

Research Update:

Southington, CT's Series 2025 GO Bonds Assigned 'AA+' Rating

November 4, 2025

Overview

- S&P Global Ratings assigned its 'AA+' rating to [Southington](#), Conn.'s approximately \$3 million series 2025 general obligation (GO) bonds.
- At the same time, we affirmed our 'AA+' long-term rating on the town's GO debt outstanding.
- The outlook is stable.

Rationale

Security

Southington's full-faith-and-credit pledge secures the 2025 bonds and GO debt outstanding. Series 2025 proceeds will finance road improvements.

Credit highlights

Southington's stable and consistent financial results have led to maintenance of reserves comparable with those of state peers, although Connecticut municipalities largely maintain lower reserves than national peers. Local income metrics are also generally aligned with those of state peers at the current rating. We foresee limited downside rating pressure through the two-year outlook horizon given our expectation that stable revenue performance will support the town's reserve levels. However, while we anticipate material gains in total assessed value (called the grand list in Connecticut) following a revaluation effective Oct. 1, 2025, income metrics are below those of higher-rated state and national peers and will continue to constrain upward rating potential.

The following factors support Southington's rating profile:

- The stable, primarily residential tax base is likely to grow further following the most recent full revaluation, as the last was completed in October 2020. Additionally, continued economic development, particularly in commercial and industrial sectors, will support tax base growth.

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Local incomes are stronger than both county and national averages, supported by residents' access to several regional employment centers in the greater Hartford and New Haven areas.

- We expect continued stability in the town's finances. The elevated resident incomes support consistent property tax collections--annually collected at about 99% of the levy--and lending predictability to the town's primary revenue source, which accounts for more than 80% of operating revenue annually. Management is active in working to settle collective bargaining agreements in a way that integrates with informal long-term financial planning and maintaining financial balance. We understand there is a collaborative working environment with the school department, that, while a separate legal entity, accounts for about two-thirds of operating expenditures and for which the town is liable for expenditure overruns and debt.
- While Southington does not annually update a long-term financial plan, we believe management is thoughtful about how budgetary decision making affects future-year financials. Management looks to grand list values and state aid projections when determining its revenues, and officials budget full salaries and benefits and incorporate contingencies, which has resulted in positive expenditure variances. An annually updated five-year capital improvement plan informs debt plans. Management provides monthly budget updates to town council and the separately elected board of finance. A formal debt management policy requires annual debt service to be below 9.5% of general fund expenditures, along with amortization requirements of retiring at least 25% of principal within five years and 70% within 10. The town has a formal reserve policy of maintaining minimum unassigned fund balance at 11% of general fund revenue, which it is currently exceeding but there are no plans to drawdown reserves closer to this minimum threshold. We understand council is reviewing a proposal to increase the minimum threshold to 13%.
- The town is currently examining options for several school building projects that could materially weaken the debt profile, but is likely several years from finalizing building plans and issuing debt. There is limited budgetary pressures from retirement costs given the town's participation in relatively well-funded state pension plans. Southington offers other postemployment benefits as an implicit rate subsidy, although the calculated liability of about \$34 million is weaker than those of peers on a per capita basis.
- 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 view Southington's environmental, social, and governance factors as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that Southington's solid financial profile and above-average economic metrics will provide the town with flexibility to absorb unexpected financial pressures or economic slowdown.

Downside scenario

We could lower the rating if budgetary performance were to weaken, leading to persistent draws on available reserves, or if the town were to issue significant additional debt that materially

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increases debt service costs or weakens the debt per capita metric such that it outweighs offsetting strengths.

Upside scenario

All else equal, we could raise the rating if Southington's per capita incomes improved to levels commensurate with those of higher-rated peers while management addresses its fixed debt and retirement liabilities.

Southington, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.79
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	3.25

Southington, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	143	145
County PCPI % of U.S.	--	--	107	108
Market value (\$000s)	--	6,696,110	6,552,743	6,338,471
Market value per capita (\$)	--	152,823	150,745	141,927
Top 10 taxpayers % of taxable value	--	6.2	5.9	6.0
County unemployment rate (%)	--	3.2	3.2	4.3
Local median household EBI % of U.S.	--	137	129	132
Local per capita EBI % of U.S.	--	131	121	125
Local population	--	43,816	43,469	44,660
Financial performance				
Operating fund revenues (\$000s)	--	194,258	183,148	176,011
Operating fund expenditures (\$000s)	--	185,768	176,670	168,192
Net transfers and other adjustments (\$000s)	--	(5,348)	(3,994)	(4,086)
Operating result (\$000s)	--	3,142	2,484	3,733
Operating result % of revenues	--	1.6	1.4	2.1
Operating result three-year average %	--	1.7	0.9	1.2
Reserves and liquidity				
Available reserves % of operating revenues	--	20.7	20.2	19.6
Available reserves (\$000s)	--	40,169	37,047	34,570
Debt and liabilities				
Debt service cost % of revenues	--	6.5	6.6	6.6
Net direct debt per capita (\$)	2,811	2,785	3,092	2,618
Net direct debt (\$000s)	123,188	122,044	134,399	116,917
Direct debt 10-year amortization (%)	71	77	74	78

Southington, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Pension and OPEB cost % of revenues	--	4.0	4.0	4.0
NPLs per capita (\$)	--	1,723	1,736	1,596
Combined NPLs (\$000s)	--	75,477	75,477	71,292

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\$3.0 mil GO bnds ser 2025 due 11/15/2035	
Long Term Rating	AA+/Stable
Ratings Affirmed	
Local Government	
Southington, 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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