitations, secures the GO debt. Despite commonwealth levy-limit laws, we do not make a rating distinction between the town's limited-tax GO pledge and general creditworthiness because our analysis of Littleton's financial and economic conditions already includes the limitation imposed on the town's revenue-raising ability.

The short-term rating reflects our high investment-grade long-term rating on the town and Littleton's low market-risk profile. In our view, and pursuant to our BAN criteria, we have assessed the town's market risk as low, due to Littleton's strong market access, information availability, and takeout authorization.

We understand that proceeds from this current issuance will rollover previously issued BANS maturing on May 17, 2023, as well as provide about \$3.5 million in new money to fund a new administrative building.

## Credit overview

Littleton is an affluent, primarily residential community that benefits from participation in the broad and diverse Boston metropolitan statistical area (MSA). The town produces consistently balanced operating results, which has led to higher reserves. Management has demonstrated its willingness to adjust budgetary assumptions to ensure balanced financial results at year-end.

For fiscal 2022, audited results show another strong year operationally for the town. Specifically, general fund revenues increased by about 4.0% relative to the previous year and expenses, which increased by 5.1% but that were still well below budget by \$1.9 million. As a result, the town increased unassigned and assigned reserves by \$2.0

million to a total of \$21.5 million, or 39.8% of operating expenses. Management indicates it expects continued strong operations in fiscal 2023, with positive variances in both revenues and expenses for the first 10 months of the year. Ultimately, we expect the town will maintain its strong performance as well as its very strong reserves, despite likely rising fixed costs in the medium term, due to future new-money debt issuances and rising retirement costs.

The rating reflects our opinion of Littleton's:

- Very high wealth and income metrics with ongoing tax base growth;
- Well-embedded financial management policies and practices, with a focus on long-term sustainability and a strong institutional framework score;
- Predictable revenue and expenditures leading to consistent financial performance; and
- Potentially rising fixed costs, but with a clear commitment to addressing unfunded retirement liabilities, although overall liabilities remain moderate.

### **Environmental, social, and governance**

We assessed Littleton's environmental, social, and governance (ESG) factors relative to the town's economy, management, financial measures, and debt and liability profile. The ESG factors are credit neutral within our credit analysis.

## **Outlook**

The stable outlook reflects our expectation that the town will maintain its strong financial performance including very strong general fund available reserves.

### **Downside scenario**

Although unlikely in our opinion, if Littleton were to experience performance deterioration or significant reductions in available reserve due to capital plans or unforeseen financial pressure, we could take a negative rating action.

### **Rating above sovereign**

Under our criteria, "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013, we rate Littleton higher than the sovereign because we believe the town can maintain better credit characteristics than the nation in a stress scenario based on its predominantly locally derived revenue base and our view that pledged revenue supporting bond debt service is at limited risk of negative sovereign intervention. In 2022, local property taxes generated roughly three-fourths of revenue, which demonstrated a lack of dependence on central government revenue.

### **Littleton, Mass., key credit metrics**

	<b>Most recent</b>			<b>Historical information</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>			
<b>Very strong economy</b>						
Projected per capita EBI % of U.S.		186				
Market value per capita (\$)			214,530			

**Littleton, Mass., key credit metrics (cont.)**

	<b>Most recent</b>	<b>Historical information</b>		
		<b>2022</b>	<b>2021</b>	<b>2020</b>
Population (no.)		10,620	10,620	10,650
County unemployment rate(%)			4.6	
Market value (\$000)		2,278,308	2,177,676	2,060,859
Ten largest taxpayers % of taxable value	11.3			
<b>Strong budgetary performance</b>				
Operating fund result % of expenditures		3.5	7.2	4.8
Total governmental fund result % of expenditures		9.3	12.7	11.8
<b>Very strong budgetary flexibility</b>				
Available reserves % of operating expenditures		37.3	30.1	23.9
Total available reserves (\$000)	21,522	16,231	12,489	
<b>Very strong liquidity</b>				
Total government cash % of governmental fund expenditures		98	102	93
Total government cash % of governmental fund debt service		1844	1840	1596
<b>Very strong management</b>				
Financial Management Assessment	Strong			
<b>Adequate debt &amp; long-term liabilities</b>				
Debt service % of governmental fund expenditures		5.3	5.6	5.8
Net direct debt % of governmental fund revenue	68			
Overall net debt % of market value	2.0			
Direct debt 10-year amortization (%)	37			
Required pension contribution % of governmental fund expenditures		4.4		
OPEB actual contribution % of governmental fund expenditures		5.8		
<b>Strong institutional framework</b>				

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

## Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- 2022 Update Of Institutional Framework For U.S. Local Governments

## Ratings Detail (As Of April 24, 2023)

**Ratings Detail (As Of April 24, 2023) (cont.)**

Littleton GO

<i>Long Term Rating</i>	AAA/Stable	Affirmed
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Littleton GO mun purp loan ser 2021 dtd 11/18/2021 due 11/15/2041

<i>Long Term Rating</i>	AAA/Stable	Affirmed
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Littleton GO BANs

<i>Short Term Rating</i>	SP-1+	Affirmed
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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.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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