

Research Update:

Beacon Falls, CT Series 2025 GO Bonds Assigned 'AA+' Rating; Outlook Stable

July 24, 2025

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to the town of [Beacon Falls](#), Conn.'s \$5 million general obligation (GO) bond, issue of 2025.
- At the same time, we affirmed our 'AA+' long-term rating on the town's GO debt based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.
- The outlook is stable.

Rationale

Security

The town's full faith and credit secures the series 2025 bonds and debt outstanding.

Officials will use series 2025 bond proceeds to fund upgrades and improvements to the town's wastewater treatment plant and for various capital and infrastructure improvements.

Credit highlights

The town's credit profile is characterized by its history of positive financial operations, supported by tax-base growth that continues to increase incrementally through various developments and property appreciation. Given the town's diverse tax base and access to metro areas, we expect its economy will likely remain stable. Its financial profile has remained consistent, with reserves in line with those of peers. The town has a history of positive operations through conservative budgeting and predictable revenue. Further reflecting the 'AA+' rating is the town's affordable debt profile and negligible retirement liabilities. We believe management's planning efforts and policies will support the stability of the rating over the outlook period.

Beacon Falls has posted positive performance in recent years, with strong revenue attributable to increased interest income, tax collections, and expenditure savings. The town regularly uses transfers out of the general fund to finance capital projects and expects to continue doing so

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while maintaining reserves. It is anticipating another year-end surplus for fiscal 2025 that officials estimate will be roughly \$300,000; it appropriated roughly \$900,000 in fund balance that it plans to replenish with excess surplus at year's end. Officials monitor budget-to-actuals regularly to inform expenditure decisions, such as implementing spending freezes and amendments. In our opinion, the remaining construction costs for its new wastewater treatment plant could prove financially challenging for the town, though officials' planning efforts could mitigate financial disruptions. We believe the town's operational history is a credit strength and is likely to continue over the near term.

Following the series 2025 issuance, the town will have about \$19 million in net direct debt outstanding and has no plans to issue further debt at this time.

We do not expect retirement costs will pressure finances because the town's liabilities beyond those assumed by the state are limited compared to those of other Connecticut and regional municipalities, with town employees participating in defined contribution plans. The town's OPEB liability is negligible, with a total of \$744,561 in unfunded liabilities that we do not expect will pressure the budget.

The 'AA+' rating further reflects our view of:

- Stable and primarily residential local economy roughly 30 miles north of New Haven with various ongoing commercial, industrial, and residential developments. The town has average incomes compared to county-level peers, although above the national level. In our opinion, Beacon Falls' economy will likely remain stable through continued economic growth.
- Historically positive performance, bolstered by conservative budgeting with strong revenue growth. Management anticipates positive performance for fiscal 2025. The fiscal 2026 adopted budget totals \$26.2 million, or a 3.7% increase from the year prior, as the town anticipates modestly rising medical costs.
- The town's policies and planning, including conservative revenue and expenditure assumptions, as management factors recent performance into its budget estimate. The town maintains a five-year capital improvement plan that it reviews and includes in the annual budget. It maintains a formal reserve policy of a minimum 12% of general fund expenditures, which it has historically adhered to. It also maintains a formal debt management policy that is widely communicated and followed, and factors in thresholds for affordability and bond structure. In addition, the town carries an investment policy. It does not do formal budget forecasting but is generally aware of its challenges as management prepares its annual budget.
- Very low fixed costs and debt with limited capital needs. The debt burden is moderate on a per capita basis, and overall retirement liabilities are affordable.
- Connecticut municipalities' generally stable operating framework with significant statutory flexibility to raise local-source revenue for operations. For more information on our institutional framework assessment for Connecticut municipalities, please see "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We assessed Beacon Falls' environmental, social, and governance factors relative to its economy, management, financial measures, and debt-and-liability profile, and determined that they are neutral in our credit rating analysis.

Outlook

We expect Beacon Falls will maintain stable financial results and reserves, supported by its proactive management.

Downside scenario

We could lower the rating if Beacon Falls' reserves decrease, either due to budgetary imbalance or a one-time drawdown, to a level out of line with similarly rated peers'.

Upside scenario

We could consider a positive rating action if the town experienced economic growth that led to income indicators more comparable with those of higher-rated rated peers, along with an increase in available reserves to a level in line with higher-rated peers'.

Beacon Falls, Connecticut--Credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.91
Economy	2.5
Financial performance	2
Reserves and liquidity	1
Management	2.05
Debt and liabilities	2.00

Beacon Falls, Connecticut--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	92	92
County PCPI % of U.S.	--	--	98	98
Market value (\$000s)	--	907,514	882,283	719,781
Market value per capita (\$)	--	151,758	147,539	112,466
Top 10 taxpayers % of taxable value	--	9.0	8.7	9.0
County unemployment rate (%)	--	3.2	3.2	4.3
Local median household EBI % of U.S.	--	--	127	128
Local per capita EBI % of U.S.	--	--	115	116
Local population	--	--	5,980	6,400
Financial performance				
Operating fund revenues (\$000s)	--	24,367	22,885	22,701
Operating fund expenditures (\$000s)	--	23,328	22,765	21,450
Net transfers and other adjustments (\$000s)	--	(395)	(197)	(1,454)
Operating result (\$000s)	--	644	(77)	(203)
Operating result % of revenues	--	2.6	(0.3)	(0.9)
Operating result three-year average %	--	0.5	1.1	2.4
Reserves and liquidity				
Available reserves % of operating revenues	--	20.3	19.0	19.8

Beacon Falls, Connecticut--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Available reserves (\$000s)	--	4,935	4,350	4,485
Debt and liabilities				
Debt service cost % of revenues	--	4.9	5.5	4.9
Net direct debt per capita (\$)	2,735	1,965	2,060	2,089
Net direct debt (\$000s)	16,353	11,751	12,320	13,369
Direct debt 10-year amortization (%)	65	77	--	--
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita (\$)	--	659	651	526
Combined NPLs (\$000s)	--	3,942	3,892	3,366

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\$5.0 mil GO bnds, issue of 2025 due 08/15/2045	
Long Term Rating	AA+/Stable
Ratings Affirmed	
Local Government	
Beacon Falls Twn, CT Unlimited Tax General Obligation	AA+/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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