Research Update:

Tolland, CT Series 2026 General Obligation Bonds Assigned 'AAA' Rating

October 21, 2026

Primary Contact

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

Secondary Contact

Rahul Chakraborty
New York
+ 2124381864
Rahul.Chakraborty
@spglobal.com

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to Tolland, Connecticut's approximately $5.815 million series 2026 general obligation (GO) bonds.
- At the same time, we affirmed our 'AAA' long-term rating on the town's GO debt outstanding and our 'SP-1+' short-term rating on the town's outstanding GO bond anticipation notes (BANs).
- The outlook is stable.

Rationale

Security

Tolland's full-faith-and-credit pledge secures the series 2026 GO bonds and the outstanding GO bonds and BANS.

Proceeds from the series 2026 bonds will be permanently finance maturing notes and add new-money funding for various capital projects. The short-term rating reflects our opinion of the town's general creditworthiness and market-risk profile, which we consider low. The low market-risk profile reflects our view of the town's strong legal authority to issue long-term debt to take out the BANs and ongoing disclosure to market participants.

Credit highlights

The 'AAA' rating is supported by the town's strong financial management policies and practices, which have led to consistent financial performance and stable reserves. Further supporting the rating are relatively high local incomes and low fixed costs.

Tolland continues to demonstrate strong financial discipline, reporting positive budget variances in each of the last three fiscal years. We believe this is a product of conservative budgetary assumptions, leading to revenue and expenditures consistently outperforming the budget. A

recent real property revaluation increased total assessed value by over 37%; we expect tax base growth will continue to support revenue generation sufficient to maintain financial balance.

However, the fiscal 2027 budget includes a fund balance appropriation of $1.2 million, approximately $400,000 higher than recent budgets. The increased appropriation is primarily to provide tax relief following the significant valuation increases. If the town is unable to overperform the increased appropriation, single-year performance could decline modestly relative to recent surpluses. We expect management will make adjustments in subsequent years to maintain reserves consistent with the town's reserve policy and with that of state peers should any major shortfalls occur.

The rating further reflects our view of the following credit factors:

- An affluent and stable local economy, with household incomes above county and national averages. Residents benefit from proximity to Hartford, with employment opportunities throughout the capital region. Regional employment is predominantly in financial services, industrial, government, and higher education sectors, which remain relatively stable. Local development in residential and non-residential sectors continues to support tax base growth, highlighted by a large, 240-unit townhome complex recently opening, along with numerous smaller projects in various stages of development.
- We expect continued stability in the town's financial profile, supported by a growing tax base and high reliance on local property taxes, which generally account for about 70% of operating revenue. Management projects a surplus of approximately $900,000 for fiscal year 2026, supporting stability in reserves relative to operating revenue.
- Stronger management environment than many state peers, with a wide array of policies and practices updated annually and well-tied to the general operating environment. The town has robust budgeting practices with realistic assumptions, monthly reviews of budget-to-actual reports, a comprehensive five-year capital plan with funding sources that is updated annually, and a well-laid out financial plan with assumptions detailed in the budget presentation. Also included in the budget is an investment policy that adheres to state statutes, a reserve policy that sets a stabilization reserve target of 10%-17% of budgeted operating expenditure, and a debt management policy with affordability thresholds, including debt per capita capped at $3,800 and debt service at 10%. The town has taken steps to mitigate cyber threats.
- We expect general stability in the town's debt profile, with new-money issues over the next few years consistent with recent issuances. Management forecasts that debt paydowns during the same period will keep debt metrics roughly stable, which should in turn keep costs and debt metrics stable.
- Retirement costs will remain low, as town employees do not participate in any defined-benefit pension plans and the retiree health benefits plan (OPEB) is well funded, with low costs. Teachers participate in the state's teacher retirement plan, with liabilities and costs assumed by the state. Tolland's OPEB plan is about 67% funded with a net liability of $1.0 million. The town's retirement liabilities are a significant credit strength relative to many state and regional peers.
- While climate risks are material for the local government sector, we view Tolland's risks as low relative to peers and in a nominal sense, and therefore not a significant factor in our credit analysis.
- Connecticut municipalities generally have stable operating frameworks with significant statutory flexibility to raise local-source revenue for operations. 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

Tolland's GO bonds are eligible to be rated above the sovereign because we believe it can maintain better credit characteristics than the nation in a stress scenario. Under our criteria--"Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," Nov. 19, 2013--Tolland has a predominantly locally derived revenue source, coupled with independent taxing authority and treasury management from the federal government.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that management will make any necessary budget adjustments to maintain balanced financial operations and sustain very strong reserves.

Downside scenario

We could lower the rating if financial performance deteriorates, leading to a continuous reduction of reserves and weakening of budgetary flexibility.

Tolland, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.30
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	1.50

Tolland, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	--	132	134
County PCPI % of U.S.	--	--	113	112
Market value ($000s)	--	1,955,221	1,941,379	1,906,433
Market value per capita ($)	--	135,253	128,102	125,796
Top 10 taxpayers % of taxable value	--	6.0	5.8	6.0
County unemployment rate (%)	--	4.1	3.4	3.2
Local median household EBI % of U.S.	--	160	--	--
Local per capita EBI % of U.S.	--	145	--	--
Local population	--	14,456	--	--
Financial performance				
Operating fund revenues ($000s)	--	71,244	70,824	67,454

Tolland, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Operating fund expenditures ($000s)	--	70,187	69,317	66,886
Net transfers and other adjustments ($000s)	--	(527)	(83)	124
Operating result ($000s)	--	530	1,424	692
Operating result % of revenues	--	0.7	2.0	1.0
Operating result three-year average %	--	1.3	0.8	0.1
Reserves and liquidity				
Available reserves % of operating revenues	--	19.9	18.7	18.0
Available reserves ($000s)	--	14,169	13,228	12,109
Debt and liabilities				
Debt service cost % of revenues	--	7.4	7.3	6.9
Net direct debt per capita ($)	2,436	2,467	2,795	3,235
Net direct debt ($000s)	35,221	35,662	42,352	49,020
Direct debt 10-year amortization (%)	69	74	63	--
Pension and OPEB cost % of revenues	--	--	--	--
NPLs per capita ($)	--	--	--	--
Combined NPLs ($000s)	--	--	--	--

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$5,815,000 Town of Tolland, Connecticut, General Obligation Bonds, Issue of 2026, dated: Date of Delivery, due: November 1, 2046	
Long Term Rating	AAA/Stable
Ratings Affirmed	
Local Government	
Tolland, CT Unlimited Tax General Obligation	AAA/Stable
Tolland, 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.

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 © 2026 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.