

Tax Supported  
New Issue

## Bristol, Connecticut

**Ratings**

New Issue Tax-Exempt General Obligation Bonds, Issue of 2011	AA+
Outstanding Debt General Obligation Bonds	AA+

**Rating Outlook**

Stable

**Analysts**

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**New Issue Details**

**Sale Information:** \$40,400,000 Tax-Exempt General Obligation Bonds, Issue of 2011, competitively on June 15.  
**Security:** The full faith and credit pledge of the city of Bristol.  
**Purpose:** To permanently finance various general purpose, school, sewer, and water projects.  
**Final Maturity:** Aug. 1, 2030.

**Related Research**

For information on Build America Bonds, visit [www.fitchratings.com/BABs](http://www.fitchratings.com/BABs).

**Applicable Criteria**

- *Tax-Supported Rating Criteria, Aug. 16, 2010*
- *U.S. Local Government Tax-Supported Rating Criteria, Oct. 8, 2010*

**Other Research**

- *Fitch Rates Bristol, CT's GOs 'AA+'; Outlook Stable, June 13, 2011*

**Rating Rationale**

- A history of healthy reserve levels and strong management practices provide Bristol with strong financial flexibility.
- The city's pension systems are significantly overfunded, providing relief to the general fund.
- Debt levels are low and amortization is rapid.
- Economic indicators are slightly weak for the rating category.

**Key Rating Drivers**

- Continued active management of budgets and expenses to maintain strong fund balance levels.

**Credit Summary**

Bristol is located in Hartford County, approximately 16 miles west of the state capitol. The Entertainment and Sports Programming Network (owned by The Walt Disney Co., rated 'A' with a Stable Rating Outlook by Fitch Ratings) has its headquarters in the city, accounting for almost 10% of the residential employment base and 6.3% of fiscal 2010 taxable assessed valuation (TAV). The company's approximately \$1 billion of infrastructure investments since 2000 and longstanding presence in the city somewhat offset Fitch's concerns about the single-employer economic concentration. Bristol's 229 Technology Park is fully occupied by 23 businesses employing a total of over 1,600 people. The city has chosen a developer for the 17-acre downtown Depot Square mall area, and the future mixed-use development at this site should help broaden the local economy and improve labor market conditions over the next several years. Bristol's TAV as reflected on its grand list has been up slightly over the past three years, countering national trends. The city's March 2011 unemployment rate declined to 10.0% from 10.5% the prior year and remained above county, state, and national rates. The population has been flat this decade, and per capita income levels are below the high state average but slightly above the national level.

Bristol's conservative financial management has resulted in consistently healthy reserve levels. Fiscal 2010 ended with a \$481,000 surplus, bringing the unreserved general fund balance to \$27.3 million, or a sound 15.2% of spending. The city anticipates a \$450,000 surplus in fiscal 2011, further bolstering its fund balance level. The 2011 surplus is driven by an improvement in already solid tax collection rates and savings from a change in health insurers. The city receives over 62% of its revenues from property taxes, with competitive tax rates compared to surrounding communities. Most of the remainder of the city's revenues come from state aid, which has been declining at a moderate pace. The city has offset state aid declines with detailed expense management, including eliminating 40 positions through attrition.

Overall debt, including the upcoming issuance, is low at \$1,674 per capita, or 1.5% of taxable market value, and debt amortizes at the rapid rate of 70.8% within 10 years. Pensions remain considerably overfunded, so the city has not been required to make any contribution since fiscal 2007. The city plans to use \$1.1 million of excess fire and

## Rating History

Rating	Action	Outlook/ Watch	Date
AA+	Affirmed	Stable	6/13/11
AA+	Revised	Stable	4/30/10
AA	Affirmed	Stable	1/29/09
AA	Affirmed	Stable	11/17/06
AA	Assigned	Stable	6/17/05

police pension funds to help finance the next 2.5 years of fire and police other post-employment benefits (OPEB) payments. The total fiscal 2011 OPEB payment for all of the city's plans is \$4.4 million. An OPEB trust fund was created and currently has over \$2.4 million allocated.

## Debt Statistics

(\$000)

Outstanding Direct Debt – Net of Refunding	106,484
Self-Supporting	5,264
<b>Total Overall Debt</b>	<b>101,220</b>

### Debt Ratios

Direct Debt Per Capita <sup>a</sup>	1,674
As % of MV <sup>b</sup>	1.5
Overall Debt Per Capita <sup>a</sup>	1,674
As % of MV <sup>b</sup>	1.5

<sup>a</sup>Population: 60,477 (2010 estimate).

<sup>b</sup>Market value (MV): \$6,610,269 (2010).

Note: Numbers may not add due to rounding.

## General Fund Financial Summary

(\$000, Fiscal Year Ended June 30)

	2006	2007	2008	2009	2010
Property Tax	99,957	102,749	105,498	110,048	110,760
Other Tax	1,476	1,053	1,012	1,087	1,073
<b>Total Tax</b>	<b>101,433</b>	<b>103,802</b>	<b>106,510</b>	<b>111,135</b>	<b>111,833</b>
License and Permits	1,205	853	946	824	805
Charges for Services	3,467	3,790	4,237	3,778	4,149
Intergovernmental	52,033	53,364	90,193	62,075	60,286
Other	3,114	3,458	3,076	1,753	1,105
<b>General Fund Revenue</b>	<b>161,252</b>	<b>165,267</b>	<b>204,962</b>	<b>179,565</b>	<b>178,178</b>
General Government	5,617	6,388	6,278	6,257	5,775
Public Safety	18,659	19,329	20,499	20,767	21,477
Public Works	10,866	12,042	12,580	14,214	10,577
Health and Social Services	2,918	4,116	4,646	5,121	5,026
Culture and Recreation	2,058	2,148	2,275	2,278	2,210
Education	83,047	87,131	121,810	96,364	95,615
Other	5,998	6,082	6,364	6,099	5,989
<b>General Fund Expenditures</b>	<b>129,163</b>	<b>137,236</b>	<b>174,452</b>	<b>151,100</b>	<b>146,669</b>
<b>General Fund Surplus</b>	<b>32,089</b>	<b>28,031</b>	<b>30,510</b>	<b>28,465</b>	<b>31,509</b>
Transfers In	18	2,195	1,787	1,868	2,053
Transfers Out	29,404	29,991	30,965	31,795	33,081
Net Transfers and Other	(29,386)	(27,796)	(29,178)	(29,927)	(31,028)
<b>Net Surplus/(Deficit)</b>	<b>2,703</b>	<b>235</b>	<b>1,332</b>	<b>(1,462)</b>	<b>481</b>
<b>Total Fund Balance</b>	<b>27,486</b>	<b>27,721</b>	<b>29,053</b>	<b>27,591</b>	<b>28,072</b>
As % of Expenditures, Transfers Out, and Other Uses	17.3	16.6	14.1	15.1	15.6
<b>Unreserved Fund Balance</b>	<b>25,818</b>	<b>26,302</b>	<b>27,194</b>	<b>26,593</b>	<b>27,323</b>
As % of Expenditures, Transfers Out, and Other Uses	16.3	15.7	13.2	14.5	15.2
<b>Unreserved, Undesignated Fund Balance</b>	<b>16,785</b>	<b>17,319</b>	<b>15,435</b>	<b>17,645</b>	<b>19,896</b>
As % of Expenditures, Transfers Out, and Other Uses	10.6	10.4	7.5	9.6	11.1

Note: Numbers may not add due to rounding.

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