

Research Update:

Stonington, CT Series 2025 GO Bonds Assigned 'AAA' Rating; Existing GO Debt Affirmed; Outlook Stable

November 21, 2025

Overview

- S&P Global Ratings assigned its 'AAA' rating to [Stonington](#), Conn.'s approximately \$15.5 million series 2025 general obligation (GO) bonds.
- We also affirmed our 'AAA' long-term rating on the town's GO debt outstanding.
- The outlook is stable.

Rationale

Security

Stonington's full faith and credit pledge, payable from the levy of an unlimited ad valorem tax on all taxable property in the town, secures the series 2025 bonds and outstanding GO debt. Officials intend to use the bond proceeds toward town and school infrastructure, primarily bridge repairs, enhancing transportation networks, improving stormwater management, and for public facility improvements.

Credit highlights

The 'AAA' rating reflects our view of Stonington's positive operating history, robust reserve position, and strong income indicators, supported by prudent financial management and well-embedded fiscal policies. We expect management will continue adjusting its budget and undertaking capital investments, including infrastructure resiliency and climate-adaptation initiatives, to support long-term tax-base stability and economic growth.

In fiscal 2024, the town generated a generally accepted accounting principles (GAAP) operating surplus of approximately \$4.66 million, prior to transfers out totaling \$4.2 million, of which \$3.99 million went toward the capital nonrecurring fund. The general fund balance increased approximately \$462,000 in fiscal 2024, driven by favorable revenue performance, primarily from property tax revenue, intergovernmental revenue, and charges for services coming in above budget. Unaudited fiscal 2025 results indicate an additional \$840,000 increase in unassigned

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fund balance, despite ongoing cost pressures--particularly in public works, personnel, and education. The fiscal 2026 adopted budget totals \$82.8 million and incorporates a 4.94% year-over-year increase in board of education spending, reflecting higher salaries, health insurance, transportation costs, and other structural cost drivers. The town anticipates an operating deficit of \$750,000, which it plans to offset through a one-time appropriation of fund balance that is in excess of its policy, as such the town will remain compliant.

Following this issuance, Stonington will have approximately \$62.19 million in debt outstanding, of which approximately 60% relates to debt service associated with the town's school system. Management does not anticipate additional new-money debt plans over the next several years, and we continue to view the town's pension and other postemployment benefit (OPEB) obligations as manageable, with no current indication that retirement liabilities or annual costs will pressure future budgets.

Credit fundamentals supporting the 'AAA' rating include Stonington's:

- Expanding tax base, highlighted by the town's per capita gross county product (GCP) and per capita incomes that are well above county and national averages. Stonington is a primarily residential town located in the southeastern corner of Connecticut in New London County, bordering Westerly, Rhode Island to the east, and Long Island Sound to the south. The local economy is anchored by four major industry clusters---defense and advanced manufacturing, tourism, health care and biotechnology, and commercial fishing and food production--providing the town with a broad and diverse tax base that supports growth and resilience. The town's participation in the broader regional economy of the Norwich-New London-Willimantic metropolitan statistical area (MSA) further stabilizes its tax base and supports employment.
- Key monitoring and conservative budgeting practices, including management's use of three years of historical data to build annual revenue and expenditure assumptions with monthly reporting of budget-to-actual results. The town maintains a formal investment policy, which adheres to state statutes governing investments. Stonington maintains a strong focus on capital planning, evidenced by a 10-year capital improvement plan (CIP) that identifies projects and costs across all departments; the CIP is updated annually. Although the town does not currently maintain a long-term financial forecast, it incorporates forward-looking projections for debt service and other budget items into its annual budget. Furthermore, management has historically met and sustained reserves in accordance with its fund balance policy. The formal policy calls for unassigned fund balance to be maintained at a minimum of two months, or 16.7% of the subsequent year's budgeted operating expenditures. The town also adopted a formal debt management policy that sets forth guidelines for issuing debt and measurable debt affordability benchmarks.
- Generally positive operating results, with expanding available reserves. We expect the town to maintain its robust reserve position over the two-year outlook period despite a possible negative operating result in fiscal 2026. Moreover, Connecticut municipalities have the ability to increase property tax revenue without any statewide caps or limits, as such Stonington has additional revenue-raising flexibility, which we view positively.
- Manageable debt burden with no new-money issuance plans over the next several years, as indicated by management. Stonington's total net pension liability is \$17.745 million, of which \$10.58 million is from the Connecticut Municipal Employees' Retirement System (MERS) and \$7.16 million from the town's pension plan. The town is prefunding its OPEB liability (total OPEB liability of \$2.69 million), which we view as a positive step toward limiting future cost volatility.

- 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 (ESG) risks relative to its economy, financial performance, management, and debt and long-term liability profile. Stonington is a coastal community with substantial waterfront along the Atlantic Ocean and two rivers. Management recognizes the potential flooding risks for the tax base. The town undertook a 2017 coastal resiliency plan and a 2023 hazard mitigation and climate adaptation plan, both of which guide capital investments and emergency response preparedness. The town is also nearing completion of its first living shoreline project at a park along the Mystic River, designed to naturally buffer storm surge and prevent erosion along a critical transportation corridor. We expect the town to continue to revise and update its planning while addressing climate and weather vulnerabilities. We view governance and social risks as in line with our view of the sector standard.

Rating above the sovereign

We rate Stonington higher than the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. This is due to 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. For more information, see "[Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions](#)," Nov. 19, 2013.

Outlook

The stable outlook reflects our view that the town's economy and management practices will continue to support strong reserves.

Downside scenario

We could lower the rating if the town's financial performance materially weakens, resulting in a significant and sustained decrease in available reserves.

Stonington Town, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.69
Economy	2
Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	2.75

Stonington Town, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	109	108
County PCPI % of U.S.	--	--	99	100
Market value (\$000s)	--	5,781,749	4,235,890	4,089,173
Market value per capita (\$)	--	312,257	230,751	224,003
Top 10 taxpayers % of taxable value	--	5.1	6.1	6.3
County unemployment rate (%)	--	3.1	3.2	4.2
Local median household EBI % of U.S.	--	127	116	114
Local per capita EBI % of U.S.	--	158	142	138
Local population	--	18,516	18,357	18,255
Financial performance				
Operating fund revenues (\$000s)	--	85,410	83,786	80,237
Operating fund expenditures (\$000s)	--	80,746	76,268	74,483
Net transfers and other adjustments (\$000s)	--	(4,202)	(5,247)	(2,989)
Operating result (\$000s)	--	462	2,271	2,765
Operating result % of revenues	--	0.5	2.7	3.4
Operating result three-year average %	--	2.2	3.2	1.9
Reserves and liquidity				
Available reserves % of operating revenues	--	27.9	27.9	26.3
Available reserves (\$000s)	--	23,854	23,364	21,129
Debt and liabilities				
Debt service cost % of revenues	--	7.8	8.0	8.4
Net direct debt per capita (\$)	3,359	3,058	3,409	3,713
Net direct debt (\$000s)	62,191	56,630	62,588	67,789
Direct debt 10-year amortization (%)	63	76	--	--
Pension and OPEB cost % of revenues	--	2.0	2.0	2.0
NPLs per capita (\$)	--	2,019	2,115	2,054
Combined NPLs (\$000s)	--	37,380	38,824	37,488

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\$15.5 mil GO bnds ser 2025 due 12/15/2045

Long Term Rating AAA/Stable

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Ratings List

Ratings Affirmed

Local Government

Stonington Twn, CT Unlimited Tax General Obligation	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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