

## CREDIT OPINION

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# Town of Berkley, MA

## New Issue

### Summary

The Town of Berkley, MA's (A1/no outlook) credit profile is stable. Based on conservative budgeting and careful expense management, the town's financial operations have been consistently balanced. Since 2021, liquidity has grown substantially while the debt burden has decreased. The town benefits from low long term liabilities which total approximately 100% of revenue. The local economy is stable and limited to businesses that serve the residential population.

### Credit strengths

- » Strong wealth and income profile
- » High liquidity levels
- » Low fixed costs

### Credit challenges

- » Small economy
- » Small scale of operations
- » Fund balance ratio below median for similarly rated towns

### Rating outlook

We do not assign outlooks to local government issuers with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Sustained available fund balances in excess of 25% of revenues
- » Maintenance of minimal fixed costs and long-term liabilities
- » Local economic growth reflected in increased population and full value per capita

### Factors that could lead to a downgrade

- » Contraction of local economy reflected in declining resident incomes and full value per capita
- » Increase in long-term liabilities to above 200% of revenues
- » Significant increase in fixed costs

## Key indicators

Exhibit 1

### Berkley (Town of) MA

	2020	2021	2022	2023	A Medians
<b>Economy</b>					
Resident income ratio (%)	161.2%	158.0%	179.9%	156.4%	84.1%
Full Value (\$000)	\$880,794	\$971,889	\$971,889	\$1,087,862	\$773,368
Population	6,801	6,724	6,768	6,789	10,256
Full value per capita (\$)	\$129,509	\$144,540	\$143,601	\$160,239	\$73,014
Annual Growth in Real GDP	-3.0%	5.1%	0.9%	1.2%	1.4%
<b>Financial Performance</b>					
Revenue (\$000)	\$26,887	\$26,633	\$26,122	\$27,806	\$23,569
Available fund balance (\$000)	\$5,471	\$5,020	\$5,846	\$5,606	\$10,598
Net unrestricted cash (\$000)	\$8,480	\$9,911	\$11,396	\$13,438	\$14,985
Available fund balance ratio (%)	20.3%	18.9%	22.4%	20.2%	43.2%
Liquidity ratio (%)	31.5%	37.2%	43.6%	48.3%	60.8%
<b>Leverage</b>					
Debt (\$000)	\$3,005	\$2,745	\$2,485	\$3,075	\$19,877
Adjusted net pension liabilities (\$000)	\$18,683	\$18,771	\$18,237	\$14,523	\$22,873
Adjusted net OPEB liabilities (\$000)	\$18,384	\$17,573	\$12,020	\$10,624	\$1,390
Other long-term liabilities (\$000)	\$0	\$0	\$0	\$0	\$783
Long-term liabilities ratio (%)	149.0%	146.8%	125.3%	101.5%	234.0%
<b>Fixed costs</b>					
Implied debt service (\$000)	\$316	\$215	\$193	\$174	\$1,262
Pension tread water contribution (\$000)	\$571	\$509	\$472	\$0	\$544
OPEB contributions (\$000)	\$300	\$825	\$419	\$259	\$62
Implied cost of other long-term liabilities (\$000)	\$0	\$0	\$0	\$0	\$53
Fixed-costs ratio (%)	4.4%	5.8%	4.1%	1.6%	11.3%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the Providence-Warwick, RI-MA Metropolitan Statistical Area Metropolitan Statistical Area.

Sources: US Census Bureau, Berkley (Town of) MA's financial statements and Moody's Ratings, US Bureau of Economic Analysis

## Profile

The Town of Berkley is located in Bristol County in the South Coast region of Massachusetts, approximately 40 miles south of Boston (Aaa/stable) and 25 miles east of Providence, RI (A3/Stable).

## Detailed credit considerations

Over the past four fiscal years, the town has maintained fiscally balanced operations, despite a slight drop in resident income levels. Full value per capita of about \$160,000 is a strength relative to the A-rated median of \$73,000. The town expects the largely residential tax base to remain stable, with no significant expansions, or development projects are anticipated in the near future.

Fund balances have remained stable (approx. 20% on average), while cash balances have risen substantially. In 2024, the town's liquidity ratio stood at 48.3%, almost 17 percentage points higher than in 2021. Fixed costs have dropped greatly, over this period, from 4.4% in 2021 to just 1.6% in 2024.

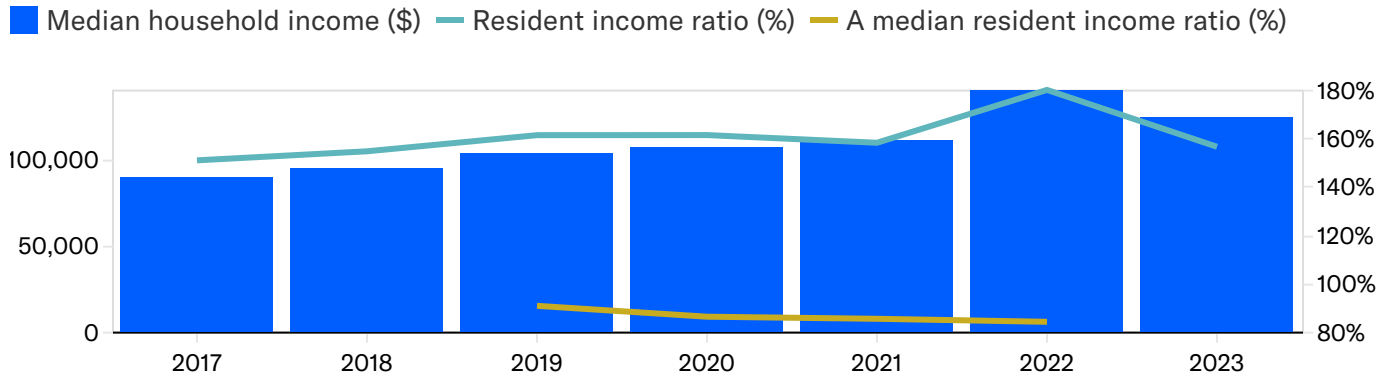
With respect to liabilities, the town's debt stood at \$3.075 million in 2024, only marginally higher than the level of 2021. Pension and OPEB liabilities are low, with OPEB contributions amounting to just \$259,000 in 2024.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Economy

Exhibit 2

**Median household income is strong relative to the national median**



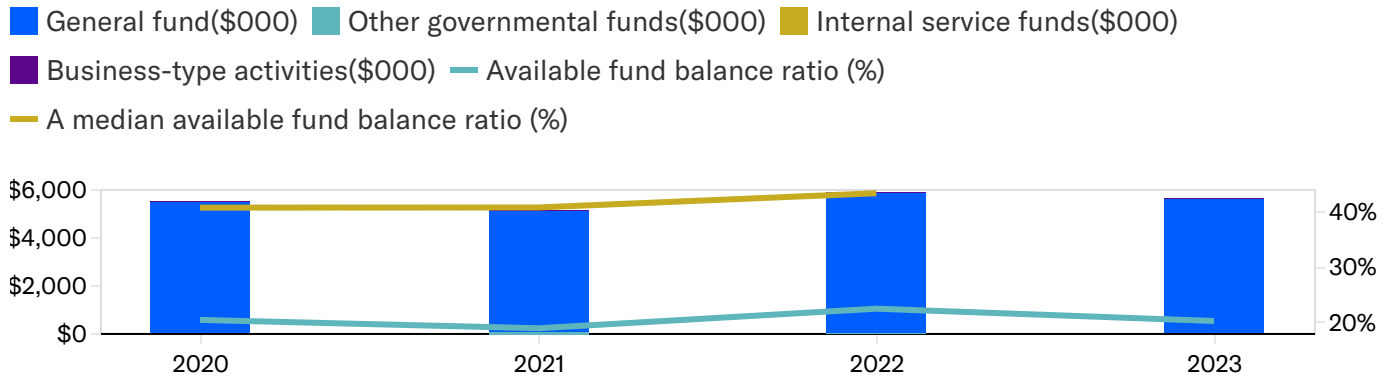
Source: Moody's Ratings and US Census

## Financial operations

Massachusetts local governments tend to have financial ratios lower than US medians because they generally derive a majority of revenues from stable property taxes and their financials typically incorporate school operations which are predictable.

Exhibit 3

**Fund balance is stable but somewhat weaker than the median for similarly rated towns**



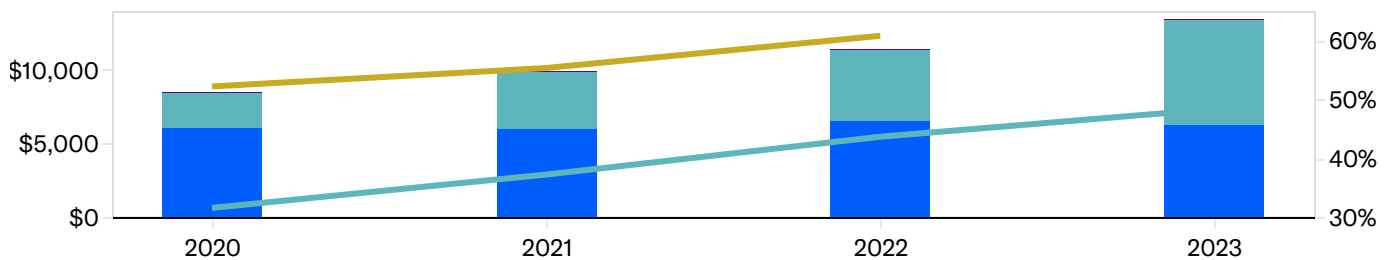
Source: Audited financial statements and Moody's Ratings

## Liquidity

Exhibit 4

Liquidity in excess of 60% of revenue is a strength

■ General fund ■ Other governmental funds ■ Internal service funds ■ Business-type activities  
— Liquidity ratio (%) — A median liquidity ratio (%)

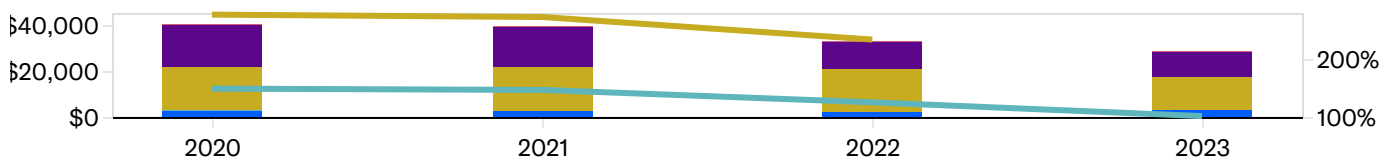


Source: Audited financial statements and Moody's Ratings

## Leverage

Long term Liabilities have declined as debt has amortized and capital needs have been minimal

■ Governmental Debt(\$000) ■ Business-Type Activity Debt(\$000)  
■ Adjusted net pension liabilities(\$000) ■ Adjusted net other post-employment liabilities(\$000)  
■ Other long-term liabilities(\$000) — Long-term liabilities ratio (%)  
— A median long-term liabilities ratio (%)



Source: Audited financial statements and Moody's Ratings

## Legal security

The town's outstanding bonds are general obligations that have been voted exempt from Proposition 2½, the Commonwealth of Massachusetts' statutory limitation on increases in local property tax levies.

## Debt structure

### Debt-related derivatives

### Pensions and OPEB

## ESG considerations

### Environmental

Environmental considerations are not a driver for this rating.

### Social

Social considerations are not a driver for this rating.

### Governance

Governance considerations are not a driver for this rating.

## Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 6

### Berkley (Town of) MA

	Measure	Weight	Score
<b>Economy</b>			
Resident income ratio	156.4%	10.0%	Aaa
Full value per capita	197,700	10.0%	Aaa
Economic growth metric	-1.0%	10.0%	A
<b>Financial Performance</b>			
Available fund balance ratio	20.2%	20.0%	A
Liquidity ratio	48.3%	10.0%	Aaa
<b>Institutional Framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio	101.5%	20.0%	Aa
Fixed-costs ratio	1.6%	10.0%	Aaa
<b>Notching factors</b>			
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa2
<b>Assigned Rating</b>			

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Providence-Warwick, RI-MA Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Berkley (Town of) MA's financial statements and Moody's Ratings

## Appendix

Exhibit 7

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
<b>Financial performance</b>		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
<b>Leverage</b>		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
<b>Fixed costs</b>		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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