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Summary:

Bristol, Connecticut; General Obligation; Note

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Summary:

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Credit Profile

US\$35.0 mil GO BANS dtd 11/12/2024 due 11/11/2025		
<i>Short Term Rating</i>	SP-1+	New
US\$23.98 mil GO rfdg bnds, issue of 2024 due 10/15/2038		
<i>Long Term Rating</i>	AA+/Stable	New
Bristol GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Bristol GO BANS dtd 11/12/2024 due 11/11/2025		
<i>Short Term Rating</i>	SP-1+	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AA+' long-term rating to Bristol, Conn.'s \$23.98 million 2024 general obligation (GO) refunding bonds.
- S&P Global Ratings assigned its 'SP-1+' rating to the city's \$35 million 2024 bond anticipation notes (BANS). Both assignments are based on the application of S&P Global Ratings' "[Methodology for Rating U.S. Governments](#)," published Sept. 9, 2024, on RatingsDirect.
- S&P Global Ratings also affirmed its 'AA+' rating on the city's outstanding GO debt.
- The outlook is stable.

Security

The city's unlimited-tax-GO pledge, to levy ad valorem taxes without limit as to rate or amount on all taxable property within its borders, secures the bonds and notes. The short-term rating on the BANS reflects our criteria for evaluating and rating BANS. We view the city's market-risk profile as low because it has strong legal authority to issue long-term debt to take out the BANS and it is a frequent debt issuer that regularly provides ongoing disclosure to market participants.

We understand the 2024 GO bonds will be used to refund the city's outstanding series 2017 and 2018 bonds. The 2024 notes will finance various capital projects as part of the city's voter-approved authorization.

Credit overview

Bristol's rating reflects its stable economy that is supported by high economic output despite somewhat average income levels compared to state and national peers, consistent budgetary performance and reserves, robust management practices, and manageable long-term liabilities.

The city is 18 miles from Hartford, which provides access to its labor markets. It is home to ESPN, the city's largest employer (with 4,100 employees), as well as its largest taxpayer, accounting for 4.26% of the net taxable grand list.

Summary: Bristol, Connecticut; General Obligation; Note

The city continues to expand with several projects in the downtown and surrounding areas, which are expected to increase the grand list by up to approximately \$150 million, contributing to its incremental taxbase growth between revaluations. Officials have also identified various development zones for future economic growth prospects, which will continue to support the city's property tax revenue which comprise 63% of general fund revenues. Given the number of projects underway and further development in the pipeline, we expect the city's economy will likely remain robust.

Bristol continues to generate break-even or positive results through fiscal 2023, which has enabled the city to maintain available fund balance at about 16%-17%, which we view as somewhat average compared to similarly rated peers; however we note it is in line with its policy. Management attributes the results to conservative budgeting practices and stable revenue. Unaudited results for fiscal 2024 indicate another surplus, with total fund balance expected to increase to \$47.3 million from \$45.7 million in fiscal 2023, of which \$44 million is considered available. The 2025 budget totals \$225.338 million for the general fund with no material changes compared to prior years, reflecting the predictability of the city's finances. Overall, given the expected tax base growth, positive track record, and stable operations, we expect its financial profile will remain strong.

With this issuance, the city will have about \$136.041 million of total direct debt. The city's capital improvement plan totals approximately \$100 million over the next five years, of which just over \$5 million has already been approved for the upcoming year; we have incorporated this approved amount into our analysis and do not expect the debt profile to deteriorate as a result.

We do not view Bristol's retirement obligations as a significant budgetary pressure due to its overfunded pension plans. The city previously maintained three separate pension plans: the firefighters' and police officers' benefit funds and the Bristol Retirement Fund. However, effective June 29, 2018, it consolidated all three plans, which were all extremely well-funded, into the Bristol General Retirement System. The city's adopted formal policy calls for maintaining pension plan funding at no less than 125%. It also participates in the State Teacher Retirement System, to which the state contributes on behalf of the state, and has an other-postemployment-benefit liability totaling \$66.1 million as of fiscal 2023.

The rating further reflects our view of Bristol's:

- An expanding tax base with access to Hartford's labor market;
- Conservative budgeting practices using three-to-five years of historical trends and includes monthly budget-to-actual reporting, with five-year expenditure and debt service projections to support its long-term financial stability and planning, which supports operating flexibility. Similarly, the city maintains a formal 10-year capital improvement plan it updates annually that identifies funding sources as part of the annual budget process. In addition, the city has a formal debt-management policy; an investment policy with monthly holdings and earnings reports to the board; and a reserve policy that limits unassigned fund balance to 12%-15% of expenditures and total fund balance to 15%-20%, which it has adhered to historically.
- Consistent break-even performance that supports solid reserve levels; and
- Manageable debt with some additional debt plans which are incorporated in the city's long-term planning and limited fixed costs as a result of overfunded pensions which are funded at a 125% minimum.

- For more information on our institutional framework assessment for Connecticut municipalities, please see "[Institutional Framework Assessment: Connecticut Local Governments](#)," published Sept. 9, 2024.

Environmental, social, and governance

We consider Bristol's environmental, social, and governance factors to be neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that the city's balanced financial performance will continue and the city will maintain strong reserves in accordance to its policies.

Downside scenario

If the city were to experience sustained weakened budgetary performance or flexibility with no plan to restore, we could lower the rating. Similarly if additional debt far exceeded current projections, we could lower the rating.

Upside scenario

If the economic indicators and reserves improved to levels comparable with higher rated peers while maintaining balanced operating results, we could raise the rating.

Table 1

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

Table 2

Bristol, Connecticut--key credit metrics				
	Most recent	2023	2022	2021
Economy				
GCP per capita % of U.S.	147	--	147	145
County PCPI % of U.S.	108	--	108	108
Market value (\$000s)	7,766,431	6,058,019	5,823,377	5,716,669
Market value per capita (\$)	128,229	100,022	97,412	96,603
Top 10 taxpayers % of taxable value	11	13	13	--
County unemployment rate (%)	3.8	3.8	4.3	6.6
Local median household EBI % of U.S.	100	99	101	100
Local per capita EBI % of U.S.	99	99	100	99
Local population	60,567	60,567	59,781	59,177
Financial performance				
Operating fund revenues (\$000s)	--	248,255	235,459	232,807

Table 2

Bristol, Connecticut--key credit metrics (cont.)				
	Most recent	2023	2022	2021
Operating fund expenditures (\$000s)	--	233,860	221,687	211,633
Net transfers and other adjustments (\$000s)	--	-11,903	-13,451	-19,404
Operating result (\$000s)	--	2,492	321	1,770
Operating result % of revenues	--	1.0	0.1	0.8
Operating result three-year average %	--	0.6	0.5	0.8
Reserves and liquidity				
Available reserves % of operating revenues	--	17.1	17.0	17.1
Available reserves (\$000s)	--	42,520	39,988	39,774
Debt and liabilities				
Debt service cost % of revenues	4.9	4.9	4.9	4.2
Net direct debt per capita (\$)	2,246	2,293	2,077	1,781
Net direct debt (\$000s)	136,020	138,877	124,181	105,367
Direct debt 10-year amortization (%)	62.0	--	--	--
Pension and OPEB cost % of revenues	3	3	3	3
Net pension liabilities per capita (\$)	--	--	--	--
Combined net pension liabilities (\$000s)	--	--	--	--

GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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