

RatingsDirect®

Summary:

Littleton, Massachusetts; General Obligation; Note

Primary Credit Analyst:

Timothy W Barrett, Washington D.C. + 1 (202) 942 8711; timothy.barrett@spglobal.com

Secondary Contact:

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

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

Littleton, Massachusetts; General Obligation; Note

Credit Profile

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.

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

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

	Most recent	Historical information		
		2022	2021	2020
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			
Strong budgetary performance				
Operating fund result % of expenditures		3.5	7.2	4.8
Total governmental fund result % of expenditures		9.3	12.7	11.8
Very strong budgetary flexibility				
Available reserves % of operating expenditures		37.3	30.1	23.9
Total available reserves (\$000)		21,522	16,231	12,489
Very strong liquidity				
Total government cash % of governmental fund expenditures		98	102	93
Total government cash % of governmental fund debt service		1844	1840	1596
Very strong management				
Financial Management Assessment	Strong			
Adequate debt & long-term liabilities				
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		
Strong institutional framework				

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
Littleton GO mun purp loan ser 2021 dtd 11/18/2021 due 11/15/2041		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Littleton GO BANs		
<i>Short Term Rating</i>	SP-1+	Affirmed

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 for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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.standardandpoors.com (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.standardandpoors.com/usratingsfees.

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