

CREDIT OPINION

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Send Your Feedback

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Town of Farmington, CT

Update to credit analysis

Summary

The [Town of Farmington, CT's](#) (Aaa issuer and GOULT ratings) credit profile accounts for a stable local economy, characterized by strong resident income and property wealth. Financial operations continue to produce positive results and gradually increasing reserves, excluding the town's capital project-related funds. Leverage has been growing in recent years due to a large high school construction project but is expected to remain manageable, inclusive of the town's current plans.

Credit strengths

- » Strong resident income and property wealth
- » Trend of operating surplus, supported by conservative budgeting
- » Stabilizing economic presence UConn Health Center

Credit challenges

- » Below average reserves, relative to national rating peers
- » Rising debt burden in recent years

Rating outlook

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

Factors that could lead to an upgrade

- » N/A

Factors that could lead to a downgrade

- » Economic contraction resulting in significant declines in resident income and full value per capita wealth
- » Structurally imbalanced operations leading to declines in reserves and liquidity sustained below 20% of revenues
- » Significant increase in leverage beyond current plans

Key indicators

Exhibit 1

Farmington (Town of) CT

	2021	2022	2023	2024	Aaa Medians
Economy					
Resident income ratio (%)	151.8%	150.3%	166.6%	N/A	168.9%
Full Value (\$000)	\$5,577,585	\$6,434,680	\$6,829,172	\$6,420,678	\$9,011,663
Population	26,559	26,623	26,685	N/A	36,103
Full value per capita (\$)	\$210,007	\$241,696	\$255,918	N/A	\$218,941
Annual Growth in Real GDP	3.0%	2.9%	2.3%	N/A	2.4%
Financial Performance					
Revenue (\$000)	\$147,866	\$152,270	\$172,313	\$173,976	\$108,194
Available fund balance (\$000)	\$43,404	\$72,962	\$72,899	\$53,412	\$68,159
Net unrestricted cash (\$000)	\$59,461	\$99,090	\$110,558	\$94,146	\$99,090
Available fund balance ratio (%)	29.4%	47.9%	42.3%	30.7%	62.6%
Liquidity ratio (%)	40.2%	65.1%	64.2%	54.1%	95.0%
Leverage					
Debt (\$000)	\$73,900	\$109,199	\$133,684	\$153,926	\$72,678
Adjusted net pension liabilities (\$000)	\$106,726	\$92,415	\$88,520	\$79,185	\$89,696
Adjusted net OPEB liabilities (\$000)	\$49,769	\$37,871	\$38,507	\$35,093	\$10,915
Other long-term liabilities (\$000)	\$3,903	\$3,871	\$4,854	\$4,232	\$4,029
Long-term liabilities ratio (%)	158.5%	159.8%	154.1%	156.6%	217.2%
Fixed costs					
Implied debt service (\$000)	\$5,499	\$5,183	\$7,626	\$9,286	\$4,949
Pension tread water contribution (\$000)	\$4,576	\$2,976	\$4,958	\$5,475	\$2,629
OPEB contributions (\$000)	\$1,225	\$1,581	\$1,550	\$1,433	\$594
Implied cost of other long-term liabilities (\$000)	\$291	\$274	\$270	\$337	\$274
Fixed-costs ratio (%)	7.8%	6.6%	8.4%	9.5%	10.0%

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 Hartford-East Hartford-Middletown, CT Metropolitan Statistical Area.

Sources: US Census Bureau, Farmington (Town of) CT's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

The Town of Farmington is located in central Connecticut (Aa2 stable), on the western edge of the Hartford (Baa3 stable) metro area. The town provides general government services, including education, to a resident population of approximately 26,700.

Detailed credit considerations

Farmington's local economy will remain stable, anchored by the presence of UConn Health Center, the town's largest employer. The area's tax base continues to grow, supported by ongoing multi-unit residential and commercial development as well as personal property growth and real estate appreciation. Resident income is strong at about 167% of the national median while full value per capita property wealth is above average at over \$300,000, relative to rating peers.

Financial operations continue to be healthy and generate annual surpluses, including an estimated \$1.8 million positive variance in actual results relative to budget in fiscal 2025. Positive results remain supported by management's conservative budgetary practices, strong tax collections, and solid interest income and building permit revenues. Property tax receipts account for over 60% of total governmental revenue. Town officials also report a strong working relationship with the board of education, a positive factor as school operations account for over two-thirds of general fund expenses.

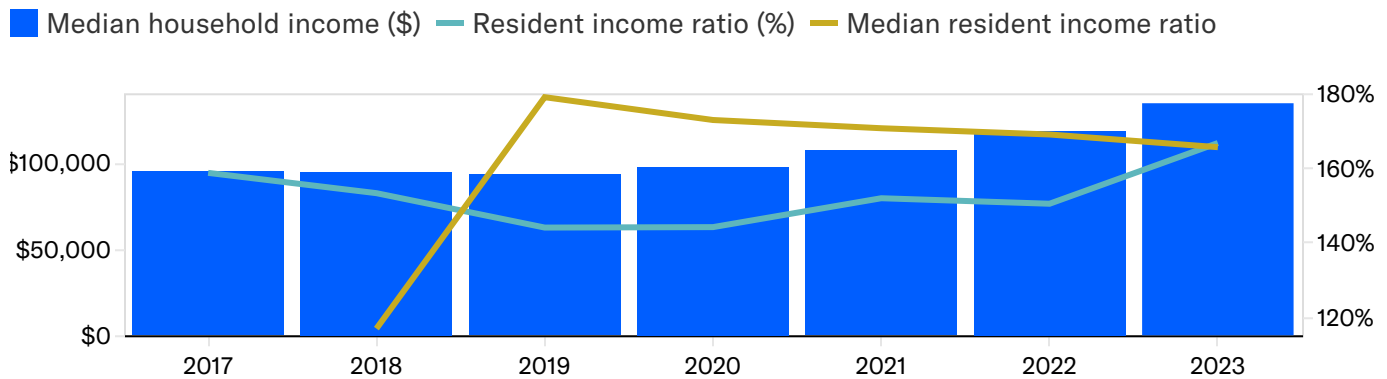
The fiscal 2026 budget is similar in composition to previous years and includes a 4.6% tax levy increase. The budget is balanced by a \$800,000 fund balance appropriation; recent budgets have conservatively included larger appropriations, which have not ultimately been required due to the annual operating surpluses generated.

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.

The town's capital plans over the next five years include potential firehouse renovations and a school ventilation project. However, the additional debt associated is not expected to have a material effect on the town's credit profile.

Exhibit 2

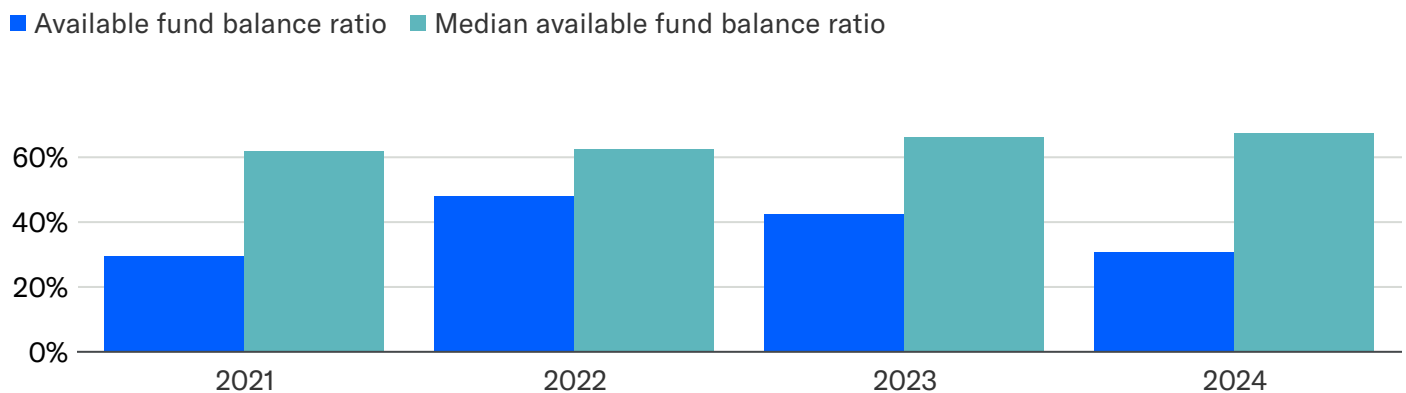
Resident income remains strong and on par with Aaa-rated national peers



Source: US Census Bureau - American Community Survey 5-Year Estimates; US Bureau of Economic Analysis; Moody's Ratings

Exhibit 3

Excluding capital project-related funds, reserves have been growing, though remain below national rating peers

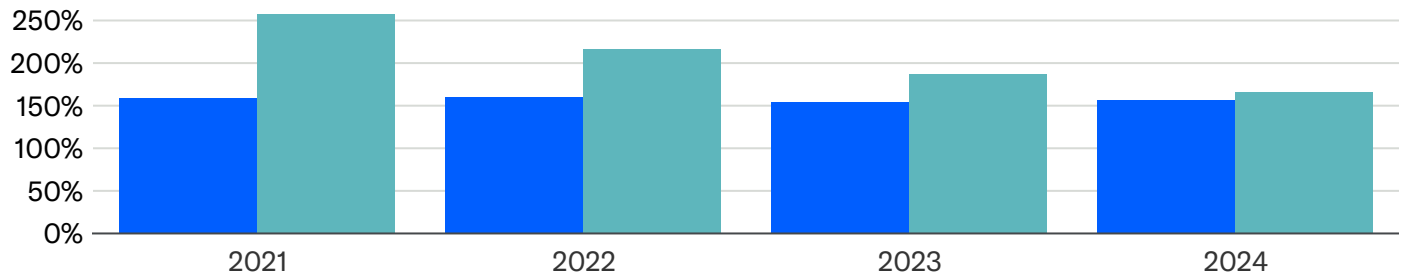


Source: Audited financial statements; Moody's Ratings

Exhibit 4

Long-term liabilities are expected to remain stable, inclusive of current plans

■ Long-term liabilities ratio ■ Median long-term liabilities ratio



Source: Audited financial statements; Moody's Ratings

ESG considerations

Environmental

Farmington has relatively low exposure to environmental risks across all categories, including physical climate risk, carbon transition, natural capital, and waste and pollution.

Social

The town benefits from a very positive education and health and safety profile, while exposures to risks attendant to demographic shifts, labor and income, housing and access to basic services are neutral to low.

Governance

The town benefits from a solid institutional structure, budget management and demonstrated policy effectiveness through is formal fiscal policies. The city also maintains satisfactory transparency and disclosure.

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

Farmington (Town of) CT

	Measure	Weight	Score
Economy			
Resident income ratio	166.6%	10.0%	Aaa
Full value per capita	301,451	10.0%	Aaa
Economic growth metric	-2.0%	10.0%	A
Financial Performance			
Available fund balance ratio	30.7%	20.0%	Aa
Liquidity ratio	54.1%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	156.6%	20.0%	Aa
Fixed-costs ratio	9.5%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aaa

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Hartford-East Hartford-Middletown, CT Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Farmington (Town of) CT's financial statements and Moody's Ratings

Appendix

Exhibit 6

Key Indicators Glossary

	Definition	Typical Source*
Economy		
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
Financial performance		
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	
Leverage		
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	
Fixed costs		
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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