

Research Update:

Tewksbury, MA's GO Water Bonds Assigned 'AA+' Rating

October 28, 2025

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to [Tewksbury, Mass.](#) approximately \$6.9 million general obligation (GO) water bonds.
- The outlook is stable.

Rationale

Security

Tewksbury's full-faith-and-credit GO pledge, subject to Proposition 2-1/2 limitations, secures the bonds. We rate the limited-tax GO bonds on par with our view of Tewksbury's general creditworthiness because the ad valorem tax is not from a measurably narrower property tax base and because there are no limitations on the fungibility of resources, supporting our view of the town's overall ability and willingness to pay debt service.

The bonds will finance waterline replacements throughout the town and the purchasing and installing of water meters.

Credit highlights

The rating is supported by Tewksbury's residential local economy, conservative budgeting practices that have led to historically positive financial performance, and comprehensive planning and policies. These strengths are somewhat offset by its comparably weaker debt and retirement liabilities profile. Providing additional support to the rating are historically positive operating results and incremental increases in available reserves over the previous 10 fiscal years; the 2024 audit figures indicate another surplus year with an \$1.5 million increase in available reserves. Year-end results partially reflect several revenue sources exceeding conservative projections. Officials plan to increase the town's stabilization reserves in line with prior years. We expect overall operations to remain positive over the outlook horizon, with available reserves sustained at or above current levels.

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The town's comparably weaker debt and retirement liabilities somewhat offset the economic and financial strengths. While current costs are manageable, we believe high net direct debt and net pension liabilities per capita could pressure future budgets. Despite the elevated debt burden, Tewksbury's strong local economy, and history of maintaining balanced operations should allow it to continue to manage costs without using reserves to balance future budgets. However, we expect that retirement cost growth could outpace overall budgetary growth and pressure the budget within the next few years.

The rating further reflects our view of Tewksbury's:

- Predominantly suburban tax base that continues to expand with commercial and residential development and provides residents good access to employment opportunities throughout the Boston-Cambridge-Newton greater regional economy, which is about 25 miles away, via Interstates 93 and 495.
- History of at least balanced operations that we expect to continue in fiscal 2025 given that budget-to-actual results are tracking well and collections are similar to this time in prior years, with predictable operating revenue from property taxes (71%) and intergovernmental sources (17%). The town's fiscal 2026 budget totals \$144 million and does not use free cash or general stabilization funds, which we believe provides some operating flexibility and allows the town to maintain reserve levels. Available reserves have been consistently in line with its reserve policy to maintain stabilization funds between 3%-5% of revenue.
- Comprehensive set of financial management policies and practices, including budget-to-actual reporting to the board; maintenance of detailed five-year financial forecasts and capital planning, which have aided the town in maintaining stable financial results; and an array of formalized financial policies, including an investment policy with annual reporting, a detailed debt policy, and a reserve policy.
- Debt profile that we expect to remain stable despite additional debt plans for replacing waterlines as part of the water distribution program and for replacing water meters. Estimates by the town indicate issuing roughly \$5.4 million for replacing water lines per year over the next 10 years and \$1.5 million toward replacing the water meters each year over the next two-to-three years.
- Elevated retirement costs, with participation in the Middlesex County Retirement System (MCRS) (55% funded, \$116.9 million proportionate share of the net liability) and other postemployment benefits (OPEB) obligations (\$110 million) funded on a pay-as-you-go basis. MCRS determines Tewksbury's pension funding schedule, and the town typically contributes to its OPEB trust annually. We view the town's large pension and OPEB liabilities with poor funded ratios as susceptible to cost escalations that could cause budgetary pressure over the next few years, although costs are currently manageable. For more detail, see "[Pension Spotlight: Massachusetts](#)," June 17, 2024.
- 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 have analyzed environmental, social, and governance factors relative to Tewksbury's economy, management, financial measures, and debt and liability profile; we view all three as neutral within our credit rating analysis.

Outlook

The stable outlook reflects S&P Global Ratings' opinion that Tewksbury's strong and diverse economy and steady finances with a long history of healthy fund balance will support credit stability.

Downside scenario

We could lower the rating if fiscal pressure from substantial long-term liabilities were to result in a material deviation from Tewksbury's budgetary performance or if reserves were to deteriorate.

Upside scenario

Although unlikely, we could raise the rating if Tewksbury were to make significant progress in mitigating pension and OPEB liabilities while maintaining high reserves and positive finances.

Tewksbury, Massachusetts--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.94
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	4.00

Tewksbury, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	179	182
County PCPI % of U.S.	--	--	153	155
Market value (\$000s)	--	7,216,631	6,590,515	5,882,645
Market value per capita (\$)	--	231,800	211,927	183,009
Top 10 taxpayers % of taxable value	--	8.5	8.8	9.5
County unemployment rate (%)	--	3.6	3.0	3.0
Local median household EBI % of U.S.	--	145	147	148
Local per capita EBI % of U.S.	--	131	128	127
Local population	--	31,133	31,098	32,144
Financial performance				
Operating fund revenues (\$000s)	--	151,434	143,758	136,559
Operating fund expenditures (\$000s)	--	145,482	136,322	127,866
Net transfers and other adjustments (\$000s)	--	(3,560)	(2,716)	(3,575)
Operating result (\$000s)	--	2,392	4,720	5,118
Operating result % of revenues	--	1.6	3.3	3.7
Operating result three-year average %	--	2.9	3.5	3.8
Reserves and liquidity				
Available reserves % of operating revenues	--	24.4	24.6	21.3

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Tewksbury, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Available reserves (\$000s)	--	36,912	35,390	29,135
Debt and liabilities				
Debt service cost % of revenues	--	5.9	5.1	5.7
Net direct debt per capita (\$)	4,477	4,396	3,841	4,106
Net direct debt (\$000s)	139,392	136,853	119,460	131,990
Direct debt 10-year amortization (%)	80	46	80	--
Pension and OPEB cost % of revenues	--	10.0	9.0	9.0
NPLs per capita (\$)	--	3,757	3,717	3,091
Combined NPLs (\$000s)	--	116,970	115,587	99,361

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\$6.9 mil GO wtr bnds dtd 11/20/2025 due 11/15/2035

Long Term Rating AA+/Stable

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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