

Research Update:

Plymouth, CT Series 2026 GO Bonds Rated 'AA-'; Outlook Stable

April 28, 2026

Overview

- S&P Global Ratings assigned its 'AA-' rating to [Plymouth](#), Connecticut's roughly \$3.0 million series 2026 general obligation (GO) bonds.
- At the same time, we affirmed our 'AA-' rating on the town's existing GO debt.
- The outlook is stable.

Rationale

Security

The town will pledge its full faith and credit to repay the bonds payable from the levy of an unlimited ad valorem tax on all taxable property in the town.

Officials intend to use series 2026 bond proceeds to finance various road and bridge improvements.

Credit highlights

The rating reflects our view of the town's strong reserve position, supported by conservative budgeting, stable operations, and a solid local economy. Although management estimates a small deficit in fiscal 2025, we expect reserves will remain stable with no major drawdowns in the short term. Since fiscal 2016, the town's reserves have consistently increased from a low 1% of revenues to 21% of revenues as of fiscal 2024, and currently compare favorably with those of similarly rated state peers. However, we believe Plymouth has yet to implement comprehensive financial policies and longer-term planning practices used by similarly and higher-rated state and national peers, which we view as a limiting credit factor. Although the town's current reserve strength is a credit positive, the implementation of long-term planning practices and adherence to formalized policies could provide guardrails against reserve declines or escalating debt liabilities, should management's capital expenditure priorities change materially.

Prior to the project deficit for fiscal 2025 (based on unaudited results), the town has consistently reported more than five years of positive general fund results. Officials attribute the projected deficit to overspending within the public works department, unbudgeted overtime in the police department, and one-time capital expenditures. We expect results will remain breakeven

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compared with prior years given stricter controls. However, we also believe the town is unlikely to reproduce historical surplus results given it has built up fund balance levels, and could utilize funds for either taxpayer relief or small one-time capital expenditures, which could temper year-to-year financial results.

The fiscal 2026 budget totaled \$47.3 million, 2.8% higher than the prior year, with most of the increase allocated for board of education costs. Management indicates that fiscal 2026 has been tracking close to budget and expects breakeven to positive results.

Furthermore, the town recently adopted its fiscal 2027 budget, which totaled \$48.8 million, 6% higher than the prior year. The cost increases stem from board of education and other municipal expenditures, including health insurance, but Plymouth is aligning revenues via property tax increases. Although we anticipate the town will utilize more reserves for one-time capital projects, we expect it will maintain a healthy fund balance, as levels compare favorably with those of state peers at the current rating level, and no budgetary shortfalls are projected in fiscal 2027.

With this new issuance, the town will have roughly \$12 million in direct debt outstanding. Plymouth expects to issue an additional \$3 million within the next two years. However, we do not expect this will materially weaken debt metrics as a large portion of debt will be amortizing at the same time.

Credit fundamentals supporting the rating include the following factors:

- Plymouth is in close proximity to regional employment centers such as Waterbury (12 miles) and Hartford (25 miles). The town is primarily residential and an estimated 73% of the tax base comes from those properties. Developments within the town include a newly completed industrial park and expansion of large employers such as Nutmeg Spice Co.
- Overall financial performance is stable, which has led to the maintenance of strong reserves compared with those of similarly rated peers, averaging roughly 19% of general fund revenue in the last three years with no plans for drawdown.
- Management policies and practices lag those of 'AA-' rated peers both in the state and in the country. However, a solid track record of prudent budgeting techniques has led to historically stable operations. The new management team is considering but has not yet implemented a formalized debt and reserve policy. However, the town has an informal goal of holding unassigned fund balance at 16%-18% of general fund expenditures. It also does not formally conduct multiyear financial or capital planning but assesses capital projects from year to year. Should the town implement and adhere to these policies and practices over a multiyear basis, we could view its financial management environment as more comparable with that of higher-rated peers. The town has been affected by cybersecurity incidents with limited financial impact. Given it has implemented more robust protections, we believe Plymouth is taking active steps to mitigate future cyber risks.
- Plymouth has a manageable debt and liability burden and keeps fixed costs low. Retirement liabilities and associated costs are currently manageable, but there is potential for cost escalation because the town participates in the Connecticut Municipal Employees Retirement System, which was 69.5% funded as of fiscal 2024, and the Connecticut Public Employees Retirement System, which was 38.2% funded. The town also has limited short-term debt plans, and the only planned issuance in the next two years is offset by other amortizing debt.

- 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 assessed Plymouth's environmental, social, and governance risks relative to its economy, management, financial measures, and debt-and-liability profile. We view all as neutral in our credit rating analysis. Lake Plymouth has not experienced major flooding issues and buildings within the town are located on the 100-year flood plain. Plymouth is up to date with all programs and revises its stormwater mitigation plan annually.

Outlook

The stable outlook reflects our view that Plymouth will likely maintain strong reserves due to balanced results and a manageable debt and liability burden.

Downside scenario

We could lower the rating if financial performance weakens on a sustained basis, leading to a substantial decrease in available reserves.

Upside scenario

We could raise the rating if the town maintains strong reserves, implements and adheres to formal management policies and practices, and improves the pension funded ratios.

Plymouth, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.30
Economy	3.0
Financial performance	2
Reserves and liquidity	1
Management	3.00
Debt and liabilities	2.50

Plymouth, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	72	74
County PCPI % of U.S.	--	--	116	116
Market value (\$000s)	1,308,239	1,308,239	1,288,811	1,097,657
Market value per capita (\$)	112,392	112,392	111,537	94,252
Top 10 taxpayers % of taxable value	--	5.8	4.8	5.3
County unemployment rate (%)	--	2.8	3.0	3.9
Local median household EBI % of U.S.	--	117	121	116
Local per capita EBI % of U.S.	--	117	115	106

Plymouth, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Local population	--	11,640	11,555	11,646
Financial performance				
Operating fund revenues (\$000s)	--	49,724	48,430	46,564
Operating fund expenditures (\$000s)	--	48,126	47,146	46,748
Net transfers and other adjustments (\$000s)	--	(533)	1,152	636
Operating result (\$000s)	--	1,065	2,436	452
Operating result % of revenues	--	2.1	5.0	1.0
Operating result three-year average %	--	2.7	3.1	2.5
Reserves and liquidity				
Available reserves % of operating revenues	--	21.7	19.8	15.4
Available reserves (\$000s)	--	10,767	9,601	7,164
Debt and liabilities				
Debt service cost % of revenues	--	5.8	6.1	6.1
Net direct debt per capita (\$)	1,084	1,123	1,283	1,367
Net direct debt (\$000s)	12,621	13,068	14,824	15,918
Direct debt 10-year amortization (%)	83	85	83	--
Pension and OPEB cost % of revenues	--	5.0	4.0	6.0
NPLs per capita (\$)	--	1,408	1,449	875
Combined NPLs (\$000s)	--	16,391	16,738	10,196

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\$3,000,000 Plymouth, Connecticut, General Obligation Bonds, Series 2026, dated: Date of Delivery, due: May 15, 2037

Long Term Rating AA-/Stable

Ratings Affirmed

Local Government

Plymouth, 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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