

Tax Supported  
New Issue

Bristol, Connecticut

**Ratings**

New Issues	
Tax-Exempt General Obligation Bonds, Issue of 2009	AA
Taxable General Obligation Bond Anticipation Notes	F1+
Outstanding Debt	
General Obligation Bonds	AA

*Fitch issued an exposure draft on July 31, 2008 proposing a recalibration of tax-supported and water/sewer revenue bond ratings, which, if adopted, may result in an upward revision of this rating (see Fitch Research on "Exposure Draft: Reassessment of Municipal Ratings Framework"). Fitch has deferred its final determination on municipal recalibration due to market conditions and plans to revisit the recalibration in the first quarter of 2009 (see press release "Fitch Defers Final Determination on U.S. Municipal Ratings Recalibration," dated Oct. 7, 2008).*

**Rating Outlook**

Stable

**Analysts**

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**New Issue Details**

**Sale Information:** \$8,900,000 Tax-Exempt General Obligation Bonds, Issue of 2009, and \$7,410,000 Taxable General Obligation Bond Anticipation Notes (BANs) to sell competitively on Feb. 4.

**Security:** General obligations of the city of Bristol, with its full faith and credit pledged.

**Purpose:** Bonds and BANs to finance various general-purpose and school projects.

**Final Maturities:** Bonds, serially through Feb. 15, 2025. BANs, Feb. 16, 2010.

**Rating Rationale**

- A history of healthy reserve levels and strong management practices underpin the city of Bristol's sound financial flexibility.
- Debt levels are low, and pension systems are considerably overfunded.
- Economic indicators are slightly weak for the 'AA' rating category.

**Key Rating Driver**

- Economic expansion and redevelopment efforts currently under way should help diversify the tax and employment base, which is somewhat concentrated around the Entertainment and Sports Programming Network (ESPN).

**Credit Summary**

Bristol is located in Hartford County, approximately 16 miles west of the state capitol. ESPN has its headquarters in the city, accounting for 11.0% of the residential employment base and 5.3% of fiscal 2009 taxable assessed valuation. The company's approximately \$1 billion of infrastructure investments this decade and longstanding presence in the city somewhat offset Fitch Ratings' concerns about the single-employer economic concentration. Bristol's 229 Technology Park site is fully occupied, and the Southeast Bristol Industrial Park, which can accommodate up to 750,000 square feet of industrial space, was recently completed. The Southeast Bristol Industrial Park and successful redevelopment of the 17-acre downtown mall area should help broaden the local economy and improve labor market conditions over the next several years. The city's November 2008 unemployment rate grew to 7.0% from 5.0% in the prior year and remained above the county, state, and national levels. Population growth has been modest 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 2008 ended with a \$1.3 million surplus, which brought the unreserved general fund balance to \$27.2 million, or a sound 13.2% of spending. Reflecting the city's prudent budgeting practices, economically sensitive investment income, building permit fees, and conveyance taxes ended the year near or above budgeted amounts. Officials expect to end fiscal 2009 with another modest general fund surplus after realizing a large 51.8% increase in the tax base stemming from the Oct. 1, 2007 revaluation and minimizing expenditures during the fiscal year. The revaluation, effective for fiscal 2009, underscores the health of the local tax base. Officials expect minimal to no growth in the fiscal 2010 operating budget, reflecting tightening budgetary conditions stemming from the national recession.

Overall debt is low at \$1,090 per capita, or 1.0% of taxable market value, and debt amortizes at the rapid rate of 69.4% within 10 years. Bristol's fiscal 2008 debt service burden represented a low 3.4% of general and debt service fund spending, which provides the city with sufficient flexibility to issue up to \$28 million in bonds for two new school projects within the next five years. Pensions remain considerably overfunded, despite significant investment losses in 2008, and the

**Related Research**

- *Local Government General Obligation Rating Guidelines, March 22, 2007*
- *Bristol, Connecticut, Nov. 21, 2006*

**Rating History**

Rating	Action	Outlook/ Watch	Date
AA	Affirmed	Stable	1/29/09
AA	Assigned	Stable	9/28/04

city is developing plans to manage its \$72 million other post-employment benefits (OPEB) liability. An OPEB trust fund was created in fiscal 2009.

**Debt Statistics**

(\$000)

This Issue	16,310
Outstanding Debt	50,094
Direct Debt	66,404
Overlapping Debt	0
Total Overall Debt	66,404

**Debt Ratios**

Direct Debt per Capita (\$) <sup>a</sup>	1,090
As % of Taxable Market Value <sup>b</sup>	1.0
Overall Debt per Capita (\$) <sup>a</sup>	1,090
As % of Taxable Market Value <sup>b</sup>	1.0

<sup>a</sup>Population: 60,911 (2007 estimate).

<sup>b</sup>Taxable market value: \$6,592,253,000 (fiscal 2009).

Note: Numbers may not add due to rounding.

**General Fund Financial Summary**

(\$000, Audited Fiscal Years Ended June 30)

	2006	2007	2008
Taxes and Assessments	99,957	102,749	105,498
Intergovernmental	52,033	53,364	90,193
Charges for Services	3,467	3,790	4,237
Other Revenue	5,795	5,364	5,034
<b>Total Revenue</b>	<b>161,252</b>	<b>165,267</b>	<b>204,962</b>
Expenditures	129,163	137,236	174,452
Net Transfers and Other Sources/(Uses)	(29,386)	(27,796)	(29,178)
<b>Net Surplus/(Deficit)</b>	<b>2,703</b>	<b>235</b>	<b>1,332</b>
Total Fund Balance	27,486	27,721	29,053
As % of Expenditures, Transfers Out, and Other Uses:			
Total Fund Balance	17.3	16.6	14.1
Unreserved Fund Balance	16.3	15.7	13.2
Unreserved, Undesignated Fund Balance	16.3	15.7	13.2

Note: Numbers may not add due to rounding.

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