

Research Update:

Avon, CT Series 2026 GO Bonds Assigned 'AAA' Rating

June 30, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [Avon](#), Connecticut's \$3.4 million series 2026 general obligation (GO) bonds.
- At the same time, we affirmed our 'AAA' long-term rating on the town's previously issued GO debt.
- The outlook is stable.

Rationale

Security

The town's full faith and credit secures the bonds and GO debt outstanding.

Series 2026 bond proceeds will finance the purchase of a fire engine and a fire ladder truck.

Credit highlights

The rating reflects our view of Avon's wealthy and primarily residential tax base, including above-average income metrics compared with those of Hartford County and national peers, along with its healthy financial position and a low debt burden. Management's proactive budgeting, including formalized budget and capital planning that is well embedded into budgeting practices, provide the overall framework supporting consistent financial results every year. The strength of the underlying tax base also supports finances given Avon's reliance on property taxes: The town has seen various economic development and redevelopment initiatives and experienced a 19% boost in assessed valuation effective fiscal 2025 following the 2023 revaluation; management reports ongoing new growth as well, including multi-unit residential properties. We anticipate that stability in the economy and finances will support credit quality.

As part of each year's budget, the town typically allocates excess surplus toward capital, whether to set aside funds for future capital needs or to help fund pay-as-you-go capital projects such as routine maintenance needs. The town's fiscal 2025 budget included an appropriation of fund

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balance in addition to use for capital and roads to ease taxpayer burden following the implementation of a townwide revaluation, and although this resulted in a decline in total available fund balance, reserves still compare well to those of peers and remain elevated compared with historical levels. Given the town's approach to budgeting, including efforts to control expense in areas such as health benefit costs and emergency dispatch, combined with recent overperformance of revenue sources such as permit fees and interest incomes, we expect Avon to produce at least balanced results in the near term.

While debt remains manageable and low compared with that of peers, we are monitoring projects for road improvements and fire department facilities, which may result in additional debt totaling as much as \$67 million. The majority of this borrowing would be a few years away, and we do not expect this debt to change our view of the town's liabilities, as we have incorporated it into our analysis.

The 'AAA' GO rating reflects our view of the town's:

- Robust economic base outside of Hartford, resulting in above-average county economic output metrics fueled by the state capital area. Local leading employers are in the stable government, technology, and healthcare sectors. The town's local incomes are stronger than those of similarly rated county and national peers, providing further credit uplift on the underlying tax base.
- Track record of healthy financial performance with budgets built from realistic assumptions and historical trend analysis. Although fiscal 2025 results reflect a use of fund balance to ease taxpayer burden, fiscal year-end 2026 projections indicate another surplus result according to the town, supporting our view that balanced performance will continue over upcoming budgetary cycles.
- Healthy reserves that are stronger than those of similarly rated state peers. We anticipate that reserves will be maintained or increase to a level above the adopted 15% unassigned fund balance policy minimum threshold.
- Well-embedded financial management framework, with an emphasis on long-term financial and capital planning. In addition to the formal reserve policy, a formal investment policy and a formal debt management policy with affordability guidelines and other targeted debt metrics guide overall operations. The town has measures in place to mitigate cybersecurity risks.
- Total debt totaling \$20.6 million, resulting in low debt per capita metrics and affordable costs given that debt service accounts for less than 3% of the budget. Flexibility to fund ongoing capital in the budget also lowers debt needs, supporting the very low debt position, but future road and building needs may result in additional borrowing.
- Retirement contributions, which we anticipate will increase but remain affordable given the strength of the revenue base. Although retirement liabilities are not a near-term credit pressure, we monitor them given the town pension plan's moderate funding ratio despite its making the full actuarially determined contribution and exceeding our funding assumption metrics, indicating timely funding progress and likely significant improvement in the funded ratio over the next 10 years.
- Generally predictable operating environment, as is typical of Connecticut municipalities, with significant statutory flexibility to raise local source revenue. For more information on our institutional framework assessment for Connecticut municipalities, see "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

Rating above the sovereign

We rate the town higher than the nation because we believe Avon could maintain better credit characteristics than the nation in a stress scenario based on its predominantly locally derived revenue base (with property taxes accounting for about 80% of general fund revenue), lack of dependence on central government revenue, and our view that pledged revenue supporting debt service on the bonds is at low risk of negative sovereign intervention.

Outlook

The stable outlook reflects our view of Avon's strong tax base, manageable debt, and consistently positive financial performance that we expect to be sustained over the outlook horizon.

Downside scenario

We could lower the rating if the town experiences a sustained deterioration in financial performance, if reserves materially decline with no plan to replenish, or if the town issues more debt than anticipated.

Avon, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.55
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	2.75

Avon, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	140	143
County PCPI as % of U.S.	--	--	110	108
Market value (\$000s)	--	4,775,171	4,597,674	4,336,073
Market value per capita (\$)	--	249,539	240,263	228,599
Top 10 taxpayers as % of taxable value	--	5.4	5.6	5.6
County unemployment rate (%)	--	4.1	3.4	3.2
Local median household EBI as % of U.S.	--	--	161	164
Local per capita EBI as % of U.S.	--	--	167	171
Local population	--	--	19,136	18,968
Financial performance				
Operating fund revenue (\$000s)	--	118,965	117,944	113,563
Operating fund expenditures (\$000s)	--	115,812	112,106	106,333
Net transfers and other adjustments (\$000s)	--	(5,604)	(2,173)	(4,443)
Operating result (\$000s)	--	(2,451)	3,665	2,787

Avon, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Operating result as % of revenue	--	(2.1)	3.1	2.5
Operating result three-year average %	--	1.2	2.7	1.4
Reserves and liquidity				
Available reserves as % of operating revenue	--	19.1	21.2	18.9
Available reserves (\$000s)	--	22,735	24,971	21,501
Debt and liabilities				
Debt service cost as % of revenue	--	2.1	2.2	2.4
Net direct debt per capita (\$)	1,078	732	510	651
Net direct debt (\$000s)	20,620	14,005	9,750	12,357
Direct debt 10-year amortization (%)	79	89	98	97
Pension and OPEB cost % of revenues	--	5	6	6
NPLs per capita (\$)	--	406	651	952
Combined NPLs (\$000s)	--	7,775	12,465	18,062

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.

Ratings List

New Issue Ratings

US\$3,430,000 Town of Avon, Connecticut, General Obligation Bonds, Issue Of 2026, dated: Date of Delivery, due: July 15, 2041

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Avon, 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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