

Research Update:

Barnstable, MA Series 2026 GO Municipal Purpose Bonds Assigned 'AAA' Rating; Existing Debt Affirmed; Outlook Stable

February 4, 2026

Overview

- S&P Global Ratings assigned its 'AAA' rating to the Town of [Barnstable](#), Mass.' \$26.3 million series 2026 general obligation (GO) municipal-purpose bonds.
- We also affirmed our 'AAA' long-term rating on the town's existing GO debt.
- The outlook is stable.

Rationale

Security

Barnstable's full-faith-and-credit pledge, subject to Proposition 2-1/2 limitations, secures the bonds. We have not made a rating distinction between the town's general creditworthiness and its limited- and unlimited-tax GO debt.

Officials intend to use bond proceeds to fund various capital needs, consisting primarily of utility and school projects.

Credit highlights

Barnstable's general creditworthiness is characterized by its central location on Cape Cod, with robust tax base growth and economic development, along with a long history of surplus financial results that has resulted in increases to reserves. The latter total more than 30% of revenue, according to audited fiscal 2024 results and fiscal 2025 year-end preliminary results.

Financial performance remains strong, with the town reporting consecutive general fund operating surpluses for more than a decade. Available reserves have reached new highs, both on a nominal and a percentage basis, to nearly 35% of revenue, according to audited fiscal 2024 results, well above the median for 'AAA' rated communities in the commonwealth. Based on unaudited actuals, the town estimates ending fiscal 2025 with a \$7.9 million surplus, increasing

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available general fund reserves to \$85.2 million or nearly 37% of operating revenue. Management attributes the surplus to a better-than-expected property tax collection rate, strong investment income, underspending across the board relative to conservative budgeting, as well as spending of the \$3.5 million in American Rescue Plan Act funds.

The fiscal 2026 budget utilizes \$8.4 million of reserves for balance, which is \$2 million higher than appropriated reserves in the prior year's budget. However, management anticipates continued positive revenue and expense variances and ending the year with relatively balanced operations. In addition, we understand the fiscal 2027 budget, which is currently being prepared, incorporates expected increases in salaries and health care costs and should be consistent with prior years. Ultimately, we believe Barnstable's predictable and consistent finances, supported by its affluent tax base, will continue to support at-least-balanced operations in fiscal years 2026 and 2027.

Barnstable receives most of its general fund revenue from real and personal property taxes (66%) and state aid, mainly for education (13%). Property tax collections remained in line with previous years. In addition to the general fund, the town maintains nine enterprise fund operations and the Comprehensive Wastewater Management Plan operating budget. The enterprise funds have been performing well, and all maintain solid reserve and liquidity balances.

The town maintains \$310 million in authorized but unissued debt for various public improvements, and management indicates it could potentially borrow up to \$30 million annually over the next couple of years, primarily to fund a major sewer-related project that will eventually convert residents to a municipal sewer system from a septic system. Barnstable, like other Cape communities, is under pressure to comply with federal regulations to reduce nitrogen levels in area waterways. Although we think Barnstable's debt plans, along with its long-term retirement liabilities, will result in higher costs over time, the town has ample operating flexibility given its strong growth prospects and a wealthy tax base. We understand the town plans to start funding its other postemployment benefit (OPEB) liability with increased contributions once its pension liabilities are fully funded.

Additional rating factors include our opinion of Barnstable's:

- Affluent residential economic base at the center of Cape Cod, with a high presence of second homes and a population that increases to more than 120,000 in the summer, which is among the largest in the commonwealth, albeit with some exposure to physical risks given its coastal location;
- Comprehensive set of formalized financial policies and practices, including conservative budget assumptions that the town consistently outperforms and robust long-term projections with both formalized financial and capital projections updated on an annual basis. In addition, formalized policies cover reserves, debt, and investments;
- History of surplus financial results, with increases to available reserves, which now stand well above 30% of revenue based on both audited fiscal 2024 and unaudited fiscal 2025 results, and no plans to materially spend down;
- Manageable debt burden and contingent liability profile, especially when measured against revenue and as a percentage of total market value, and considering a high second home component to the town. This is offset in part by additional debt plans and elevated retirement costs, with the town contributing to the Barnstable County Retirement Association (67% funded, with a proportionate share of the town's net pension liability equal to \$122 million) and an OPEB liability that is 8.6% funded with a liability of \$108 million.

- Stable operating environment as a Massachusetts municipality. For more information, see: ["Institutional Framework Assessment: Massachusetts Local Governments,"](#) Sept. 9, 2024.

Environmental, social, and governance

Barnstable is a coastal community along the Atlantic Ocean with exposure to climate change and sea-level rises. The town is managing these risks through various coastal resiliency initiatives and rising-sea-level mitigation projects. It regularly undertakes community resilience planning and has adopted a hazard mitigation plan, with key initiatives included in its annual capital planning. We analyzed Barnstable's social and governance risks relative to the town's credit factors and determined that these are neutral within our analysis.

Rating above the sovereign

Under our criteria--["Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions,"](#) Nov. 19, 2013--we rate Barnstable higher than the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. This is based on its predominantly locally derived revenue base and our view that pledged revenue supporting bond debt service is at limited risk of negative sovereign intervention.

Outlook

The stable outlook reflects our view that the town will maintain its strong overall financial performance throughout the two-year horizon, supported by an affluent economic base and manageable fixed-cost debt burden.

Downside scenario

We could lower the rating if costs increase at a faster pace than expected, pressuring the budget and lowering reserves to levels below those of similarly rated peers.

Barnstable, Massachusetts--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.30
Economy	1.0
Financial performance	1
Reserves and liquidity	1
Management	1.00
Debt and liabilities	2.50

Barnstable, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GDP per capita % of U.S.	93	93	93	93
County PCPI % of U.S.	132	132	132	129
Market value (\$000s)	24,779,057	24,524,519	21,870,831	17,364,497

Barnstable, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Market value per capita (\$)	498,372	493,253	439,783	392,055
Top 10 taxpayers % of taxable value	3.4	3.0	3.1	3.6
County unemployment rate (%)	5.0	4.8	4.4	4.6
Local median household EBI % of U.S.	115	115	127	124
Local per capita EBI % of U.S.	123	123	128	134
Local population	49,720	49,720	49,731	44,291
Financial performance				
Operating fund revenues (\$000s)	232,046	222,197	204,991	185,762
Operating fund expenditures (\$000s)	205,040	196,982	181,060	172,946
Net transfers and other adjustments (\$000s)	(19,085)	(16,067)	(13,599)	(9,529)
Operating result (\$000s)	7,922	9,148	10,332	3,287
Operating result % of revenues	3.4	4.1	5.0	1.8
Operating result three-year average %	--	3.6	3.3	2.7
Reserves and liquidity				
Available reserves % of operating revenues	36.7	34.7	33.1	30.9
Available reserves (\$000s)	85,200	77,185	67,918	57,448
Debt and liabilities				
Debt service cost % of revenues	--	3.1	3.4	3.8
Net direct debt per capita (\$)	3,754	3,325	2,253	2,465
Net direct debt (\$000s)	186,636	165,324	112,048	109,164
Direct debt 10-year amortization (%)	60	61	--	--
Pension and OPEB cost % of revenues	--	7.0	7.0	8.0
NPLs per capita (\$)	--	2,451	2,417	1,841
Combined NPLs (\$000s)	--	121,872	120,219	81,520

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\$26,300,000 Barnstable, Massachusetts, General Obligation Municipal Purpose Loan Bonds, Series 2026, dated: Date of delivery, due: February 15, 2046

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Barnstable, 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.

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