FitchRatings

RATING ACTION COMMENTARY

Fitch Rates City of Bristol, CT's $80.875MM GO BANs 'F1+'; Affirms GO Bonds at 'AA+'

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Fitch Ratings - New York - 14 Oct 2025: Fitch Ratings has assigned an 'F1+' rating to the city of Bristol, CT's $80,875,000 general obligation (GO) bond anticipation notes (BANs), due Nov. 5, 2026. The BANs are selling competitively on October 23. Proceeds will be utilized to finance various city and school related capital improvements.

In addition, Fitch has affirmed the following city of Bristol ratings:

--Outstanding Fitch-rated GO bonds at 'AA+';

--Issuer Default Rating at 'AA+';

--Outstanding BANs at 'F1+'.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT	RATING		PRIOR
Bristol (CT) [General Government]	LT IDR Affirmed	AA+ Rating Outlook Stable	AA+ Rating Outlook Stable

Bristol (CT) /General Obligation - Unlimited Tax/1 LT	LT	AA+ Rating Outlook Stable	Affirmed	AA+ Rating Outlook Stable
Bristol (CT) /General Obligation - Unlimited Tax/1 ST	ST	F1+	Affirmed	F1+

VIEW ADDITIONAL RATING DETAILS

Bristol's 'AA+' Issuer Default Rating (IDR) reflects the city's 'aaa' financial resilience assessment and an expectation that unrestricted general fund reserves (sum of committed, assigned and unassigned) will be maintained at least equal to or above 10% of general fund spending. This is the minimum reserve level for the 'aaa' assessment, given the city's 'high-midrange' budgetary flexibility, supported by its unlimited ad valorem taxing power. Fiscal 2024 reserve levels were 17.6% of spending, and the city has maintained reserves higher than 17% since 2016.

Long-term liability (LTL) metrics associated with direct debt and net pension liabilities are assessed at 'Strongest' in relation to Fitch's local government portfolio and reflect Bristol's exceptionally strong funded pension levels with an assets to liabilities ratio at over 100% for several years.

Offsetting these strengths are demographic- and economic-level metrics associated with unemployment, educational attainment and median household income (MHI) assessed as 'Midrange' relative to Fitch's local government rating portfolio. Population trends are stable, with growth reported since 2020.

The 'F1+' rating on the BANs is mapped to the long-term credit rating of the city as expressed in its 'AA+' IDR.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Structural imbalances due to an inability to align spending growth to changes in revenue, resulting in a decline in available reserves sustained at below 10% of spending, which would lower Fitch's assessment of financial resilience to 'aa' or below;

-- A material increase in LTL metrics, absent a commensurate increase in personal income or governmental resources;

-- For the short-term rating on the BANs, a downgrade of the IDR to below 'AA-', given the linkage between the short-term rating and the IDR.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- A 45% decrease in LTL metrics associated with direct debt, NPLs and carrying costs, assuming current levels of personal income and/or governmental resources;

-- Notable improvement in demographic and economic metrics including population trend, lower unemployment, higher education levels among residents and/or improved MHI;

-- Not applicable for the BANs, given the highest 'F1+' short-term rating.

SECURITY

The BANs are backed by the city's full faith and credit, and unlimited taxing authority.

FITCH’S LOCAL GOVERNMENT RATING MODEL

The Local Government Rating Model generates Model Implied Ratings (MIRs), which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The MIR will be the IDR, except in certain circumstances explained in the applicable criteria.) The MIR is expressed via a numerical value calibrated to Fitch's long-term rating scale that ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA) and so forth, down to 1.0 (BBB- and below).

MIRs reflect the combination of issuer-specific metrics and assessments to generate a metric profile (MP) and a structured framework to account for additional analytical factors (AAFs) not captured in the MP that can either mitigate or exacerbate credit risks. AAFs are reflected in notching from the MP and are capped at +/-3 notches.

RATINGS HEADROOM & POSITIONING

Bristol Model Implied Rating: 'AA+' (Numerical Value: 9.75)

-- Metric Profile: 'AA+' (Numerical Value: 9.75)

-- Net Additional Analytical Factor Notching: 0.0

Bristol's Model Implied Rating is 'AA+'. The associated numerical value of 9.75 is at the upper end of the 9.0 to 10.0 range for a 'AA+' rating.

KEY RATING DRIVERS

FINANCIAL PROFILE

Financial Resilience - 'aaa'

Bristol's financial resilience is driven by the combination of its 'High' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

-- Revenue control assessment: High

-- Expenditure control assessment: Midrange

-- Budgetary flexibility assessment: High Midrange

-- Minimum fund balance for current financial resilience assessment: >=10.0%

-- Current year fund balance to expenditure ratio: 17.6% (2024)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 17.6% (2024)

Revenue Volatility - 'Strongest'

Bristol's weakest historic three-year revenue performance is neutral to the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

-- Lowest three-year revenue performance (based on revenue dating back to 2005): 2.6% increase for the three-year period ending fiscal 2021

-- Median Fitch portfolio issuer decline: -4.3% (2024)

DEMOGRAPHIC AND ECONOMIC STRENGTH

Population Trend - 'Weakest'

Based on the median of 10-year annual percentage change in population, Bristol's population trend is assessed as 'Weakest' relative to Fitch's ratings portfolio.

Population trend: 0.2% Analyst Input (17th percentile) (vs. 0.0% 2023 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Midrange'

The overall strength of Bristol's demographic- and economic-level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Midrange' on a composite basis, performing at the 49th percentile of Fitch's local government rating portfolio. This is due to midrange education attainment levels, median-issuer indexed adjusted MHI and unemployment rate.

-- Unemployment rate as a percentage of national rate: 103.2% Analyst Input (43rd percentile) (vs. 87.5% 2024), relative to the national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 30.4% (2023) (51st percentile)

-- MHI as a percent of the portfolio median: 102.3% (2023) (53rd percentile)

Economic Concentration and Population Size - 'Strongest'

Bristol's population in 2024 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the MP are most pronounced for the least economically diverse issuers (in the 5th percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

-- Population size: 62,195 (2024) Analyst Input (above the 15th percentile) (vs. 61,823 2023 Actual)

-- Economic concentration: 24.2% (2024) (above the 15th percentile)

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts or nonrecurring events that may otherwise skew the time series.

The population was adjusted to reflect most recent 2024 data. The unemployment metric was adjusted to reflect the average of the last three full reported years of data which equates to a level Fitch believes is more in line with future expectations.

LONG-TERM LIABILITY BURDEN

Long-Term Liability Burden - 'Strongest'

Bristol's ratio of liabilities to personal income has increased with this issuance while carrying costs to governmental expenditures and liabilities to governmental revenue remain broadly strong. The long-term liability composite metric in 2024 is at the 81st percentile, indicating a low liability burden relative to the Fitch's local government rating portfolio.

-- Liabilities to personal income: 4.7% Analyst Input (57th percentile) (vs. 3.1% 2024 Actual)

-- Liabilities to governmental revenue: 64.5% Analyst Input (96th percentile) (vs. 42.1% 2024 Actual)

-- Carrying costs to governmental expenditures: 7.2% Analyst Input (94th percentile) (vs. 7.3% 2024 Actual)

Analyst input adjustments for direct debt were made to incorporate this BAN issuance and one year of scheduled principal amortization through fiscal end 2025. Carrying costs were adjusted to reflect $1 million in additional annual debt service costs and a reduction in the portion of OPEB contributions of $1.2 million in excess of pay-as-you-go.

PROFILE

Bristol is a suburban city located 20 miles southwest of the state capital city of Hartford. The city's population saw minor declines prior to 2020 but moderate annual growth has since reversed that trend and its estimated 2024 census population of about 62,195 is a 2.8% increase from 2010. City wealth levels exceed national levels but are below that of the wealthy state.

The broad-based economy includes healthcare and manufacturing, and the city is home to the headquarters of ESPN, its largest employer. While ESPN has reduced its staff in recent years, Fitch's rating assumes that the company will remain a prominent presence in the city. The top 10 taxpayers within the city constitute about 12% of taxable assessed value, with ESPN having the largest share at about 4%. The remaining top 10 taxpayers include a major developer, office complexes and utilities.

The city reports several investments in its downtown core, including medical offices, an assisting living facility and mixed-use developments. Future downtown development focuses on the 17-acre redevelopment area known as Centre Square, which includes projects for a city green space and surrounding areas, new retail space. Projects underway and in the works support expectations of ongoing growth in the grand list. The most recent five-year revaluation (in October 2022, for fiscal 2024 budget year) reflected a 28% increase in the grand list.

Sources of Information

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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PARTICIPATION STATUS

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APPLICABLE CRITERIA

U.S. Public Finance Local Government Rating Criteria (pub. 02 Apr 2024) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

U.S. Local Government Rating Model, v1.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Bristol (CT)	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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