

ISSUER COMMENT

14 July 2021

RATING

General Obligation (or GO Related) ¹

Aa1 No Outlook

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Town of Westwood, MA

Annual Comment on Westwood

Issuer Profile

The Town of Westwood is located in Norfolk County in eastern Massachusetts, approximately 10 miles southwest of Boston. The county has a population of 700,437 and a high population density of 1,753 people per square mile. The county's median family income is \$129,076 (1st quartile) and the May 2021 unemployment rate was 5.6% (3rd quartile) ². The largest industry sectors that drive the local economy are health services, retail trade, and professional/scientific/technical services.

Credit Overview

The credit position for Westwood is excellent. Its Aa1 rating is above the US cities median of Aa3. The key credit factors include a very strong wealth and income profile, a moderately-sized tax base and a healthy financial position. It also reflects a small debt burden and a moderate pension liability.

Economy and Tax Base: Westwood has an exceptionally strong economy and tax base overall. The median family income equates to a robust 239.5% of the US level. Additionally, the full value per capita (\$292,138) is above other Moody's-rated cities nationwide. Lastly, the total full value (\$4.7 billion) is larger than the US median.

Finances: Overall, the town has a healthy financial position. Westwood's cash balance as a percent of operating revenues (27.4%) is below the US median but it grew modestly between 2016 and 2020. The fund balance as a percent of operating revenues (22.9%) also falls short of the US median and has remained stable. Massachusetts local governments tend to have financial ratios lower than US medians because they generally derive a majority of revenues from stable property taxes and their financials typically incorporate school operations which are predictable.

Debt and Pensions: Overall, the debt and pension liabilities of the town are low. The net direct debt to full value (0.8%) is slightly lower than the US median. Additionally, Westwood's Moody's-adjusted net pension liability to operating revenues (0.92x) is favorably below the US median.

Management and Governance: Massachusetts cities have an institutional framework score ³ of "Aa", which is strong. The sector's major revenue source of property taxes, are subject to the Proposition 2 1/2 tax levy cap which can be overridden with voter approval only. However, the cap of 2.5% still allows for moderate revenue-raising ability. Expenditures primarily consist of personnel costs, as well as education costs for cities that manage school operations, and are highly predictable given state-mandated school spending guidelines and employee contracts. Unpredictable revenue fluctuations tend to be minor, or under

5% annually. Across the sector, fixed costs are generally less than 25% of expenditures. Fixed costs are driven mainly by debt service and pension costs. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

EXHIBIT 1

Key Indicators ⁴ ⁵ Westwood

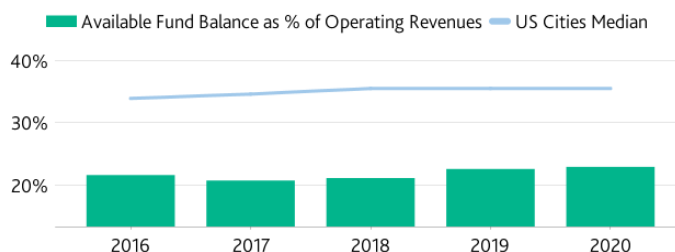
	2016	2017	2018	2019	2020	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	\$3,698M	\$4,342M	\$4,342M	\$4,713M	\$4,713M	\$2,024M	Improved
Full Value Per Capita	\$240,697	\$278,408	\$273,740	\$292,138	\$292,138	\$97,657	Improved
Median Family Income (% of US Median)	237%	235%	238%	240%	240%	114%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	21.6%	20.7%	21.1%	22.5%	22.9%	35.5%	Stable
Net Cash Balance as % of Operating Revenues	24.6%	24.1%	26.4%	27.5%	27.4%	40.0%	Stable
Debt / Pensions							
Net Direct Debt / Full Value	1.1%	1.2%	1.0%	0.9%	0.8%	1.1%	Stable
Net Direct Debt / Operating Revenues	0.47x	0.53x	0.45x	0.40x	0.37x	0.82x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	2.3%	1.9%	2.0%	1.9%	2.1%	1.9%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.96x	0.87x	0.87x	0.89x	0.92x	1.57x	Stable
	2016	2017	2018	2019	2020	US Median	
Debt and Financial Data							
Population	15,364	15,597	15,863	16,136	16,136	N/A	
Available Fund Balance (\$000s)	\$18,983	\$19,583	\$21,117	\$23,089	\$24,648	\$8,489	
Net Cash Balance (\$000s)	\$21,662	\$22,778	\$26,428	\$28,187	\$29,553	\$9,759	
Operating Revenues (\$000s)	\$88,022	\$94,654	\$100,152	\$102,411	\$107,697	\$36,135	
Net Direct Debt (\$000s)	\$41,708	\$50,563	\$45,568	\$40,771	\$39,801	\$19,137	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	\$84,612	\$82,498	\$87,312	\$90,735	\$98,814	\$38,399	

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

EXHIBIT 2

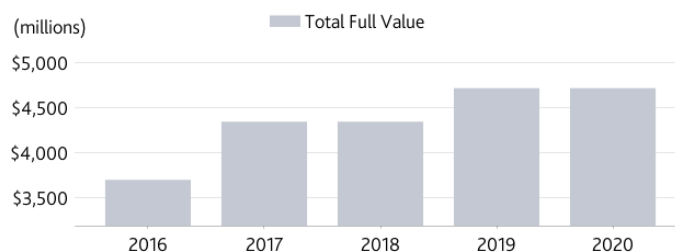
Available fund balance as a percent of operating revenues increased from 2016 to 2020



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

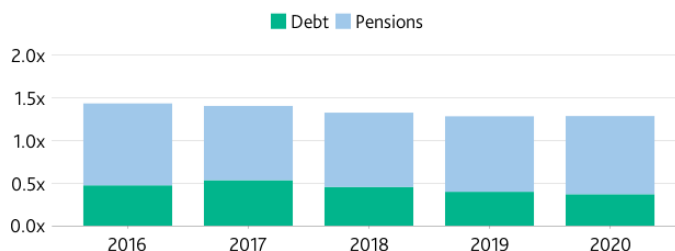
Full value of the property tax base increased from 2016 to 2020



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues decreased from 2016 to 2020



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes

- The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.
 - The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.
- The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.
- The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(July 2020\)](#) methodology report for more details.
 - For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). Metrics represented as N/A indicate the data were not available at the time of publication.
 - The medians come from our most recently published local government medians report, [Medians - Tax base expansion bolsters revenue, but pensions remain a hurdle \(May 2020\)](#), which is available on [Moody's.com](#). The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

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