

## CREDIT OPINION

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## Town of Casco, ME

Update to credit analysis following upgrade to Aa2

### Summary

[Casco, ME](#) (Aa2) benefits from a very modest long term liability profile and history of stable financial reserves. We expect the town's debt profile to remain very modest.

On October 25, we upgraded the town's issuer and GO ratings to Aa2 from Aa3.

### Credit strengths

- » Growing tax base
- » History of stable financial position

### Credit challenges

- » Small year round population
- » Reliance on tourism

### Rating outlook

We do not assign outlooks to local governments with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Significant tax base expansion
- » Increase in resident incomes above 100% of the US median

### Factors that could lead to a downgrade

- » Structural imbalance leading to declines in reserves to below 35% of revenue
- » Significant, unexpected growth in long term liabilities

## Key indicators

Exhibit 1

### Casco (Town of) ME

	2020	2021	2022	2023	Aa Medians
<b>Economy</b>					
Resident income ratio (%)	78.3%	80.7%	77.0%	N/A	115.2%
Full Value (\$000)	\$707,700	\$757,400	\$827,550	\$964,900	\$2,753,876
Population	3,933	3,643	3,657	N/A	22,803
Full value per capita (\$)	\$179,939	\$207,906	\$226,292	N/A	N/A
Annual Growth in Real GDP	2.6%	7.2%	3.2%	N/A	4.9%
<b>Financial Performance</b>					
Revenue (\$000)	\$11,626	\$12,259	\$13,041	\$13,215	\$49,930
Available fund balance (\$000)	\$5,093	\$5,428	\$6,068	\$6,070	\$27,007
Net unrestricted cash (\$000)	\$5,156	\$5,539	\$6,412	\$7,774	\$36,277
Available fund balance ratio (%)	43.8%	44.3%	46.5%	45.9%	54.0%
Liquidity ratio (%)	44.3%	45.2%	49.2%	58.8%	75.9%
<b>Leverage</b>					
Debt (\$000)	\$2,866	\$2,620	\$2,374	\$2,837	\$35,831
Adjusted net pension liabilities (\$000)	\$0	\$0	\$0	\$0	\$55,367
Adjusted net OPEB liabilities (\$000)	\$67	\$83	\$66	\$62	\$5,248
Other long-term liabilities (\$000)	\$75	\$96	\$44	\$69	\$1,716
Long-term liabilities ratio (%)	25.9%	22.8%	19.0%	22.5%	244.9%
<b>Fixed costs</b>					
Implied debt service (\$000)	\$217	\$205	\$184	\$166	\$2,465
Pension tread water contribution (\$000)	\$0	\$0	\$0	\$0	\$1,563
OPEB contributions (\$000)	\$0	\$0	\$0	\$0	\$178
Implied cost of other long-term liabilities (\$000)	\$7	\$5	\$7	\$3	\$116
Fixed-costs ratio (%)	1.9%	1.7%	1.5%	1.3%	10.7%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the Portland-South Portland, ME Metropolitan Statistical Area Metropolitan Statistical Area.

Sources: US Census Bureau, Casco Town's financial statements and Moody's Ratings, US Bureau of Economic Analysis

## Profile

The Town of Casco, ME is located about 30 miles northwest of the City of Portland, ME (Aaa stable) and is home to approximately 3,646 year round residents. The town's population swells above 10,000 during the summer months as the area is a popular tourist destination with campgrounds representing some of the area's largest taxpayers.

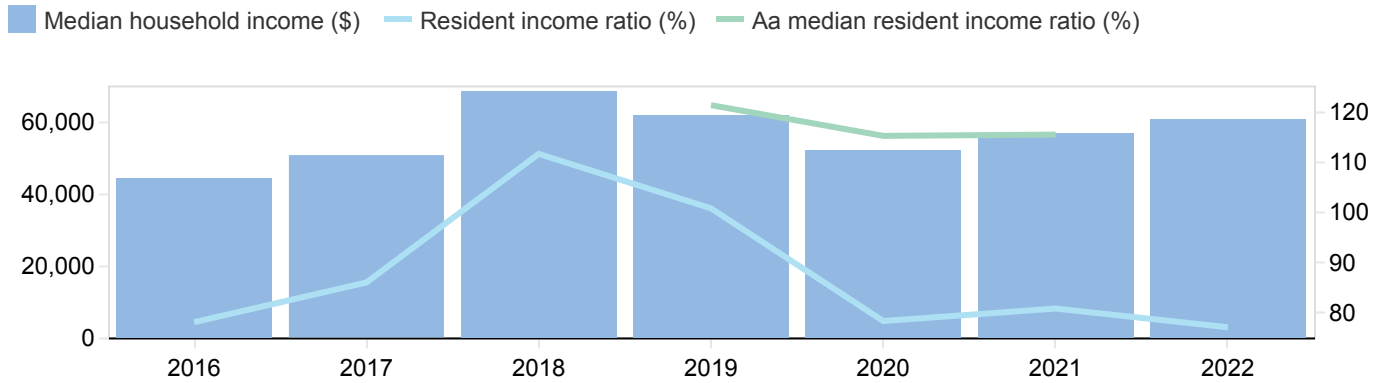
## Detailed credit considerations

Following a revaluation effective in fiscal 2025, the town's tax base surpassed \$1 billion for the first time and, as a result, full value per capita now measures over \$324,000, which is well over twice the median for similarly rated peers nationwide. Management reports the revaluation is the first in at least ten years and does not expect additional revaluations in the near term. Driving the growth are modest residential and commercial projects throughout the town. Some of Casco's largest taxpayers are campgrounds, and the tourist base they attract during the summer months is important to the town's vitality, which swells from around 3,646 full time residents to well over 10,000 people.

The town's financial position has remained very stable over the last five years with available fund balance of 46% of revenue in fiscal 2023. When fiscal 2024 results are reported, we expect to see another small increase in fund balance as conservative budgeting mixed with straightforward operations yields an expected fourth increase in fund balance levels. Because the town has no real pension or OPEB obligations, debt is the main component of the town's very modest long term liability profile, which totaled just 22% of revenue in fiscal 2023. The town does not have significant additional debt plans at this time, so we expect the liability profile to remain very manageable over the coming years.

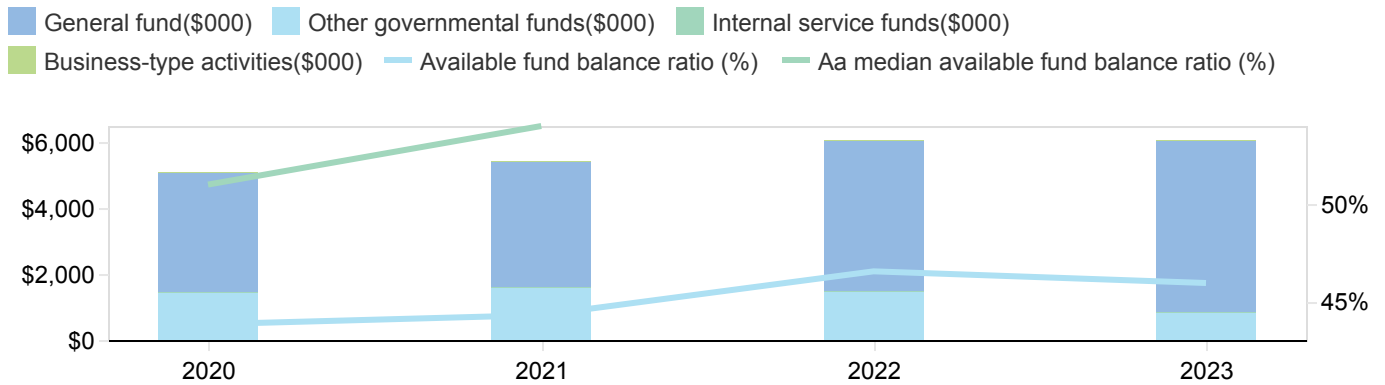
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Exhibit 2  
Resident Income is low relative to national median



Source: Moody's Ratings

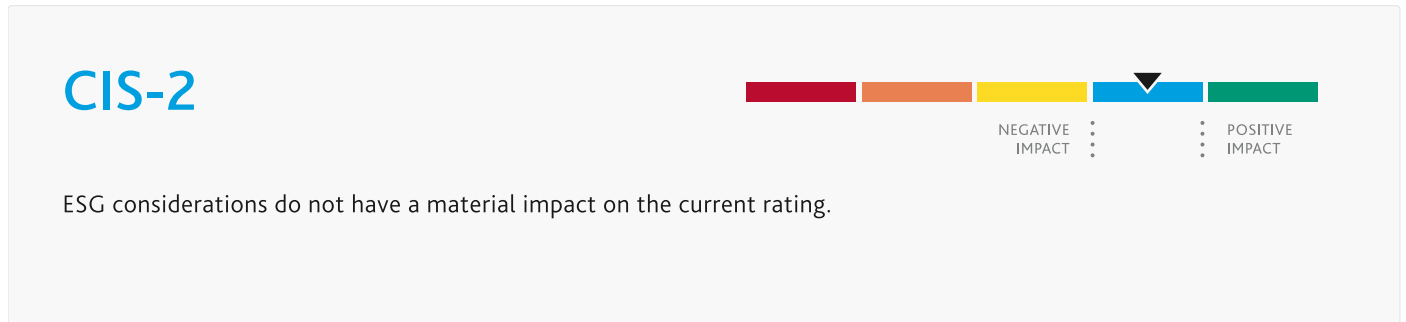
Exhibit 3  
Fund Balance across governmental funds exceeds 50% of revenue



Source: Moody's Ratings

### ESG considerations

Exhibit 4  
ESG credit impact score



Source: Moody's Ratings

The town's ESG credit impact score is neutral to low (CIS 2), reflecting neutral to low exposure to environmental and social risks and positive governance profile.

**Environmental**

The town's E-2 environmental issuer profile score reflects neutral to low exposure to environmental risks. The town's carbon transition, natural capital, and water and pollution risks are modest. Given the town's geographical location, physical climate risk is also neutral to low with no material exposure to sea level rise and moderate exposure to shocks from extreme weather events such as hurricanes and noreasters.

**Social**

The town's S-3 social issuer profile score reflects moderate exposure to social risks. The town has moderately negative exposure to its demographics given a median age of 51. However, the town's exposure to education, housing, health and safety, and access to basic services are all neutral to low.

**Governance**

The town's governance issuer profile score is positive (G-1). The town has a favorable institutional structure and provides strong transparency and disclosure. The town also consistently approves and releases its budgets and audited financial statements in a timely manner. The town's strong budget management and policy credibility and effectiveness are reflected in its healthy financial position and trend of balanced operations.

## Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 5

### Casco (Town of) ME

	Measure	Weight	Score
<b>Economy</b>			
Resident income ratio	77.0%	10.0%	Baa
Full value per capita	323,585	10.0%	Aaa
Economic growth metric	1.3%	10.0%	Aaa
<b>Financial Performance</b>			
Available fund balance ratio	45.9%	20.0%	Aaa
Liquidity ratio	58.8%	10.0%	Aaa
<b>Institutional Framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio	22.5%	20.0%	Aaa
Fixed-costs ratio	1.3%	10.0%	Aaa
<b>Notching factors</b>			
No notchings applied			
Scorecard-Indicated Outcome			Aa1
<b>Assigned Rating</b>			<b>Aa2</b>

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Portland-South Portland, ME Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Casco Town's financial statements and Moody's Ratings

## Appendix

Exhibit 6

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
<b>Financial performance</b>		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
<b>Leverage</b>		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
<b>Fixed costs</b>		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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