

# **RatingsDirect®**

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## **Summary:**

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

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Credit Profile		
US\$8.895 mil GO BANs dtd 04/17/2025 due 04/16/2026		
<i>Short Term Rating</i>	SP-1+	New
Seekonk Twn GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

## Credit Highlights

- S&P Global Ratings assigned its 'SP-1+' short-term rating to Seekonk, Mass.' \$8.9 million series 2025 general obligation (GO) bond anticipation notes (BANs).
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating on the town's existing GO debt based on the application our "Methodology For Rating U.S. Governments" criteria, published Sept. 9, 2024, on RatingsDirect.
- The outlook, where applicable, is stable.

## Security

Seekonk's full-faith-and-credit pledge secures the bonds and BANs.

We rate the limited-tax GO debt on par with our view of Seekonk's general creditworthiness because the ad valorem tax limitation is not from a measurably narrower property tax base and there are no resource-fungibility constraints, supporting our view of the town's overall ability and willingness to pay debt service.

The short-term note rating reflects our criteria for evaluating and rating BANs. Seekonk maintains a very strong capacity to pay principal and interest when the notes come due. We view the town's market risk profile as low because it has strong legal authority to issue long-term debt to take out the notes and is a frequent debt issuer that regularly provides ongoing disclosure to market participants.

Note proceeds will be used renew existing BANs and to provide funding for a capital project.

## Credit overview

The long-term rating reflects our view of the town's stable economic base with strong local income indicators that are materially higher than Bristol County's and the U.S. average. Further supporting the rating are the town's continued maintenance of high reserves through positive financial operations, manageable debt and liability burden, and strong management policies and procedures.

Seekonk is a primarily residential community about five miles east of Providence, R.I. The town's tax base continues to experience modest growth due to property appreciation and various developments. We understand several commercial projects are in the works including new supermarkets, mixed-use developments, and a new retail plaza. The town also continues to expand its residential tax base with new single-family and multifamily units.

The town has maintained balanced financial operations over the last few years. Per fiscal 2024 draft audited results, we understand the town's general fund surplus was mainly due to higher-than-budgeted revenues, including local receipts, as well as savings in expenditures such as school department and public safety costs. Our calculation of the town's available reserves also includes its committed fund balance of \$11.8 million as of fiscal 2024, which consists mainly of stabilization funds. For fiscal 2025, the town adopted a \$69.6 million budget, which represents a 4.6% increase over the prior year, with most of the increases going toward public safety, education, and employee benefit costs. Officials indicate budget-to-actuals are currently on target and they expect the town to end the fiscal year with another general fund surplus, albeit potentially smaller compared to fiscal 2024 and fiscal 2023.

With this issuance, the town will have about \$29 million in total direct debt. Officials currently plan to issue about \$10 million-\$12 million in additional debt over the next two years toward a new fire station. However, we don't expect this additional debt will have a material impact on the town's debt burden.

While Seekonk's retirement costs remain manageable, we believe its combined pension and other postemployment benefits (OPEB) liabilities remain large on a per capita basis.

The town participates in:

- Bristol County Retirement System, 61.9% funded as of Dec. 31, 2023, with a \$39 million proportionate net pension liability.
- Seekonk's retiree health and life insurance through various contributory plans, which was 20.67% funded, with a \$22.5 million net OPEB liability, as of June 30, 2024.

The town's OPEB policy targets appropriating 15% of free cash annually into its OPEB trust and plans to substantially increase its contributions once the pension plan is fully funded. The town will also require employee contributions to its OPEB trust fund.

The rating reflects our view of the following:

- The town's local economy is stable, with above-average local income indicators and strong wealth metrics. Its access to Providence, R.I. also provides employment opportunities for residents.
- Reserves are strong when including the committed fund balance, supported by the town's overall balanced operations in the last four years. The town also expects positive operations for fiscal 2025, and it currently has no plans to draw down on available reserves in the foreseeable future.
- Conservative budgeting practices are coupled with quarterly reporting of budget-to-actuals to the board, a formal capital improvement plan, a three year revenue and expenditure forecast, a formal investment policy, a debt management policy, and a formal reserve policy of maintaining its stabilization fund at no less than 10% of revenue.
- Debt is manageable, with some capital needs and low overall fixed costs but large pension and OPEB liabilities. While not expected, if the pension plan is unable to meet its funding schedule, or if escalating contribution costs begin to pressure the operating budget, we could revise our view of the town's plan to address this liability.
- For more information on our assessment of Massachusetts municipalities, see "Institutional Framework Assessment: Massachusetts Local Governments," published Sept. 9, 2024.

## Environmental, social, and governance

We have assessed Seekonk's environmental, social, and governance factors relative to its economy, management, financial measures, and debt profile and view them as neutral in our credit rating analysis.

## Outlook

The stable outlook reflects our expectation that the town will maintain its higher reserve levels through positive financial operations and by aligning revenues and expenditures.

### Downside scenario

We could lower the rating if Seekonk's reserves materially decreased, either due to an imbalance or a one-time drawdown, without a plan to restore them.

### Upside scenario

We could raise the rating if Seekonk's economic metrics improved to a level commensurate with those of higher-rated peers, and if retirement liabilities moderate.

**Table 1**

Seekonk, Massachusetts--credit summary	
Institutional framework (IF)	2
Individual credit profile (ICP)	1.97
Economy	2.5
Financial performance	2
Reserves and liquidity	1
Management	1.35
Debt and liabilities	3.00

**Table 2**

Seekonk, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	--	--	69	71
County PCPI % of U.S.	--	--	96	97
Market value (\$000s)	--	3,427,291	3,102,591	2,819,568
Market value per capita (\$)	--	217,592	196,977	185,755
Top 10 taxpayers % of taxable value	--	7.4	7.9	9.0
County unemployment rate (%)	--	4.7	4.3	4.5
Local median household EBI % of U.S.	--	--	134	138
Local per capita EBI % of U.S.	--	--	123	131
Local population	--	--	15,751	15,179
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	74,670	71,442	67,042
Operating fund expenditures (\$000s)	--	73,333	70,220	69,115
Net transfers and other adjustments (\$000s)	--	473	(318)	1,065

## Summary: Seekonk, Massachusetts; General Obligation; Note

**Table 2**

### Seekonk, Massachusetts--key credit metrics (cont.)

	<b>Most recent</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating result (\$000s)	--	1,810	904	(1,008)
Operating result % of revenues	--	2.4	1.3	(1.5)
Operating result three-year average %	--	0.7	1.1	1.4
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	25.3	23.9	22.1
Available reserves (\$000s)	--	18,918	17,110	14,804
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	3.0	3.2	2.6
Net direct debt per capita (\$)	1,890	1,360	1,405	1,574
Net direct debt (\$000s)	29,768	21,422	22,131	23,889
Direct debt 10-year amortization (%)	69	60	--	--
Pension and OPEB cost % of revenues	--	6.0	5.0	5.0
NPLs per capita (\$)	--	2,308	2,308	1,714
Combined NPLs (\$000s)	--	36,347	36,347	26,012

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.

### Ratings Detail (As Of March 27, 2025)

Seekonk Twn GO mun purp loan of 2020 bnds

*Long Term Rating*

AA+/Stable

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.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers 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.spglobal.com/ratings](http://www.spglobal.com/ratings).

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