

Research Update:

Milton, MA Series 2025 GO Bond Anticipation Notes Rated 'SP-1+'

August 25, 2025

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [Milton](#), Mass.' \$8.7 million series 2025 general obligation (GO) bond anticipation notes (BANs).
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the town's existing GO debt.
- The outlook, where applicable, is stable.

Rationale

Security

Milton's full-faith-and-credit pledge, subject to Proposition 2 1/2 limitations, secures the notes. Despite limitations imposed by the commonwealth's levy-limit law, we do not make a rating distinction between the limited- and unlimited-tax GO pledge because the ad valorem tax is not derived from a measurably narrower property tax base and there are no resource fungibility limitations, supporting our view of the town's overall ability and willingness to pay debt service.

The short-term rating reflects our criteria for evaluating and rating BANs. In our view, Milton has very strong capacity to pay principal and interest when the BANs come due. We further view the town's market risk profile as low because it has strong legal authority to issue long-term debt to take out the BANs and regularly provides disclosure to market participants. Proceeds will be used to fund various capital projects.

Credit highlights

The rating on Milton is supported by its affluent residential economy and robust budgeting and monitoring framework, leading to balanced year-end results in recent years while maintaining reserves at current levels. Additional support for the rating is Milton's affluent local economy and robust management framework.

The town did utilize a small portion of its reserves in 2024, driven by an increase in pay-go capital expenses. Revenues did outpace budgeted levels, and town was able to have expenditure

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turnbacks. Its main revenue source is property taxes, followed by state aid. The town anticipates balanced to positive year end results for fiscal 2025, as revenues once again outperformed budgeted levels, with expenditure savings. With the expiration of several labor agreements at the end of fiscal 2025, we continue to monitor the possible impact of settlements on its expenditures.

Milton was able to pass a \$9.5 million tax levy override to fund school and townwide operations for its fiscal 2026 budget. A majority of the override (\$8.8 million) went to support school and town operations and \$700,000 was appropriated for a new stabilization fund to support future year operating budgets. The school department did request additional funding from the town during fiscal 2025, as the school budget was built with expected utilization of reserves that were exhausted during the fiscal 2024 year. We do not anticipate school operations will significantly pressure broader town operations given management continues to work with school officials to identify measures to control future expenditure growth.

The 'AAA' long-term rating reflects the town's:

- Affluent base, with incomes that exceed countywide and national averages. Milton is primarily a residential community with direct access to the broader Boston metro area. Infield development is ongoing, with several projects in various stages of development and groundbreaking. Along with additional new growth, the town anticipates continued tax base appreciation.
- Financial management framework that includes sophisticated, proactive policies and practices, encompassing comprehensive budget assumptions and ongoing monitoring; robust long-term capital and financial planning; and clearly defined policies governing investments and debt. The town does not have a formal reserve policy but adheres to commonwealth best practices. Finally, the town has taken steps to protect its data and address potential cybersecurity threats.
- Stable finances despite some use of reserves for capital, supported by a consistent reserve position albeit below average compared to state and national peers at the rating level. Management is actively working with the schools to manage their growth in expenses while monitoring ongoing cost pressures for the town. We anticipate that Milton's management will make budgetary adjustments as necessary to maintain balanced operations, but if the town's operations materially deteriorate on a sustained basis resulting a weaker reserve position, we could lower the rating.
- After this issuance, the town will have roughly \$58 million in outstanding debt, including self-supporting debt from its proprietary funds. Debt and liability costs remain manageable, but net direct per capita increases slightly with current issuance. The town has identified several capital projects that would require additional debt, however we do not expect it will have a material impact on its operations, as management anticipates asking for a debt exclusion from Proposition 2 1/2 levy limits.
- We do not view pension costs as a long-term credit concern for Milton because of high funding status. However, other postemployment benefits (OPEB) liabilities remain a credit weakness, with the \$139.5 million OPEB liability increasing per capita retirement liabilities to about \$4,943 per capita, which we account for in our analysis. Milton is continuing its OPEB trust funding plan as part of the town's goal to appropriate at least \$2.5 million to the OPEB trust annually, less pension amortization costs.

- For more information on our institutional framework assessment for Massachusetts municipalities, see "[Institutional Framework Assessment: Massachusetts Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view the town's environmental, governance and social factors as neutral in our rating analysis. We have revised our view of the town’s governance factor as the town has complied with MBTA Communities Act (MGL c. 40A, Section 3A) and is no longer in litigation with the Commonwealth.

Rating above the sovereign

Milton's GO bonds are eligible to be rated above the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. The city has a predominately locally derived revenue source, with 72% of operating revenue derived from property taxes, with independent taxing authority and independent treasury management from the federal government.

Outlook

The stable outlook reflects our expectation that Milton will continue to produce balanced operating results and adjust its budget when necessary.

Downside scenario

We could lower the rating if Milton issues a significant amount of debt or is unable to make progress toward funding its outstanding OPEB liability, or if its reserves decreased, either due to structural imbalance or a one-time expenditure, without a plan to restore them.

Milton, Massachusetts--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.86
Economy	1.0
Financial performance	2
Reserves and liquidity	2
Management	1.30
Debt and liabilities	3.00

Milton, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	119	121
County PCPI % of U.S.	--	--	165	165
Market value (\$000s)	--	8,766,263	8,113,005	7,161,002
Market value per capita (\$)	--	308,096	283,791	251,997
Top 10 taxpayers % of taxable value	--	3.7	3.8	3.9
County unemployment rate (%)	--	3.7	3.1	3.2
Local median household EBI % of U.S.	--	193	186	183

Milton, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Local per capita EBI % of U.S.	--	179	175	177
Local population	--	28,453	28,588	28,417
Financial performance				
Operating fund revenues (\$000s)	--	138,356	132,496	123,073
Operating fund expenditures (\$000s)	--	136,248	127,992	121,172
Net transfers and other adjustments (\$000s)	--	(2,157)	(862)	(403)
Operating result (\$000s)	--	(49)	3,642	1,498
Operating result % of revenues	--	--	2.7	1.2
Operating result three-year average %	--	1.3	1.7	0.9
Reserves and liquidity				
Available reserves % of operating revenues	--	13.3	13.9	12.0
Available reserves (\$000s)	--	18,381	18,428	14,787
Debt and liabilities				
Debt service cost % of revenues	--	3.0	2.7	3.2
Net direct debt per capita (\$)	2,042	1,850	1,848	1,498
Net direct debt (\$000s)	58,111	52,649	52,837	42,573
Direct debt 10-year amortization (%)	55	65	--	--
Pension and OPEB cost % of revenues	--	8.0	8.0	9.0
NPLs per capita (\$)	--	40	510	--
Combined NPLs (\$000s)	--	1,148	14,567	--

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. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$8,734,910 Milton, Massachusetts, General Obligation Bond Anticipation Notes, Series 2025, dated: September 15, 2025, due: September 15, 2026

Short Term Rating SP-1+

Current Ratings

New Rating

Local Government

Milton, MA Unlimited Tax General Obligation SP-1+

Ratings Affirmed

Local Government

Milton, MA Limited Tax General Operating Pledge AAA/Stable

Milton, MA Unlimited Tax General Obligation AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

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different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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