

Research Update:

Great Barrington, MA GO Debt Rating Lowered To 'AA+' On Lower Economic Metrics And Increasing Operating Pressure

October 15, 2025

Overview

- S&P Global Ratings lowered its long-term rating on [Great Barrington, Mass.](#)' outstanding general obligation (GO) debt to 'AA+' from 'AAA'.
- At the same time, we assigned our 'AA+' long-term rating to the town's \$5.565 million series 2025 GO municipal purpose loan bonds.
- The outlook is stable.
- The downgrade reflects Great Barrington's weakened economic metrics relative to the nation, as well as an anticipated decrease in the town's reserve position and exhaustion of its unused levy capacity, which we believe will increase operating pressure.

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Rationale

Security

The town's full-faith-and-credit pledge, subject to Proposition 2 1/2 limitations, secures its GO bonds. Approximately \$2.7 million of the series 2025 bonds are excluded from the limitations. Despite commonwealth levy limit laws, we do not make a rating distinction between Great Barrington's limited-tax debt and its general creditworthiness because our analysis of the town's financial and economic conditions already includes the statutory limitation imposed on its revenue-raising ability.

Bond proceeds will permanently finance outstanding notes issued for various town projects.

Credit highlights

The downgrade reflects Great Barrington's weakened local income metrics relative to the nation coupled with rising operating costs, which are likely to continue outpacing town revenue growth and lead to ongoing operating pressure. After maintaining \$2.0 million in unused levy capacity

(7% of the tax levy) in both fiscal years 2022 and 2023, Great Barrington has raised property taxes and appropriated fund balance to cover rising expenditures. The 2025 tax levy was 99.94% of the maximum allowed by Proposition 2 1/2 limits, and the 2026 levy is expected at the maximum allowable amount, reducing Great Barrington's flexibility to significantly increase property taxes in future years without voters approving an operating override. (Property taxes make up 81% of general fund revenue.) While we think the town can maintain breakeven results if management proactively adjusts the budget to balance revenues and expenditures, we expect financial performance will deteriorate from surpluses in prior years. Combined with an anticipated \$4.7 million payment from the town's reserves to settle a lawsuit with local cannabis establishments over host fees, we no longer view Great Barrington's financial performance and reserves as sufficient to support a higher rating when offset by the town's weaker local economy, with per capita effective buying incomes that have decreased to 97% of the U.S. from 121% in 2015 and currently trail all 'AAA' rated municipalities in the commonwealth.

Like many Massachusetts municipalities, Great Barrington faces rising operating costs, particularly from health insurance and education assessments. In fiscal 2025, the town used its remaining levy capacity, along with \$3.675 million, to balance operations; management expects stronger-than-budgeted revenue performance and some expenditure savings to roughly offset the fund balance use. The fiscal 2026 budget, however, increases the fund balance appropriation to \$4.4 million (which includes roughly \$500,000 for capital), which would lead to an operating deficit on a GAAP basis if budgetary variance trends continued from 2025. Given Great Barrington's property tax levy limit growth is restricted to 2.5% annually plus the taxable value of new development, which has ranged from 1.1%-1.5% of its levy over the last few years, we believe its cost growth will likely continue outpacing its property tax levy limit growth. Also, we note that management plans to balance future budgets using tax increases, expenditure cuts, and fund balance appropriations, similar to recent years. We understand that management currently has no plans to ask voters to approve an operating override, which would raise the levy limit on an ongoing basis, though we note that voters have consistently approved tax increases for debt exclusions, which we view as demonstrative of community support for ongoing government initiatives.

On Nov. 4, voters will be asked to approve Berkshire Hills Regional School District's (RSD) borrowing for a new \$152 million high school and to exclude the district's debt service assessments for Great Barrington's net cost share, estimated at \$46 million, from the local tax levy. Town management indicates it would oppose moving forward with the project if the debt exclusion is not approved. While the project would be budget-neutral for the town if the debt exclusion is approved, the district's increased debt service costs would likely result in property tax bill growth exceeding 10% for Great Barrington residents, which could diminish support for additional tax increases to support town capital or operations.

The rating further reflects the following:

- Great Barrington's tax base is predominantly residential (83% of assessment value) with a large secondary home presence, reflecting its desirability as a seasonal destination. However, ongoing development is limited, which curbs the town's levy limit growth.
- Cautious budgeting assumptions have led to positive budgetary variance, and monthly budget monitoring has helped maintain near breakeven operations in recent years despite fund balance appropriations. The town maintains a five-year capital plan with current-year, but not outyear, funding sources specified; an investment policy; and a debt management policy that targets debt service of not more than 10% of operating expenditures. It has also taken steps to

mitigate cyber risk. Great Barrington does not complete long-term revenue and expenditure forecasting.

- Following a \$4.7 million settlement, the town's fund balance position is reduced but still healthy, well above its 10% policy target. We expect its fund balance will remain above average compared with those of similarly rated state peers, even if it decreases due to management's use of reserves in the budget.
- Great Barrington will have \$37 million in direct debt following this issuance and plans to issue bonds next year for various capital projects, in an amount similar to the series 2025 bonds.
- The town recently established an other postemployment benefits (OPEB) trust to fund its \$13 million net OPEB liability, and pensions are well funded through the Berkshire County Retirement System (91% funded, \$3 million net liability). We note that Berkshire Hills RSD, to which Great Barrington currently pays 74% of operating assessments, has a \$65 million net OPEB liability.
- We expect the operating environment will remain stable for Massachusetts municipalities. For more information, see "[Institutional Framework Assessment: Massachusetts Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view the town's environmental, social, and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our expectation that Great Barrington will likely produce roughly breakeven operating results over the outlook period and its reserve position will remain comparable with those of peers following the anticipated decrease.

Downside scenario

We could lower the rating if the town's finance performance deteriorates and management is unable to maintain breakeven operations, resulting in operating deficits and diminished reserves without a plan to sustainably align recurring revenues and expenditures.

Upside scenario

While not anticipated, we could raise the rating if Great Barrington's economic metrics improve to levels comparable with those of higher-rated peers or if it returned to generating surplus operations while maintaining material unused levy capacity.

Great Barrington, Massachusetts--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.85
Economy	1.5
Financial performance	2
Reserves and liquidity	1
Management	2.00
Debt and liabilities	2.75

Great Barrington, Massachusetts--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	84	--	84	84
County PCPI % of U.S.	101	--	101	99
Market value (\$000s)	2,175,977	2,001,678	1,860,811	1,691,449
Market value per capita (\$)	301,674	277,510	257,623	251,929
Top 10 taxpayers % of taxable value	4.3	4.4	4.4	5.5
County unemployment rate (%)	4.4	4.0	3.7	4.2
Local median household EBI % of U.S.	89	89	94	99
Local per capita EBI % of U.S.	97	97	96	103
Local population	7,213	7,213	7,223	6,714
Financial performance				
Operating fund revenues (\$000s)	--	34,146	33,518	34,377
Operating fund expenditures (\$000s)	--	34,695	32,478	30,373
Net transfers and other adjustments (\$000s)	--	193	192	183
Operating result (\$000s)	--	(356)	1,232	4,187
Operating result % of revenues	--	(1.0)	3.7	12.2
Operating result three-year average %	--	4.9	8.2	10.2
Reserves and liquidity				
Available reserves % of operating revenues	--	58.1	55.2	50.2
Available reserves (\$000s)	--	19,851	18,495	17,261
Debt and liabilities				
Debt service cost % of revenues	--	5.4	6.1	5.4
Net direct debt per capita (\$)	5,163	3,900	3,300	3,469
Net direct debt (\$000s)	37,242	28,134	23,833	23,293
Direct debt 10-year amortization (%)	69	73	60	--
Pension and OPEB cost % of revenues	--	6.0	4.0	4.0
NPLs per capita (\$)	--	376	375	--
Combined NPLs (\$000s)	--	2,711	2,711	--

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\$5.565 mil GO municipal purp loan of 2025 bnds due 11/15/2045

Long Term Rating AA+/Stable

Downgraded

	To	From
Local Government		
Great Barrington Town, MA Limited Tax General Operating Pledge	AA+/Stable	AAA/Stable

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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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