

Research Update:

South Windsor, CT Series 2026 GO Bonds Assigned 'AAA' Rating

February 4, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to the Town of [South Windsor](#), Conn.'s \$14.6 million general obligation (GO) bonds, series 2026.
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the town's GO bonds outstanding.
- The outlook is stable.

Rationale

Security

South Windsor's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the series 2026 GO bonds as well as the town's GO debt outstanding.

Bond proceeds will be used to fund various capital improvement projects the town has authorized for Pleasant Valley Elementary School, roads/sidewalks, and drainage, as well as open space acquisitions.

Credit highlights

The 'AAA' rating reflects South Windsor's affluent and expanding local economy, along with comprehensive and forward-looking management practices. These strengths have supported sustained operating surpluses and a reserve position that remains well above that of state peers, which we expect will continue.

Fiscal 2025 closed with a \$933,000 increase in the fund balance, spurred primarily by expenditures coming in below budget and continued growth in property tax revenues. Although we expect budgetary performance will remain balanced-to-modestly positive, operating surpluses will continue to narrow as expenditure pressures increase, particularly within education, which rose by approximately \$5.6 million compared with fiscal 2024. The fiscal 2026

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budget totals \$158.28 million on a budgetary basis, representing a 4.23% increase over fiscal 2025. Key budget assumptions include an increase in the adopted mill rate to 35.61, up from 34.46; a planned \$2.5 million draw on tax stabilization fund; and the town is facilitating a plan to draw down unassigned fund balance to be in compliance with policies and address long-term capital needs. This use of fund balance is expected to reduce unassigned reserves to levels consistent with policy targets of 11%-20% of operating expenditures, compared with approximately 30% in fiscal 2025. We expect increases in the mill rate will mitigate pressures from increasing operating costs. Management reports that current-year operations are trending in line with budget.

The rating further reflects our view of the following:

- A stable and predominantly residential tax base located in Hartford County, with economic indicators that exceed national and county levels. Management reports continued economic growth, supported by recent and ongoing development activity, including new residential apartments units along Evergreen Walk, construction of a 30,000-square-foot warehouse, and development of 13 acres along Buckland Road.
- A history of positive operating performance supported by a strong reliance on property tax revenues, which account for approximately 80% of general fund revenues, reserve levels maintained in accordance with formal policy, and a structurally balanced fiscal 2026 budget.
- Cautious budgeting practices that include three-year historical trend analysis, with monthly budget-to-actual financial reports to the town council; maintenance of a formal five-year capital improvement plan that management updates annually and that includes funding sources; a formal investment policy that mirrors state guidelines, with monthly reports to the council on investment performance; and a formal reserve policy that targets an unassigned fund balance at 11%-20% of expenditures. The town also maintains a tax stabilization fund, with a formal policy of maximum annual use of \$3 million and a maximum reserve level of \$6 million; and has a formal debt management policy that limits debt service expenditures to no more than 10% of the budget. In fiscal 2018, South Windsor also formalized what it calls a deficit mitigation plan, which outlines the steps it would take to avoid fiscal imbalances, including capital and hiring freezes, using tax stabilization reserves, and increasing the supplemental tax, among others. Management has cyber-risk mitigation practices in place.
- A manageable debt and liabilities profile, despite additional debt plans, which includes about \$17 million in additional issuances over the next few years. Total net pension liabilities for town is approximately \$14.1 million of which \$11.5 million is from the South Windsor Retirement Plan and \$2.5 million is from the Board of Education Plan. The town's total other postemployment benefit liability is \$5.98 million. Following this issuance, South Windsor will have \$144.57 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 have analyzed South Windsor's environmental, social, and governance factors relative to the town's economy, budgetary outcomes, management, and debt and long-term liability profile, and view them to be credit neutral within our analysis.

Rating above the sovereign

South Windsor, CT Series 2026 GO Bonds Assigned 'AAA' Rating

We rate South Windsor higher than the sovereign because we believe the town can maintain better credit characteristics than the nation in a stress scenario, based on its predominantly locally derived revenue base, independent treasury management, and our view that pledged revenue supporting bond debt service is at limited risk of negative sovereign intervention.

Outlook

The stable outlook reflects our view that South Windsor's strong underlying economy, conservative budget management, and manageable debt profile should translate into stable budgetary performance and maintenance of healthy reserves.

Downside scenario

If the town's financial performance and reserves were to significantly deteriorate or if debt and liabilities were to significantly increase, resulting in budgetary pressures, we could lower the rating.

South Windsor, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.57
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.35
Debt and liabilities	2.50

South Windsor, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	--	--	143
County PCPI % of U.S.	--	--	--	107
Market value (\$000s)	--	5,408,626	5,373,024	4,348,613
Market value per capita (\$)	--	200,863	199,540	162,014
Top 10 taxpayers % of taxable value	--	9.2	9.4	10.3
County unemployment rate (%)	--	3.7	3.2	3.8
Local median household EBI % of U.S.	--	--	156	144
Local per capita EBI % of U.S.	--	--	149	135
Local population	--	--	26,927	26,841
Financial performance				
Operating fund revenues (\$000s)	--	166,479	161,138	151,966
Operating fund expenditures (\$000s)	--	162,321	155,670	144,784
Net transfers and other adjustments (\$000s)	--	(3,165)	(3,312)	(549)
Operating result (\$000s)	--	993	2,156	6,633
Operating result % of revenues	--	0.6	1.3	4.4
Operating result three-year average %	--	2.1	2.9	3.5

South Windsor, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Reserves and liquidity				
Available reserves % of operating revenues	--	28.9	29.3	29.2
Available reserves (\$000s)	--	48,144	47,219	44,442
Debt and liabilities				
Debt service cost % of revenues	--	7.2	7.1	6.3
Net direct debt per capita (\$)	5,369	5,179	5,010	5,024
Net direct debt (\$000s)	144,567	139,447	134,907	134,862
Direct debt 10-year amortization (%)	65	69	68	--
Pension and OPEB cost % of revenues	--	2.0	2.0	2.0
NPLs per capita (\$)	--	524	639	724
Combined NPLs (\$000s)	--	14,100	17,200	19,445

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\$14,600,000 Town of South Windsor, General Obligation Bonds, Issue of 2026, dated: Date of Delivery, due: February 15, 2044	
Long Term Rating	AAA/Stable
Ratings Affirmed	
Local Government	
South Windsor, CT Unlimited Tax General Obligation	AAA/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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