



Rating Action: Moody's Ratings assigns Aa1 to Ellington, CT's GOs, MIG 1 to BANs

25 Aug 2025

New York, August 25, 2025 -- Moody's Ratings (Moody's) has assigned a Aa1 rating to the Town of Ellington, Connecticut's approximately \$12.45 million General Obligation Bonds, Issue of 2025 and a MIG 1 rating to the town's \$15.25 million General Obligation Bond Anticipation Notes. In addition, we are upgrading the town's issuer and outstanding general obligation unlimited tax (GOULT) ratings to Aa1 from Aa2. Following the current issuance, the town will have approximately \$43.1 million in debt outstanding.

The upgrade to Aa1 is based on growth in the town's reserves over the last several fiscal years along with improved fiscal management and controls.

RATINGS RATIONALE

The Aa1 issuer rating is based on the town's improving financial performance, marked by recent operating surpluses and increase in reserves. In FY 2024 the town recorded a surplus of \$3.5 million, driven by positive variances in both revenues and expenditures reflecting conservative budgetary practices, increased property tax revenue and investment income, as well as an overall reduction in expenditures. Preliminary FY 2025 results reflect a \$2.6 million surplus, driven by increased investment income, state grants, and favorable expense budget variances. The town has included decreasing amounts of fund balance appropriations in its budgets which, over the past three fiscal years, have been budgeted but not used. The town's local economy is stable supported by modest residential development and expansion of a large dairy farm.

The rating also reflects the town's low long term liabilities which, including the current issuance, are low at 84.4% of revenues, and are expected to remain stable given the 70% state reimbursement for the \$74 million Windermere School building project. This project will refurbish and expand one of the town's elementary schools. Ellington maintains strong funding of its pension and OPEB liabilities, as well. Lastly, it is noteworthy to mention that, on August 11th, 2025, the town voted to increase its unassigned balance target to 20% of expenditures, from 10%. Fiscal year 2025 fund balance is projected to be over 16.0%, up from 11.2% the previous year. Town officials have indicated the 20% goal will be reached at a measured pace, in order to maintain fiscal conservatism, and financial stability.

The absence of distinction between the GOULT rating and the issuer rating reflects the town's full faith and credit pledge. The bonds are paid from a dedicated property tax that is not limited by rate or amount and is levied on all taxable property within the town.

Governance considerations are a material factor in this rating action, due to the town's improving fiscal performance, and financial management.

The MIG 1 rating on the bond anticipation notes (BANs) reflects the town's strong long-term credit quality, as evidenced by its Aa1 issuer rating.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Improved income and wealth metrics

- Available fund balance levels in-line with higher rated peers, excluding capital projects
- Sustained increases in liquidity to levels commensurate with higher rated peers
- BANs: N/A

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Contraction of the local economy
- Sustained structural imbalance, causing available fund balance to fall below 25% of revenues
- Significant increase in long-term liabilities to above 200% of revenues
- Downgrade of issuer rating to below A2 (BANs)

PROFILE

The Town of Ellington is located in north central Connecticut (Aa3 positive), approximately 15 miles northeast of Hartford (Baa3 stable). The town provides general government services including education, public safety and wastewater services.

METHODOLOGY

The principal methodology used in the issuer and long-term ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moody.com/rmc-documents/425429>. The principal methodology used in the short-term rating was US Municipal Short-term Debt published in October 2024 and available at <https://ratings.moody.com/rmc-documents/430699>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody.com/rating-definitions>.

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Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at <https://ratings.moody.com/rmc-documents/435880>.

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