

RatingsDirect®

Summary:

Burrillville, Rhode Island; General Obligation

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Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

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Credit Profile		
US\$3.2 mil GO bonds due 03/15/2039		
Long Term Rating	AA/Stable	New
Rhode Island Health & Educational Building Corp., Rhode Island		
Burrillville, Rhode Island		
Rhode Island Hlth & Educl Bldg Corp (Burrillville) pub schs rev bnd fincg prog		
Long Term Rating	AA/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AA' rating to Burrillville, R.I.'s roughly \$3.2 million series 2024 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA' rating on the town's existing GO debt.
- The outlook is stable.

Security

Burrillville's full-faith-and-credit pledge secures the series 2024 bonds and existing GO debt.

Officials intend to use series 2024 bond proceeds to finance the design and construction of a new synthetic-turf sports field at Burrillville High School.

Credit overview

Burrillville is a primarily residential community in northwestern Rhode Island, along the border with Massachusetts and approximately 20 miles from Providence. Burrillville has a stable property tax base. Property tax revenue accounted for 56% of combined operating revenue in fiscal 2023, which supported budgetary performance and growing reserves. Residents benefit from access to employment opportunities in the broad, diverse Providence metropolitan statistical area (MSA) and in neighboring Massachusetts. The town has benefited from increasing residential development and successful redevelopment and improvement in part of its village center areas.

Our view of general fund performance and reserves incorporates the unrestricted school fund; this accounts for school-department operations, funded almost entirely by state aid and general operating revenue, which is a significant portion of expenditures. Stable property tax revenue and a good relationship between the town and schools has allowed for consecutive surpluses through fiscal 2023, further supported by higher interest income and school aid than expected.

Burrillville expects a surplus in fiscal 2024. The adopted fiscal 2024 budget totals \$54.2 million, a 2% increase over fiscal 2023; the budget contains no significant services or positions. The town expects budgetary demands from the schools will be its most significant budget pressure. A projected \$400,000 revenue gap exists for the upcoming fiscal

2025 due to a projected \$443,000 decrease in state aid; management expects it can handle this pressure by adjusting the school budget without affecting town services.

After the series 2024 issuance, Burrillville will have approximately \$24.5 million of total direct debt outstanding and \$5.5 million of overlapping debt attributable to fire districts. The town expects to issue about \$8.2 million of additional debt for projects, including various school capital investments and the town's new community center. We do not expect this will likely alter our view of the town's debt profile.

We do not think pension and other postemployment benefit (OPEB) liabilities or costs will likely pressure finances despite low funding in the teachers' plan. Pension plan contributions are actuarially determined, which we view positively; however, certain assumptions, including discounts, are, in our view, weak, which could lead to cost volatility. However, we expect these costs will likely remain manageable. Management pays OPEB costs on a pay-as-you-go basis.

The rating reflects our view of Burrillville's:

- Strong economy, benefiting from access to a broad, diverse MSA and a primarily residential tax base with market value appreciation of 15% during the past three years;
- Adequate management with well-embedded standard financial-management policies, practices under our Financial Management Assessment (FMA) methodology--highlighted by its trend analysis when developing the budget, monthly budget-to-actual reporting to the town council, maintenance of a five-year rolling capital plan, and adherence to an adopted fund-balance policy--and strong Institutional Framework score;
- Stable budgetary performance, supported by stable local revenue and very strong available reserves that have increased by 43% to more than \$12 million during the past three fiscal years; and
- Very strong debt-and-liability profile with low pension and OPEB costs despite, what we view as, weak assumptions used in the pension plan.

Environmental, social, and governance

We have evaluated environmental, social, and governance (ESG) risks relative to Burrillville's economy, management, financial measures, and debt-and-liability profile; we view them all as neutral within our credit analysis.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that Burrillville will likely continue to produce surplus results, backed by conservative budgeting and a strong economy.

Downside scenario

We could lower the rating if Burrillville were to draw down reserves to levels we no longer consider comparable with its peers.

Upside scenario

We could raise the rating if economic metrics were to improve to more-comparable levels with higher-rated peers and if it were to exhibit sustained budgetary performance and adopt more-formal forward-looking planning policies and

practices.

Burrillville, Rhode Island--key credit metrics				
	Most recent	--Historical information--		
		2023	2022	2021
Strong economy				
Projected per capita effective buying income (EBI) (%) of U.S.	101.0			
Market value per capita (\$)	136,184			
Population			16,158	16,645
County unemployment rate(%)			3.5	
Market value (\$000)	2,200,467	2,310,479	1,916,093	
10 leading taxpayers as a % of taxable value	17.5			
Strong budgetary performance				
Operating fund result as a % of expenditures		0.4	3.0	1.7
Total governmental fund result as a % of expenditures		1.7	3.7	14.1
Very strong budgetary flexibility				
Available reserves as a % of operating expenditures		22.1	19.1	16.1
Total available reserves (\$000)		12,208	10,202	8,484
Very strong liquidity				
Total government cash % of governmental fund expenditures		56.0	56.0	58.0
Total government cash % of governmental fund debt service		1,959.0	2,325.0	1,962.0
Adequate management				
Financial Management Assessment	Standard			
Very strong debt and long-term liabilities				
Debt service as a % of governmental fund expenditures		2.9	2.4	3.0
Net direct debt as a % of governmental fund revenue	24.0			
Overall net debt as a % of market value	0.9			
Direct debt 10-year amortization (%)	72.0			
Required pension contribution as a % of governmental fund expenditures		5.5		
Other postemployment benefits actual contribution as a % of governmental fund expenditures		0		
Strong Institutional Framework				
Data points and ratios may reflect analytical adjustments.				

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 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

- 2023 Update Of Institutional Framework For U.S. Local Governments, Nov. 28, 2023
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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