

## **Moody's revises Wayland, MA's outlook to stable; affirms Aaa GO**

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New York, March 27, 2019 -- Moody's Investors Service has revised the outlook on the rating of the Town of Wayland, Massachusetts's bonds to stable from negative. Additionally, Moody's affirms the Aaa rating assigned to the town's outstanding general obligation unlimited tax and general obligation limited tax (GOLT) bonds. Approximately \$78 million of bonds are affected.

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 the town's stable tax base supported by unusually high resident wealth and incomes. While the town's financial position declined modestly in recent years as the town drew on reserves to fund operations, management has eliminated the use of reserves for operations going forward. The debt burden and pension liability will remain manageable while the town continues to aggressively fund its OPEB liability.

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

### **RATINGS OUTLOOK**

The stable outlook reflects our expectation that Wayland will reverse the slight decline in its financial position given management's focus on returning to structurally balanced operations. The outlook incorporates the town's commitment in addressing its long-term liabilities while maintaining a conservative approach to budgeting and expenditure management. The sizeable tax base with very high resident wealth and income levels with a history of taxpayer support for capital expenditures provides additional stability.

### **FACTORS THAT COULD LEAD TO AN UPGRADE**

- N/A

### **FACTORS THAT COULD LEAD TO A DOWNGRADE**

- Lack of improvement in the available fund balance as a percent of revenues
- Inability to maintain structurally balanced budgets
- Sizeable debt issuance that is not excluded from the levy limitations of Proposition 2 1/2

### **LEGAL SECURITY**

Of the town's total outstanding debt, approximately \$35 million is secured by the town's unlimited general obligation tax pledge, as debt service has been voted exempt from the levy limitations of Proposition 2 1/2. The remaining \$43 million is not excluded from Proposition 2 1/2, and is secured by the town's general obligation limited tax pledge.

### **PROFILE**

Wayland is a primarily residential town with a population of 13,700. It is located 18 miles west of Boston, Massachusetts (Aaa stable).

## METHODOLOGY

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

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