

Research Update:

# New Milford, CT Series 2026 GO Bonds Rated 'AAA'; Series 2026 GO Bond Anticipation Notes Rated 'SP-1+'

June 15, 2026

## Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [New Milford](#), Connecticut's \$4.3 million series 2026 general obligation (GO) bonds and its 'SP-1+' short-term rating to the town's \$4.7 million series 2026 GO bond anticipation notes (BANs).
- At the same time, we affirmed our 'AAA' long-term rating on the town's previously issued GO debt and our 'SP-1+' short-term rating on the town's previously issued notes, maturing July 18, 2026.
- The outlook, where applicable, is stable.

## Rationale

### Security

Revenue from an ad valorem tax, without limit as to rate or amount, on all taxable property within the town's borders secures the bonds and notes. The short-term rating on the BANs reflects our view that New Milford maintains a very strong ability to pay principal and interest when the notes come due. In our opinion, the town has a low market risk profile. Bond and note proceeds will retire maturing notes and fund fire station and road projects.

### Credit highlights

The rating reflects our view of the town's forward-looking management practices, limited fixed costs, and substantial revenue-raising flexibility, which we believe will support continued balanced-to-positive operations and maintenance of a reserve position that compares favorably to that of other Connecticut municipalities. These strengths more than offset the town's local resident incomes and economic output, the latter of which, while stable, trails that of similarly rated peers.

Fiscal 2025 yielded a fund balance reduction of approximately \$7.2 million, primarily as a result of a one-time legal settlement. We expect positive operations in fiscal 2026, as management notes unanticipated revenue of slightly more than \$1 million from the IRS (a refund on energy efficient

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equipment installed a few years ago). Management also notes that actual collections for building permits exceeded 2025 amounts. The 2026 budget highlights a mill rate increase of roughly 4%, mainly as a result of motor vehicle tax reassessment, so there is no impact on the taxpayer.

The approved 2027 budget totals \$128 million, representing an increase of about \$4 million, a result of increased spending with the board of education. Highlights of this budget include a mill rate cut of 24.11%, the first in five years. This cut is a result of higher property values following a recent revaluation. Management anticipates no significant budgetary changes over the next few years.

The rating further reflects our view of New Milford's:

- Stable local economy with modest local development and local and county metrics that trail those of similarly rated peers, but an advantageous location enabling access to employment opportunities in higher-output Fairfield and New Haven counties.
- Cautious budgeting practices with realistic assumptions and monthly budget monitoring, enabling steady operating performance; long-term financial and capital planning with identified funding sources that help predict future capital needs; and investment, debt, and reserve policies with specific targets that support maintenance of healthy reserves and manageable fixed costs. The issuer's cyber risk mitigation measures align with our view of its overall risk management policies and practices.
- Generally balanced-to-positive operations resulting from predictable property taxes (72% of operating revenue) and intergovernmental sources (22%), coupled with revenue-raising flexibility under state law and healthy reserves.
- Affordable debt and liabilities, with additional debt plans that we do not expect will materially weaken the town's profile. Net pension liabilities total approximately \$22.7 million, all of which is from the town's pension plan. The town's total other postemployment benefit liability is \$14.4 million, which is modestly sizable but not unusual compared with that of state peers. Following this issuance, the town will have \$75.14 million of debt outstanding.
- We expect the operating environment for Connecticut municipalities will remain stable. For more information, see "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

## Environmental, social, and governance

We view environmental, social, and governance factors as neutral in our analysis.

## Rating above the sovereign

We rate New Milford's GO bonds above the sovereign because we believe the town could maintain better credit characteristics than the nation in a stress scenario. The town primarily has locally derived revenue sources, with taxing authority and treasury management that are independent from the federal government.

## Outlook

The stable outlook reflects our view that New Milford will produce balanced-to-positive operating results, enabling maintenance of a robust reserve position.

## Downside scenario

We could lower the rating if financial performance deteriorates, leading to a reserve position no longer commensurate with that of higher-rated peers.

**New Milford, Connecticut--credit summary**

Institutional framework (IF)	1
Individual credit profile (ICP)	1.84
Economy	3.0
Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	1.50

**New Milford, Connecticut--key credit metrics**

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita as % of U.S.	--	--	67	68
County PCPI as % of U.S.	--	--	115	115
Market value (\$000s)	--	4,590,196	4,580,001	4,528,564
Market value per capita (\$)	--	161,957	161,598	161,423
Top 10 taxpayers as % of taxable value	--	6.7	6.7	6.8
County unemployment rate (%)	--	3.7	2.9	2.9
Local median household EBI as % of U.S.	--	--	123	134
Local per capita EBI as % of U.S.	--	--	117	126
Local population	--	--	28,342	28,054
<b>Financial performance</b>				
Operating fund revenue (\$000s)	--	131,414	131,074	124,618
Operating fund expenditures (\$000s)	--	129,946	122,462	117,141
Net transfers and other adjustments (\$000s)	--	(4,945)	(6,989)	(6,473)
Operating result (\$000s)	--	(3,477)	1,623	1,004
Operating result as % of revenue	--	(2.6)	1.2	0.8
Operating result three-year average %	--	(0.2)	0.2	0.3
<b>Reserves and liquidity</b>				
Available reserves as % of operating revenue	--	33.8	39.0	39.8
Available reserves (\$000s)	--	44,397	51,091	49,572
<b>Debt and liabilities</b>				
Debt service cost as % of revenue	--	3.9	3.7	3.7
Net direct debt per capita (\$)	2,651	2,602	2,549	2,638
Net direct debt (\$000s)	75,138	73,736	72,230	74,017
Direct debt 10-year amortization (%)	59	60	62	--
Pension and OPEB cost as % of revenue	--	3	3	2
NPLs per capita (\$)	--	802	944	1,053
Combined NPLs (\$000s)	--	22,728	26,749	29,531

## New Milford, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Financial data may reflect analytical adjustments and is 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. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.				
<b>Ratings List</b>				
<b>New Issue Ratings</b>				
US\$4.300 mil GO bnds ser 2026 due 07/15/2046				
Long Term Rating			AAA/Stable	
US\$4.650 mil GO BANs dtd 07/17/2026 due 07/16/2027				
Short Term Rating			SP-1+	
<b>Ratings Affirmed</b>				
<b>Local Government</b>				
New Milford Twn, CT Unlimited Tax General Obligation			AAA/Stable	
New Milford Twn, CT Unlimited Tax General Obligation BAN			SP-1+	

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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