

Research Update:

# Chelmsford, MA Series 2025 GO Municipal Purpose Bonds Assigned 'AAA' Rating; Outlook Stable

June 11, 2025

## Overview

- S&P Global Ratings assigned its 'AAA' rating to the town of [Chelmsford](#), Mass.' approximately \$8.825 million series 2025 general obligation (GO) municipal-purpose bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the town's existing GO debt.
- The outlook is stable.
- The rating reflects the application our criteria "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

## Rationale

### Security

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

Bond proceeds will be used for various capital improvements.

### Credit highlights

The rating reflects the town's mature and stable economy, consistent financial performance, and uptick in reserves over several years. This performance reflects increasing revenues, primarily from a growing tax base, as well as the town's strong management, which follows strict planning and consistently adheres to adopted policies to inform budgetary decisions. Chelmsford is a primarily residential community approximately 35 minutes from Boston, providing direct access to the broader employment base. The town continues to experience strong tax base growth, reflecting increasing market values through ongoing development

### Primary contact

**Dylan Lindow**

Boston  
1-6175308033  
dylan.lindow  
@spglobal.com

### Secondary contact

**Melissa Stoloff**

Boston  
1-617-530-8030  
melissa.stoloff  
@spglobal.com

## Chelmsford, MA Series 2025 GO Municipal Purpose Bonds Assigned 'AAA' Rating; Outlook Stable

throughout the community, mainly housing. Partially offsetting some of these strengths is the town's elevated retirement liabilities profile, which we have reflected in our analysis.

The town has been able to consistently produce positive results through its strong management and conservative budgeting. Positive variances across revenues and expenditure savings, driven by unexpended appropriations across several line items, contributed to the fiscal 2024 operating results. Total fund balance continues to increase, as fiscal 2024 saw a 15.4% increase from the year prior. The fiscal 2025 budget is tracking well, with revenues and expenditures remaining on target for the end of the fiscal year. Management is seeing strength in local receipts and motor vehicle excise commitments, and there have been no concerning expenditure variances to date. We expect available fund balance to increase, as officials anticipate adding \$1.4 million into stabilization funds (reported as unassigned fund balance). We understand there are no plans to spend down reserves. The adopted fiscal 2026 budget totals \$168.4 million and does not rely on the use of any reserves or one-time revenues. The budget includes anticipated increases in pension benefit costs and health insurance premiums that have been absorbed by elimination of five full-time positions and various cost-cutting measures. We expect the town to continue to produce at least balanced operating results.

With this issuance, the town will have about \$61.5 million in total direct debt outstanding and intends to issue additional debt that we do not believe will materially alter its overall debt profile. We expect Chelmsford's debt profile to remain in line with current ratios.

We believe pension and other postemployment benefit (OPEB) liabilities will likely remain a long-term credit concern due to lower OPEB funding, large liabilities, and our expectation that costs will likely increase. Combined pension and OPEB liabilities totaled about \$196.2 million as of fiscal 2024, or \$5,414 on a per capita basis, both elevated compared to 'AAA' peers'. The town's pension plan is 55% funded and, due to actuarially determined pension contributions that reflect what we view as somewhat weak assumptions and methodologies, particularly the 7.15% discount, we believe the risk of unexpected contribution escalation will likely increase.

The rating reflects our opinion of the town's:

- Primarily residential local economy that benefits from proximity to Boston and its location in Middlesex County, resulting in extremely robust county economic output and income metrics. Chelmsford's income metrics are greater than those of the county and over 1.5x national averages, providing credit uplift.
- Record of surplus financial results going back several years, supporting maintenance of strong available reserves, including stabilization reserves that are above the adopted stabilization reserve policy of 5% of expenditures;
- Conservative budgeting practices, coupled with monthly reporting of budget-to-actuals to the select board; a long-term capital improvement plan (CIP); five-year revenue and expenditure projections; a formal reserve policy of maintaining the stabilization fund at no less than 5% of revenue; a debt policy that outlines restrictions guarding debt service and total debt, among other metrics, and informs decision-making along with the CIP; and an investment management plan that adheres to state guidelines. The town has taken steps to mitigate cyber risks;
- Manageable debt burden, with plans for additional borrowing, and combined pension and OPEB liabilities we consider elevated; and

- For more information on our assessment of Massachusetts municipalities, see "Institutional Framework Assessment: Massachusetts Local Governments," Sept. 9, 2024, on RatingsDirect.

## Environmental, social, and governance

We evaluated Chelmsford's environmental, social, and governance factors relative to its economy, financial measures, management, and debt-and-long-term liability profile, and view them as neutral in our credit rating analysis.

## Rating above the sovereign

We rate Chelmsford higher than the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario based on its predominantly locally derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. In 2024, local property taxes generated 79% of audited general fund revenue, demonstrating a lack of dependence on federal government revenue. (See "[Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions](#)," Nov. 19, 2013.)

## Outlook

The stable outlook reflects our expectation that the town will continue to produce at least balanced operating results and maintain reserve levels that provide flexibility to address potential future operating pressures from its retirement liabilities.

## Downside scenario

We could lower the rating if the town's available reserves deteriorate due to weakening budgetary performance or if debt-and-liability metrics fall further out of line with those of similarly rated peers, particularly if its pension contribution cost or liabilities increase.

## Chelmsford Town, Massachusetts--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.75
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	3.75

## Chelmsford Town, Massachusetts--Key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	--	--	180	182
County PCPI % of U.S.	--	--	155	156
Market value (\$000s)	--	8,529,279	7,757,344	6,805,336
Market value per capita (\$)	--	235,290	213,996	184,067

**Chelmsford Town, Massachusetts--Key credit metrics**

	Most recent	2024	2023	2022
<b>Economy</b>				
Top 10 taxpayers % of taxable value	--	3.5	3.5	3.7
County unemployment rate (%)	--	3.6	3.0	3.1
Local median household EBI % of U.S.	--	--	164	167
Local per capita EBI % of U.S.	--	--	157	166
Local population	--	--	36,250	36,972
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	167,898	156,971	149,975
Operating fund expenditures (\$000s)	--	165,548	156,822	150,635
Net transfers and other adjustments (\$000s)	--	1,222	875	(400)
Operating result (\$000s)	--	3,572	1,024	(1,060)
Operating result % of revenues	--	2.1	0.7	(0.7)
Operating result three-year average %	--	0.7	0.9	0.8
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	15.9	14.7	14.7
Available reserves (\$000s)	--	26,722	23,103	22,034
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	6.2	6.9	7.9
Net direct debt per capita (\$)	1,697	1,390	1,530	1,635
Net direct debt (\$000s)	61,517	50,401	55,478	60,453
Direct debt 10-year amortization (%)	92	98	--	--
Pension and OPEB cost % of revenues	--	9.0	10.0	9.0
NPLs per capita (\$)	--	3,335	3,249	2,712
Combined NPLs (\$000s)	--	120,911	117,776	100,286

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\$8.825 mil gen oblig mun purp loan ser 2025 dtd 07/01/2025 due 06/15/2041

Long Term Rating AAA/Stable

**Ratings Affirmed**

**Local Government**

Chelmsford Twn, MA Limited Tax General Operating Pledge 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 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.

## Chelmsford, MA Series 2025 GO Municipal Purpose Bonds Assigned 'AAA' Rating; Outlook 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/sourcelid/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/usratingsfees](http://www.spglobal.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.