

Research Update:

Berlin, CT Series 2025 GO Bonds Assigned 'AAA' Rating

September 17, 2025

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [Berlin](#), Conn.'s \$3.6 million series 2025 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on the town's GO debt outstanding.
- The outlook is stable.

Rationale

Security

The town's full faith and credit secures the bonds.

Proceeds from the bonds will finance the second borrowing phase to complete heating, ventilation, and air conditioning at two schools in town, roof replacements, a 50% down payment on two fire vehicles, and bunker upgrades to the municipal golf course.

Credit highlights

The rating reflects our view of Berlin's history of healthy operating performance, as reflected in its available fund balance and tax base growth, supporting its general creditworthiness. The GO rating also incorporates our view of the strong regional economic activity and our forward-looking view of the town's finances and additional debt plans. Underpinned by a growing local economy outside of Hartford, we expect limited rating pressure through the two-year outlook horizon.

The town has seen strong revenue growth as revenue-raising flexibility and expenditures savings continue to exceed expectations. We attribute this growth to management's grasp on tight controls amid budgeting and managing its debt and liabilities profile to the policies in place, and to its strong planning.

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Following the series 2025 issuance, the town will have about \$46 million in net direct debt outstanding and plans to issue roughly \$16 million over the outlook period to fund its capital improvement plan. We do not view pension and other postemployment benefit (OPEB) liabilities as a source of credit pressure given the relatively low unfunded liabilities and annual costs. It has also been proactive in its funding of OPEBs. Berlin has a combined \$11.2 million in retirement liabilities. The town developed a new defined benefit plan in 2023 that became effective in fiscal 2024 to recruit and retain police employees. The town has passed an ordinance requiring full funding of the actuarially determined employer contribution for each active defined benefit pension plan.

The 'AAA' rating reflects our view of the town's:

- Well-diversified regional economy, which has seen investment interest in recent years, and local economic metrics, including per capita market value and town incomes, that are in line with those of similarly rated peers while per capita gross county product and per capita personal income are above national and county levels.
- Consistently positive performance in recent years, bolstered by conservative budgeting and proactive management of revenue and expenditure growth. Management drew from reserves in fiscal 2025 to get ahead on capital projects that it would otherwise have borrowed for and to realign available fund balance at the historical level of 12% to 15%. The fiscal 2026 budget includes no material changes from years prior, and we anticipate an insignificant change in reserves.
- Tight budget controls to achieve continuous structural balance using historical trends when developing the budget and monitoring of budget-to-actual performance. Officials maintain a rolling 10-year, long-term capital improvement plan that identifies capital projects priorities and internal and external funding sources. They also keep a five-year financial plan that details assumptions and feeds into the annual budget. In addition, Berlin maintains formal debt management and reserve policies outlining uses and limits for debt along with specific reserve targets. We view management as a credit strength for Berlin.
- Fixed costs and debt are low, with limited capital needs. The debt burden is moderate per capita, and overall retirement liabilities are affordable. The town has historically borrowed at levels less than the principal being retired for the fiscal year, to bring down the town's overall debt and debt service to a more manageable level.
- For more information on our institutional framework assessment for Connecticut municipalities, see "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We analyzed the town's environmental, social, and governance factors relative to its economy, management, budgetary and financial measures, and debt and long-term liability profile, and consider them in line with the sector. In addition, we understand the town maintains adequate IT safety protocols.

Rating above the sovereign

We rate the town above the sovereign because we believe it can maintain better credit characteristics than the U.S. in a stress scenario, based on its predominantly locally derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. The rating above the sovereign is based on our

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criteria "[Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions](#)," Nov. 19, 2013.

Outlook

The stable outlook reflects our view of the town's strong management, leading to consistent general fund operations and maintenance of reserves above the policy limit. The town's strong economic presence further supports the rating.

Downside scenario

If the town's debt burden were to grow beyond expectations or if the town were to undergo a structural imbalance, leading to a draw on reserves out of line with that of peers with no plan to replenish, we could lower the rating.

Berlin, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.53
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.65
Debt and liabilities	2.00

Berlin, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita as % of U.S.	--	--	144	145
County PCPI as % of U.S.	--	--	108	109
Market value (\$000s)	--	4,131,041	3,510,927	3,404,807
Market value per capita (\$)	--	203,359	174,465	162,606
Top 10 taxpayers as % of taxable value	--	13.7	14.1	14.9
County unemployment rate (%)	--	3.2	3.2	4.2
Local median household EBI as % of U.S.	--	139	135	139
Local per capita EBI as % of U.S.	--	137	130	139
Local population	--	20,314	20,124	20,939
Financial performance				
Operating fund revenue (\$000s)	--	108,927	107,458	100,466
Operating fund expenditures (\$000s)	--	105,154	101,369	102,173
Net transfers and other adjustments (\$000s)	--	(3,159)	(2,413)	(2,972)
Operating result (\$000s)	--	614	3,676	(4,679)
Operating result as % of revenue	--	0.6	3.4	(4.7)
Operating result three-year average %	--	(0.2)	(0.1)	(0.8)
Reserves and liquidity				
Available reserves as % of operating revenue	--	16.9	16.5	13.8

Berlin, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Available reserves (\$000s)	--	18,391	17,780	13,894
Debt and liabilities				
Debt service cost as % of revenue	--	6.7	7.0	7.7
Net direct debt per capita (\$)	2,289	2,453	2,827	3,000
Net direct debt (\$000s)	46,499	49,825	56,881	62,827
Direct debt 10-year amortization (%)	94	93	--	--
Pension and OPEB cost as % of revenue	--	1.0	0.3	5.0
NPLs per capita (\$)	--	127	59	83
Combined NPLs (\$000s)	--	2,583	1,184	1,742

Financial data may reflect analytical adjustments and is 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. EBI--Effective buying income. GCP--Gross county product. OPEB--Other postemployment benefits. NPLs--Net pension liabilities. PCPI--Per capita personal income.

Ratings List

New Issue Ratings	
US\$3.585 mil GO bnds ser 2025 due 10/01/2035	
Long Term Rating	AAA/Stable
Ratings Affirmed	
Local Government	
Berlin Twn, CT Unlimited Tax General Obligation	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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