Research Update:

New Britain, CT Series 2026 GO Bonds And 2026B GO Refunding Bonds Assigned 'A+' Rating; GO BANs Assigned 'SP-1+' Rating

August 25, 2026

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Overview

- S&P Global Ratings assigned its ‘A+’ long-term and underlying rating (SPUR) to New Britain, Connecticut’s $21.8 million series 2026 general obligation (GO) bonds and its ‘SP-1+’ short-term rating to the city’s $95.405 million GO bond anticipation notes (BANs).
- We also assigned our ‘A+’ rating to the city’s $81.435 million series 2026B GO refunding bonds.
- At the same time, we affirmed our 'A+' rating on the city's previously issued GO debt.
- The outlook is stable.

Rationale

Security

New Britain’s full-faith-and-credit pledge secures the GO bonds and BANs. The short-term rating reflects our criteria for evaluating and rating BANs. In our view, New Britain maintains a very strong capacity to pay principal and interest when the notes come due. The city has what we view as a low market risk profile because it has strong legal authority to issue long-term debt to take out the notes and is a frequent issuer that regularly provides ongoing disclosure to market participants.

Proceeds of the bonds and notes will be used to finance projects related to streets, sewers, and schools. A portion of the notes will be paid from grants and state funds. The refunding bonds are being issued for net present value savings.

Credit highlights

The rating reflects our view of New Britain's financial performance track record and overall increase in available reserves, providing flexibility for the city. Although New Britain benefits from a stable regional economy, incomes lag those of both county and national peers. Furthermore, New Britain's debt-and-liability profile is somewhat elevated, with high debt and pension liabilities per capita that could constrain the rating.

Recent operating surpluses stem from conservative budgeting. Since taking office in November 2025, the new administration has prioritized fiscal discipline to correct for optimistic budgeting practices that led to inconsistent operations. While we anticipate continued positive results, operations are expected to tighten.

We anticipate possible debt issuances outside the outlook period, although we do not expect any sizable bond issuances to significantly alter the debt profile. Pension and other postemployment benefits (OPEB) are elevated and could constrain the rating if increasing costs are not adequately supported by corresponding revenue increases.

The rating reflects our view of New Britain's:

- Stable, largely residential economy, with modest ongoing development and access to Hartford's employment center. New Britain's incomes and market values are slightly weaker compared than those of surrounding communities and state peers. Its tax base has been relatively flat, although a revaluation is expected to take effect in fiscal 2029 and lead to growth in assessed value.
- Positive budget performance that is expected to continue in fiscal 2026 and beyond, with no projected decline in available reserves. To increase reserves, the new administration team has directed a spending freeze on all nonoperational spending in each department. The adopted fiscal 2027 budget is level-funded compared with prior years and reduces the city's reliance on one-time resources to support ongoing operations. We anticipate that management will successfully navigate increasing costs and a difficult economic climate, maintaining budgetary balance.
- Conservative budgeting practices that have yielded stronger financial results in the past few years. The long-term capital plan guides investment in capital needs, but the city has no multiyear financial forecast to help identify potential shortfalls. It has some financial management policies, formal and informal, that it adheres to, but has limited reporting or links to the operating environment. The city experienced a cyber incident in early 2026 but it caused no material effects or financial exposure. We believe the city's cyber risk mitigation measures are consistent with our assessment of its overall risk management framework.
- Elevated total debt burden of $413 million but a lack of immediate capital needs during the next two years.
- Elevated pension and OPEB liabilities, with a combined pension liability of $265.8 million. The OPEB liability totals $45.9 million, funded on a pay-as-you-go basis, and does not materially affect the retirement liabilities profile. The city has historically met its full actuarially defined contribution in its pension plans, and while we anticipate no significant growth in the total retirement liability carrying charge in the near term, asset volatility or underfunding could lead to future cost growth, potentially pressuring the operating budget.
- Low exposure to natural hazards, including flooding and extreme weather, compared with national peers and in a nominal sense, although physical risks are relevant for the local government sector.
- Stable and predictable operating framework. For more information on our institutional framework assessment for Connecticut municipalities, see "Institutional Framework Assessment: Connecticut Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our view that New Britain is likely to maintain or improve operations and reserves.

Downside scenario

We could lower the rating if reserves materially decrease as a result of either negative operating performance or a one-time drawdown, or if debt and liabilities significantly increase and pressure operations.

Upside scenario

We could raise the rating if our view of the economy improves and available fund balance improves to levels comparable to those of higher-rated peers.

New Britain, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	3.13
Economy	4.0
Financial performance	3
Reserves and liquidity	2
Management	2.65
Debt and liabilities	4.00

New Britain, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	140	143
County PCPI as % of U.S.	--	--	110	108
Market value ($000s)	--	--	--	--
Market value per capita ($)	--	--	--	--
Top 10 taxpayers as % of taxable value	--	--	--	--
County unemployment rate (%)	--	4.1	3.4	3.2
Local median household EBI as % of U.S.	--	--	74	71
Local per capita EBI as % of U.S.	--	--	69	68
Local population	--	--	74,787	73,816
Financial performance				
Operating fund revenue ($000s)	--	302,114	303,594	274,412
Operating fund expenditures ($000s)	--	298,738	294,938	281,365
Net transfers and other adjustments ($000s)	--	2,253	1,192	15,408
Operating result ($000s)	--	5,629	9,848	8,455
Operating result as % of revenue	--	1.9	3.2	3.1
Operating result three-year average %	--	2.7	2.1	1.3

New Britain, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Reserves and liquidity				
Available reserves as % of operating revenue	--	13.4	11.5	9.1
Available reserves ($000s)	--	40,564	34,935	25,087
Debt and liabilities				
Debt service cost as % of revenue	--	5.6	4.9	4.7
Net direct debt per capita ($)	5,563	4,400	4,537	4,698
Net direct debt ($000s)	413,202	329,059	339,295	346,822
Direct debt 10-year amortization (%)	45	40	38	--
Pension and OPEB cost as % of revenue	--	8	7	6
NPLs per capita ($)	--	3,555	3,672	3,870
Combined NPLs ($000s)	--	265,884	274,654	285,647

Financial data may reflect analytical adjustments and is sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

Ratings List	
New Issue Ratings	
US$21,800,000 City of New Britain, Connecticut, General Obligation Bonds, Issue of 2026, dated: Date of Delivery, due: September 1, 2046	
Long Term Rating	A+/Stable
US$81,435,000 City of New Britain, Connecticut, General Obligation Refunding Bonds, Series B Issue of 2026, dated: October 8, 2026, due: March 1, 2038	
Long Term Rating	A+/Stable
US$95,405,000 City of New Britain, Connecticut, General Obligation Bond Anticipation Notes, Issue of 2026, dated: September 10, 2026, due: September 9, 2027	
Short Term Rating	SP-1+
New Rating	
Local Government	
New Britain, CT Unlimited Tax General Obligation BAN	SP-1+
Ratings Affirmed	
Local Government	
New Britain, CT Unlimited Tax General Obligation	A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.