

Duxbury, Massachusetts

<i>Credit Profile</i>		
US\$3.135 mil GO bnds ser 2008 dtd 05/15/2008 due 05/15/2022		
<i>Long Term Rating</i>	AAA/Stable	New
Duxbury Tw'n GO		
<i>Long Term Rating</i>	AAA/Stable	Upgraded

Rationale

Standard & Poor's Ratings Services raised its rating on Duxbury, Mass.' parity debt to 'AAA' from 'AA+'. The outlook is stable.

In addition, Standard & Poor's assigned its 'AAA' rating, and stable outlook, to the town's series 2008 general obligation (GO) bonds.

The 'AAA' rating reflects the town's affluent and diverse tax base and its strong financial position, which it has maintained over various economic cycles.

The 'AAA' rating also reflects the town's:

- Local economy that participates in the greater Boston metropolitan statistical area (MSA);
- Extremely strong wealth levels, with an equalized value per capita of more than \$239,000; and
- Low debt position, coupled with modest future borrowing needs.

The town will use \$1.3 million in proceeds from the bonds to refund a portion of its series 1997 bonds. The remainder will be used to fund capital projects pertaining to the town's water system.

Duxbury, with an estimated population of 14,713, is an affluent community 33 miles southeast of Boston, Mass., along the Atlantic Coast. The town is predominantly residential, with a small commercial component. Leading employers include Bay Path Nursing Home (176 employees), The Village at Duxbury (retirement condominiums; 160), and Batelle

Primary Credit Analysts:

Victor Medeiros
Boston
617.530.8305.
victor_medeiros@
standardandpoors.com

Secondary Credit Analysts:

Karl Jacob
New York
(1) 212-438-2111
karl_jacob@
standardandpoors.com

***RatingsDirect
Publication Date***

May 2, 2008

Laboratories (research; 70). Despite the limited nature of the local economy, Duxbury's residents have access to the greater Boston MSA economy via Route 3, the Massachusetts Bay Transportation Authority commuter rail, and water ferry service in neighboring towns.

Duxbury's unemployment averaged 3.5% in 2007, below the state and national averages. In addition, the town's income levels are very strong; according to statistics provided by Claritas, Duxbury's median household effective buying income is 209% of the national average. In addition, the town's equalized full value equates to an extremely strong \$248,181 per capita. These figures reflect the relative wealth and affluent nature of the community.

Between 2002 and 2007, Duxbury's assessed value (AV) increased a strong 60%, primarily due to property appreciation as well as some new construction. In 2008, Duxbury's AV totals \$3.6 billion, which is a slight decrease from the previous year; this is attributed to a slight reduction in the town's home values. Nevertheless, despite this slight reduction, Duxbury's residential values are expected to remain stable, especially given the town's desirable location along the water and its access to Boston.

Duxbury's financial position is stable, with strong reserve levels. Audited fiscal 2007 closed with a surplus of \$104,000 (0.2% of budget), increasing the unreserved general fund to \$5.0 million, or 9.2% of expenditures. Due to good conservative budgeting practices, the town's unreserved fund balance has remained above 8% of expenditures in each of the past five audited years. The town also maintains a stabilization fund, which is separate from the general fund and may be used for any municipal purpose. The stabilization fund closed fiscal 2007 with a balance of \$680,000. Between the unreserved general fund and the stabilization fund, the town's available reserves totaled approximately 10% of operating expenditures in 2007, providing a strong level of flexibility to meet unexpected future operating demands.

For fiscal 2008, town officials are projecting balanced results, with no significant operating variances. The town continues to operate within Proposition 2 1/2, without the use of an operating override; however, it does fund some capital items through voter-approved capital exclusions. Voter-authorized capital exclusions allow the tax levy to increase above Proposition 2-1/2 constraints during the year the project is begun through its completion, providing revenue flexibility when addressing capital outlays. Currently, property taxes are the largest revenue source, representing 70% of general fund revenues, with state aid representing 15%. Tax collections have historically remained strong, averaging 99% over the past five years.

Moreover, we consider Duxbury's management practices to be "good" under Standard & Poor's Financial Management Assessment (FMA). An FMA of good indicates that practices exist in most areas, although not all may be formalized or regularly monitored by governance officials.

Duxbury's debt profile is low, with an overall debt-to-market value of less than 1% and overall net debt of \$1,126 per capita. The town's carrying charge is also low, at roughly 6% of expenditures in 2007. This is favorable, given the town's above-average amortization schedule, with 85% of existing debt being retired over only 10 years and 100% being retired by 2023. Future capital needs are manageable. The town's five-year capital improvement program totals roughly \$30.6 million, of which approximately \$27.1 million is planned to be raised through additional bonding. Projects include a new water treatment facility, a water tank, a public safety facility, and a crematory. The town currently has roughly \$3.1 million in authorized but unissued debt.

Outlook

The stable outlook reflects Standard & Poor's expectation that Duxbury will sustain its financial position at current levels, and that its management will be able to address future budgetary needs adequately. Further stability is provided by the town's wealth and income levels, steady tax base growth, and proximity to Boston. Future capital needs are expected to remain manageable, given the town's current low debt burden.

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280. Copyright 2008 by The McGraw-Hill Companies, Inc. Reproduction in whole or in part prohibited except by permission. All rights reserved. Information has been obtained by Standard & Poor's from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, Standard & Poor's or others, Standard & Poor's does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities.

Standard & Poor's uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from Standard & Poor's, our parent, The McGraw-Hill Companies, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 800-852-1641 or write us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Credit ratings issued by Ratings Services are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of credit ratings issued by Ratings Services should not rely on any such ratings or other opinion issued by Ratings Services in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or by the underwriters participating in the distribution thereof. The fees generally vary from US\$2,000 to over US\$1,500,000. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280; or by e-mail to: research_request@standardandpoors.com.