

Research Update:

Orleans, MA Series 2025 GO Bonds Rated 'AAA'; Series 2025 GO Bond Anticipation Notes Rated 'SP-1+'

December 16, 2025

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to the Town of [Orleans](#), Mass.' \$6.64 million series 2025 general obligation (GO) municipal-purpose bonds.
- At the same time, we assigned our 'SP-1+' short-term rating to the town's \$16.126 million 2025 GO bond anticipation notes (BANs).
- Finally, we affirmed our 'AAA' long-term rating on Orleans' previously issued GO debt and our 'SP-1+' rating on the town's short-term debt.
- The outlook, where applicable, is stable.

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Rationale

Security

Orleans' full faith and credit secures the BANs and GO debt. A portion of the current and existing GO bonds and BANs is subject to Proposition 2 1/2 limitations, but we make no rating distinction because we rate the limited obligation at the same level as our view of Orleans' general creditworthiness. We rate the limited-tax GO debt based on the application of our criteria "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)," Nov. 20, 2019.

Officials will use the GO and BAN proceeds to retire the BANs maturing in January 2026 and fund a variety of townwide projects, including improvements related to a comprehensive wastewater project.

The short-term rating reflects our criteria for evaluating and rating BANs. In our view, Orleans maintains very strong capacity to pay principal and interest when the BANs come due. The town maintains what we view as a low market risk profile because it has strong legal authority to issue long-term debt to take out the BANs and is a frequent issuer that regularly provides disclosure to market participants.

Credit highlights

The 'AAA' long-term rating reflects our view of Orleans' very strong income indicators as a wealthy coastal community on Cape Cod, along with the town's low tax rate, positive finances, and a healthy reserve position to insulate itself against unexpected events, including weather events and flooding. However, Orleans' per-capita debt liabilities far exceed those of both state and national peers even when accounting for the town's increased summer-time population. The town's population swells to approximately 22,000 in summer months from 6,500; using the summer population metric results in a per capita debt of \$6,100, a level that is approximately 87% higher than Massachusetts median per capita debt levels at the 'AAA' level. Furthermore, the town's debt service as a percentage of revenues stands at 11.7%, significantly exceeding the 'AAA' median of 4.27%. These factors, combined with the recent removal of the debt-to-expenditures cap from the town's debt policy, weigh on our view of Orleans, particularly given the town's consideration of additional issuances for several projects. Still, we believe Orleans' debt burden relative to the town's substantial property wealth--currently about 2.1% of assessed value--remains manageable and is consistent with that of its peers, and the town's comparatively low property tax rate also provides flexibility to increase revenue if needed. However, should per-capita debt liabilities worsen materially such that debt metrics, including fixed charges, are no longer look commensurate with those of 'AAA' rated peers, we could lower the rating. For more information on Massachusetts municipalities see ["U.S. Local Governments Credit Brief: Massachusetts Municipalities Means And Medians,"](#) Nov. 5, 2025,

Orleans has posted positive operational results since fiscal 2019, largely because of higher-than-budgeted property tax and very conservative budgeting by management. This positive operating trend persisted in fiscal 2024 with continued strength in local receipts and vacancy-related expenditure savings. The unofficial 2025 financial results reflect an additional surplus of at least \$2 million-\$3 million for the year, spurred by strong property tax growth. We expect reserves will stay generally consistent as Orleans will use small amounts of reserves to cash-fund its smaller-dollar capital needs in an effort to limit debt issuance, such as a property purchase for about \$2.5 million in the current fiscal year (2025). Despite some spending plans, we expect reserves will remain above the policy-mandated general stabilization and free cash reserve of 15%-19% combined. The fiscal 2026 budget includes the first year of contractual increases in the town's newly settled union contracts and increased allocations for health benefits, a budgetary pressure in recent years.

Because of Orleans' understated population, based on permanent residents, our published per-capita debt liabilities are overstated. Still, even when factoring in the town's immense property wealth and seasonal population increase, per-capita debt liabilities are higher than both state and national peers at the 'AAA' rating level, although annual debt service costs remain manageable. Furthermore, we think the town's low tax rate, significant cash reserves, and resident wealth levels offset Orleans' elevated debt burden. However, should any of credit strengths erode, we could lower the rating. With the GO and BAN issuance, the town will have about \$135.5 million in total direct debt outstanding. Orleans recently borrowed about \$30 million through the Massachusetts Clean Water Trust to assist with the ongoing wastewater project. It also anticipates issuing approximately \$40 million in fiscal 2027 for a new fire station.

The rating further reflects our view of Orleans':

- Primarily residential tax base, with strong seasonal tourism and a large presence of second homes (45% of taxable parcels), elevated local income, and market value indicators that support the town's predominantly property tax-based revenue source (86% of fiscal 2024 revenues). Barnstable County's economic output is below the national average, due to the

county's predominantly resort-residential economic makeup, although management has indicated local interest in small-scale industrial development in recent years. Residential properties make up about 93% of the property tax base, accounting for a seasonal population of 22,000, while the permanent population has remained relatively stable over the past several years at about 6,000. Given the town's economic composition and very strong local incomes that continue to rise, we do not expect Orleans will experience material economic pressure over the outlook period;

- Positive finances, with general fund surpluses in the past several years, expected positive results for fiscal 2025 based on unaudited figures, and reserves that we think will hold based on projections and a formal reserve policy of 15%-19% combined for free cash and stabilization. The town's current fiscal 2026 tax rate of \$6.11 per \$1,000 of assessed value is low for Massachusetts municipalities, indicating property tax revenue-raising ability given the wealth metrics of the tax base but also subject to the limitations of Proposition 2 1/2;
- Prudent management team, with a track record of conservative budgeting, contributing to historically positive results, coupled with monthly budget monitoring. In 2023, the town amended its debt policy to remove its debt service to expenditures threshold. We consider this a negative change, especially given Orleans' debt issuance plans and because removing this threshold weakens a key mechanism for controlling potential increases in fixed charges. Also, management practices currently contain a reserve policy outlining a general stabilization reserve at 12%-14% of budget, and a free cash policy of 3%-5% of the budget and investment policies. The town's long-term planning is characterized by a robust five-year capital improvement plan that management is looking to extend to 10 years and an annually updated long-term planning that informs future budgets and is built with basic assumptions;
- Elevated per capita debt and retirement liabilities as a result of a lower permanent population, modestly aided by the large secondary home market and higher seasonal population, with currently manageable fixed costs relative to the budget. In recent years, debt issuances have helped Orleans to tackle important sewer infrastructure projects that will allow further economic development to continue.
- Pension and other postemployment benefit (OPEB) liabilities that are not an immediate credit pressure because costs are low relative to the budget; however, we acknowledge lower pension plan funding and a \$19.1 million OPEB liability. Although the town is managing these costs, we believe it has limited ability to control pension liability growth.
- For more information on our institutional framework assessment for Massachusetts municipalities, see "[Institutional Framework Assessment: Massachusetts Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

Physical environmental risks are elevated, in our opinion, because of Orleans' location on Cape Cod and the town's direct exposure to the Atlantic Ocean. In the long term, we anticipate that rising sea levels, ongoing stormwater management needs, and related environmental risks stemming from Orleans location could pressure finances or the tax base. However, the town has leveraged state and local county grants to aid its infrastructure upgrades to mitigate this risk. Orleans is part of the Cape Cod Commission's climate action plan and is in the process of developing its own climate action plan. In addition, we view governance risks as generally in line with those of peers, although pension funding discipline and assumption choices will likely lead to elevated costs. We consider social risks neutral within our credit rating analysis.

Rating above the sovereign

Orleans' GO bonds are eligible to be rated above the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. Local sources account for over 96% of operating revenues. The town has independent taxing authority and independent treasury management from the federal government.

Outlook

The stable outlook reflects our expectation that Orleans will continue to produce at least breakeven results while maintaining a healthy available fund balance despite some spending and issuance plans in the near term, supported by the very strong tax base and local incomes.

Downside scenario

We could lower the rating if debt levels increase materially beyond our current expectations such that higher debt service costs pressure financial results or if the town experienced sustained negative financial performance, leading to weakened reserves to levels we no longer consider commensurate with the rating.

Orleans, Massachusetts--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.85
Economy	1
Financial performance	1
Reserves and liquidity	1
Management	2
Debt and liabilities	4.25

Orleans, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	93	93
County PCPI % of U.S.	--	--	132	129
Market value (\$000s)	--	6,258,605	5,797,513	4,682,305
Market value per capita (\$)	--	958,145	891,377	805,904
Top 10 taxpayers % of taxable value	--	2.7	2.7	2.8
County unemployment rate (%)	--	4.8	4.4	4.7
Local median household EBI % of U.S.	--	112	127	126
Local per capita EBI % of U.S.	--	157	161	156
Local population	--	6,532	6,504	5,810
Financial performance				
Operating fund revenues (\$000s)	--	46,521	41,197	37,964
Operating fund expenditures (\$000s)	--	42,141	38,764	36,282

Orleans, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Net transfers and other adjustments (\$000s)	--	-336	-1,102	316
Operating result (\$000s)	--	4,044	1,331	1,998
Operating result % of revenues	--	8.7	3.2	5.3
Operating result three-year average %	--	5.7	5.3	4.7
Reserves and liquidity				
Available reserves % of operating revenues	--	35.4	29.4	28.8
Available reserves (\$000s)	--	16,463	12,111	10,915
Debt and liabilities				
Debt service cost % of revenues	--	11.7	10.7	12.5
Net direct debt per capita (\$)	20,658	15,708	15,407	17,692
Net direct debt (\$000s)	134,938	102,602	100,207	102,788
Direct debt 10-year amortization (%)	47	44	--	--
Pension and OPEB cost % of revenues	--	7	6	8
NPLs per capita (\$)	--	3,853	3,956	2,991
Combined NPLs (\$000s)	--	25,165	25,727	17,375

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\$16,126,823 Orleans Town, Massachusetts, General Obligation Bond Anticipation Notes, dated: January 23, 2026, due: January 22, 2027

Short Term Rating SP-1+

US\$6,640,000 Orleans Town, Massachusetts, General Obligation Municipal Purpose Loan Bonds, Series 2026, dated: Date of delivery, due: November 01, 2050

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Orleans Twn, MA Limited Tax General Operating Pledge AAA/Stable

Orleans Twn, MA Limited Tax General Operating Pledge BAN SP-1+

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

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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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