

Research Update:

Norwich, CT Series 2025 GO Bonds Assigned 'AA' Rating; Outlook Stable

November 24, 2025

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to [Norwich](#), Conn.'s anticipated \$19 million series 2025 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA' rating on the city's outstanding GO debt.
- The outlook is stable.

Rationale

Security

The city's full faith and credit pledge to levy ad valorem taxes on taxable property, without limit on the rate or amount, secures the series 2025 bonds. Bond proceeds will finance infrastructure improvements and expenses for school construction projects.

Credit highlights

The 'AA' rating reflects the city's consistent financial performance, which is supported by well-embedded management practices and policies and a residential-based economy. Norwich's reserve positions as a percentage of operating expenditures lag similarly rated peers, and elevated fixed costs, along with somewhat low income metrics, constrain upward rating movement.

Fiscal 2024 recorded a fund balance reduction of approximately \$700,000, primarily driven by elevated special education and student transportation costs were the principal contributors to the deficit. Preliminary fiscal 2025 estimates reflect a return to positive operating trends, with a projected \$2.1 million increase in fund balance, with unassigned general fund balance expected to total \$22.3 million, or 13.5% of actual expenditures and operating transfers. Revenue collections have been strong across key categories--including property taxes, conveyance taxes, building permits, and interest income--while expenditures were lower than anticipated due primarily to position vacancies. Balanced-to-positive operations are expected to continue as fiscal 2026 revenues are tracking close to adopted budget levels, and current projections

Primary Contact

Dalia Bereket

New York
1-212-438-1933
dalia.bereket
@spglobal.com

Secondary Contact

Christian Richards

Washington DC
1-617-530-8325
christian.richards
@spglobal.com

Norwich, CT Series 2025 GO Bonds Assigned 'AA' Rating; Outlook Stable

indicate a modest year-end surplus within the general fund. Education operations are forecast to remain within their approved budget for the year. Additionally, in accordance with the city charter, Norwich must appropriate no less than 2% of the prior year's general fund budget for capital improvement. For fiscal 2026, this mandated contribution totals \$3 million.

Voters approved \$385 million in major school construction projects, including demolition of existing buildings and consolidating the city's seven existing elementary schools into four newly constructed ones. The city expects the projects will take up to 10 years to complete and conservatively estimates state aid will support at least \$232 million, with the city's share \$153 million. However, management is optimistic that Norwich will receive additional state aid that reduces its share to closer to \$100 million. The city expects to issue \$10 million-\$25 million annually for the next five years to help fund the school construction project. Furthermore, we understand the city could bring another referendum to voters for a new police headquarters around November 2026, which could cost approximately \$50 million.

The rating further reflects our view of the following:

- The tax base is stable and predominantly residential, with income levels that trail national and county levels. Norwich is a historic city in New London County, Conn. It is located at the confluence of the Shetucket, Yantic, and Quinebaug rivers, approximately 50 miles southwest of Providence, R.I., and 65 miles southeast of Springfield, Mass. Management notes economic growth within the city. Notable developments include residential apartments in the Downtown area, infrastructure for a new 384-acre business park under construction, two new cannabis cultivators, and various smaller residential and commercial developments.
- Generally balanced operations are backed by a reliance on property tax revenue, stable reserves consistent with its policy, and a balanced fiscal 2026 budget. The city's balanced operations are also supported by stable operating revenue from property taxes (57%) and intergovernmental sources (37%).
- Cautious budgeting practices include the use of three-to-five years of historical data to build revenue and expenditure assumptions, monthly budget-to-actual reports, a five-year capital improvement plan that identifies project costs and funding sources, long-term financial planning included in the budget, a reserve policy that requires the city to maintain a target fund balance of 12%-17% of annual general fund expenditures, and a debt policy that was recently revised to limit net debt to 15% of assessed value (an increase from 5%), and policies to mitigate cyber risk.
- Debt and liabilities are currently affordable, despite increases to the city's debt profile in recent years following the issuance of pension obligation bonds in 2022 that was offset by a corresponding decrease to the city's unfunded retirement liability as well as more recent issuances primarily for school projects. Total NPL for the city is approximately \$30 million of which \$26.7 million is from City of Norwich Retirement System and \$3.39 million is from Norwich Volunteer Firefighters' Relief Plan. The city's total OPEB liability is \$33 million, which is modestly sizeable, but not unusual compared to state peers. Following this issuance, the city will have \$197.4 million of debt outstanding.
- 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 consider the city's physical risks slightly elevated due to risk of inland flooding in portions of the city along the Yantic, Shetucket, and Thames rivers. To mitigate this risk, management has adopted a hazard and climate mitigation plan and a conservation and development plan, frequently consults with third-party experts, and has adopted policies to prioritize water-related development along the water and limit housing in flood plain areas. We view the city's social and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our expectation that the city will maintain stable operations and reserves over the next two years.

Downside scenario

We could lower the rating if Norwich's reserves materially decline due to budgetary imbalance or if the debt profile materially weakens.

Upside scenario

We could raise the rating if Norwich's economic metrics improve substantially, and if reserves increase through consistently strong budgetary performance.

Norwich, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.50
Economy	3.0
Financial performance	2
Reserves and liquidity	2
Management	2.00
Debt and liabilities	3.50

Norwich, 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)	--	3,102,348	3,038,855	2,972,114
Market value per capita (\$)	--	77,654	76,321	74,099
Top 10 taxpayers % of taxable value	--	7.3	6.5	6.6
County unemployment rate (%)	--	3.1	3.2	4.2
Local median household EBI % of U.S.	--	86	85	82
Local per capita EBI % of U.S.	--	90	88	83
Local population	--	39,951	39,817	40,110

Norwich, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Financial performance				
Operating fund revenues (\$000s)	--	152,962	147,283	139,621
Operating fund expenditures (\$000s)	--	149,212	140,119	136,524
Net transfers and other adjustments (\$000s)	--	(4,510)	(3,588)	(2,721)
Operating result (\$000s)	--	(760)	3,576	376
Operating result % of revenues	--	(0.5)	2.4	0.3
Operating result three-year average %	--	0.7	1.5	0.9
Reserves and liquidity				
Available reserves % of operating revenues	--	13.2	14.2	12.5
Available reserves (\$000s)	--	20,208	20,968	17,392
Debt and liabilities				
Debt service cost % of revenues	--	6.8	6.3	2.1
Net direct debt per capita (\$)	5,755	5,505	5,386	5,330
Net direct debt (\$000s)	229,910	219,944	214,470	213,792
Direct debt 10-year amortization (%)	50	38	--	--
Pension and OPEB cost % of revenues	--	4.0	4.0	59.0
NPLs per capita (\$)	--	754	1,232	1,284
Combined NPLs (\$000s)	--	30,112	49,046	51,487

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\$19.0 mil GO bnds, issue of 2025 ser 2025 due 08/01/2056

Long Term Rating AA/Stable

Ratings Affirmed

Local Government

Norwich, 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

Norwich, CT Series 2025 GO Bonds Assigned 'AA' Rating; Outlook Stable

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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.