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Fitch Upgrades New Britain, CT's GO to 'A+'; Rates Ser 2026 GO's 'A+' and BANs 'F1'; Outlook Stable

Related Content:

New Britain (CT)

Fitch Ratings - New York - 25 Aug 2026: Fitch Ratings has upgraded the Issuer Default Rating (IDR) and general obligation (GO) rating on New Britain, CT to 'A+' from 'A' and assigned an 'A+' rating to its 21,800,000 GO bonds, issue 2026, and an 'F1' short-term rating to its $95,450,000 GO bond anticipation notes (BANs).

The bonds and BANs are scheduled to sell competitively on Sept. 1, 2026. Bond proceeds will finance various general purpose, sewer and education-related projects. The BANs are being issued to refinance a portion of the city's outstanding BANs and finance various school projects.

The Rating Outlook is Stable.

The upgrade reflects the removal of a -1 notch Additional Analytical Factor (AAF) given the city's improved budgeting practices and commitment to fully funding actuarially determined contributions (ADC) to its pension plans.

The 'A+' ratings reflect the city's 'aa' financial resilience assessment, supported by a 'High-Midrange' level of budgetary flexibility and the expected maintenance of available reserves of at least 7.5% of spending, consistent with historical performance. The rating also incorporates the city's stable, 'Midrange' long-term liability burden and 'below-average' demographic and economic metrics relative to Fitch's local government ratings portfolio. The rating incorporates the application of a -1 notch AAF given its history of non-recurring support for operations. Fitch could remove this factor if the city continues to demonstrate a commitment to fiscal discipline and structural balance.

The 'F1' short-term rating corresponds to the city's 'A+' IDR and reflects the unlimited tax pledge for note repayment.

Rating Sensitivities

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

--Structural imbalances due to an inability to align spending growth with changes in revenue that result in a sustained decline in unrestricted general fund reserves (the sum of committed, assigned and unassigned) below 7.5% of spending, which would lower Fitch's assessment of financial resilience to 'a' or lower;

--A sustained about 10% increase in long-term liabilities due to additional debt and/or net pension liabilities and increased carrying costs, assuming current personal income and governmental resources.

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

--Ability to maintain a trend of structural balance without the use of one-time or non-recurring support, including the use of reserves in balancing the budget;

--Maintenance of available general fund reserve levels equal to or above 10% of spending, which would increase Fitch's assessment of financial resilience to 'aaa';

--A 60% decrease in the city's liabilities and carrying costs metrics assuming current personal income and governmental resources.

SECURITY

The GO bonds and BANs are backed by New Britain's full faith and credit and its unlimited taxing authority.

Fitch’s Local Government Rating Model

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. The Model Implied Rating will be the Issuer Default Rating except in certain circumstances explained in the applicable criteria. The Model Implied Rating 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).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

Ratings Headroom & Positioning

New Britain Model Implied Rating: 'A+' (Numerical Value: 6.20)

-- Metric Profile: 'AA-' (Numerical Value: 7.20)

-- Net Additional Analytical Factor Notching: -1.0

Individual Additional Analytical Notching Factors:

--Non-Recurring Support or Spending Deferrals: -1.0

New Britain's Model Implied Rating is 'A+'. The associated numerical value of 6.20 is at the lower end of the 6.0 to 7.0 range for a 'A+' rating.

Key Rating Drivers

Financial Profile

Financial Resilience - 'aa'

New Britain'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: >=7.5%

-- Current year fund balance to expenditure ratio: 13.6% (2025)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2021-2025: 8.9% (2023)

Revenue Volatility - 'Strong'

New Britain'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 the use of reserves through economic cycles.

-- Lowest three-year revenue performance (based on revenues dating back to 2005): 0.9% decrease for the three-year period ending fiscal 2010

-- Median issuer decline: -3.6% (2025)

Financial Profile Additional Analytical Factors and Notching: -1.0 notch (for Non-Recurring Support or Spending Deferrals)

The city has a history of using non-recurring budgetary measures to address fiscal pressures that prolong its structural imbalance and increase its overall risk profile. Non-recurring measures have included debt restructurings to lower the budgetary impact of an ascending debt service schedule. This has helped, in part, rebuild and maintain reserves following a decline in fiscal 2014 to a low 2% of spending due to the prior administration's optimistic budget assumptions.

Demographic and Economic Strength

Population Trend - 'Weakest'

Based on the median of 10-year annual percentage change in population, New Britain's population trend is assessed as 'Weakest'.

Population trend: 0.1% (2025 Analyst Input) (13th percentile) (vs. 0.1% 2024 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Weakest'

The overall strength of New Britain's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2025 are assessed as 'Weakest' on a composite basis, performing at the 17th percentile of Fitch's local government rating portfolio. This is due to relatively weak education attainment levels, median-issuer indexed adjusted MHI and unemployment rate.

-- Unemployment rate as a percentage of national rate: 127.9% 2025 (22nd percentile), relative to the national rate of 4.3%

-- Percent of population with a bachelor's degree or higher: 19.7% (2024) (20th percentile)

-- MHI as a percent of the portfolio median: 68.7% (2024) (7th percentile)

Economic Concentration and Population Size - 'Strongest'

With a large population in 2025 and an economy that was not concentrated, New Britain qualified for Fitch's highest overall category for Concentration and Population Size.

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 Metric Profile 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: 76,286 (2025) Analyst Input (above the 15th percentile) (vs. 75,673 2024 Actual)

-- Economic concentration: 20.0% Analyst Input (above the 15th percentile) (vs. 0.0% 2025 Actual)

The economic concentration metric reflects data for the Capitol Planning Region, for which New Britain is located in.

Long-Term Liability Burden

Long-Term Liability Burden - 'Midrange'

New Britain's carrying costs to governmental expenditures and liabilities to governmental revenue remain strong while liabilities to personal income remain weak. The long-term liability composite metric in 2025 is at the 43rd percentile, roughly in line with Fitch's local government rating portfolio.

-- Liabilities to personal income: 17.5% Analyst Input (4th percentile) (vs. 17.2% 2025 Actual)

-- Liabilities to governmental revenue: 149.2% Analyst Input (64th percentile) (vs. 146.9% 2025 Actual)

-- Carrying costs to governmental expenditures: 12.8% Analyst Input (65th percentile) (vs. 12.5% 2025 Actual)

Analyst Inputs to the Model

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

Fitch adjusted the city's direct debt to reflect principal amortization of existing debt since fiscal YE 2025 and the current 2026 GO bond and BAN issuance. In addition, Fitch adjusted the par amount of the current BAN issuance to reflect the expected reimbursement of 95% of eligible school construction project costs. Fitch adjusted debt service to include the estimated additional principal and interest associated with the 2026 GO Bonds.

PROFILE

The City of New Britain is in central Connecticut, approximately nine miles from the state's capital, Hartford, and a two-hour drive from New York City and Boston.

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.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for New Britain, CT (General Government).

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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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
New Britain (CT) [General Government]	LT IDR	A+	Upgrade		A
• New Britain (CT) /General Obligation -	LT	A+	Upgrade		A

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Unlimited Tax/ 1 LT				
• New Britain (CT) /General Obligation - Unlimited Tax/ 1 ST	ST F1 New Rating			

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

U.S. Public Finance Local Government Rating Criteria (pub.01 May 2026) (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

Solicitation Status

Endorsement Status

New Britain (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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Endorsement policy