

**Rating Action: Moody's assigns Aaa to Concord, MA's GO bonds; outlook stable**

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26 Sep 2019

New York, September 26, 2019 -- Moody's Investors Service has assigned a Aaa rating to the Town of Concord, Massachusetts' \$5.2 million General Obligation School Refunding Bonds. We maintain the Aaa rating on the town's outstanding general obligation limited (GOLT) and general obligation unlimited tax bonds. The outlook is stable.

The outstanding general obligation unlimited tax bonds are considered unlimited tax because the entire amount of debt service has been voted excluded from restrictions under Massachusetts law on the town's ability to increase property taxes to pay debt service, referred to as Proposition 2 1/2. We consider the pledge supporting the outstanding limited tax bonds to be general obligation limited tax because not all of the debt service has been excluded under Proposition 2 1/2.

**RATINGS RATIONALE**

The Aaa rating reflects a healthy financial position supported by strong reserves and fiscal management. The rating also incorporates a sizable and affluent tax base, below average debt burden and well managed pension and OPEB liabilities.

The absence of distinction between the GOLT and the general obligation unlimited tax rating reflects the town's ability to override the property tax levy cap and its pledge of its full faith and credit.

**RATING OUTLOOK**

The stable outlook reflects our expectation that the town will continue to exercise sound fiscal management including multi-year forecasting. The outlook also incorporates the stable tax base valuation and continuing voter support when needed to approve debt exclusions and general overrides to the Proposition 2 1/2 tax levy limit.

**FACTORS THAT COULD LEAD TO AN UPGRADE**

- Not applicable

**FACTORS THAT COULD LEAD TO A DOWNGRADE**

- Decline in general fund reserves
- Lack of voter support for large operating and capital needs
- Material increase in the debt burden

**LEGAL SECURITY**

The bonds are secured by the town's general obligation unlimited tax pledge as all of the debt service has been voted excluded from the tax levy limitations of Proposition 2 1/2.

**USE OF PROCEEDS**

Bond proceeds will be used to refund the town's outstanding bonds dated January 15, 2010 for an estimated net present value savings of \$561,000 or 9.1% of refunded principal with no extension of maturity.

**PROFILE**

Concord is primarily a residential community with a population of 19,357 (2017 American Community Survey). The town is located approximately 17 miles northwest of Boston.

## METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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