

Summary:

Foxborough, Massachusetts; General Obligation

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Summary:

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US\$12.895 mil GO mun purp loan of 2012 bnds due 06/15/2032		
<i>Long Term Rating</i>	AA+/Stable	New
Foxborough Twn GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services has assigned its 'AA+' long-term rating to Foxborough, Mass.' \$12.9 million series 2012 general obligation (GO) municipal purpose loan bonds. At the same time, we affirmed the 'AA+' rating on debt previously issued by Foxborough. The rating outlook is stable.

The rating reflects our opinion of the town's:

- Access to the regional employment bases in the Boston metropolitan statistical area (MSA) and nearby Providence, R.I.;
- Very strong household income levels and extremely strong per capita market values;
- Currently strong available fund balances that have decreased in recent years; and
- Moderate-to-low debt burden, low debt service carrying charges, and limited additional capital needs.

The bonds are a GO of the town, secured by a full faith and credit pledge. We understand the town will use bond proceeds for the renovation and expansion of the library and the construction of a water treatment plant.

Foxborough has an estimated population of 17,000, and is located in southeastern Massachusetts approximately 24 miles south of Boston. The town's assessed value (AV) totaled \$2.6 billion in fiscal 2012, having increased 2% year over year in fiscal 2010 before falling 4.2% in 2011 and 2.9% in 2012. The equalized value of \$3.1 billion in fiscal 2012 translates to \$180,000 per capita, which we view as extremely strong. The town's median household effective buying income is 155% of the national average, which we consider very strong. The unemployment rate averaged 6.5% in 2011, which was below the state (6.6%) and nation's (8.3%) rates. The rate remained low in March 2012 when just 5.8% of the town's labor force was unemployed.

The town's fiscal 2013 adopted budget totals \$59.3 million and, according to management, requires a \$1.55 million general fund reserve appropriation (\$405,000 of which is for capital). Spending in 2013 is up 3.4% year over year on a budgetary basis but the appropriation is down \$130,000. The town expects to benefit from reduced health care expenditures in fiscal 2013 and plans to continue funding the irrevocable trust established for its other postemployment benefit liability.

In our opinion, Foxborough maintains a strong available fund balance despite recent general fund drawdowns. Unaudited results for fiscal 2011 shows a \$1.4 million general fund drawdown (2.4% of budget) and an \$8.5

million available fund balance (general fund and stabilization fund combined). The available balance represents 14.2% of general fund expenditures, which we consider strong.

The town's debt burden is about \$2,700 per capita, which we consider moderate, or 1.5% of market value, which we consider low. Amortization of debt service is faster than average with officials planning to retire 65% over 10 years. Debt service on nearly all of the town's debt is exempt from Proposition 2 1/2 levy limits, increasing the town's flexibility under those limits, which we consider a credit strength.

For additional information, please see the article published Feb. 24, 2012, on RatingsDirect on the Global Credit Portal.

Outlook

The stable outlook reflects our expectation that the town's financial position will remain at a level we consider strong. Accordingly, we do not expect to change the rating within the two-year horizon of the outlook. Failure to adopt a structurally balanced budget in the near term, however, could result in negative rating pressure. We believe the regional economy's strength, specifically the deep and diverse employment base with access to I-95 and I-495, and strong wealth levels provides credit stability.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

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