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New Britain, CT GO Debt Rating Raised Three Notches To 'A' On Improved Liquidity

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NEW YORK (Standard & Poor's) Jan. 21, 2015--Standard & Poor's Ratings Services said it raised its long-term rating on New Britain, Conn.'s outstanding general obligation (GO) bonds three notches to 'A' from 'BBB'. At the same time, we assigned our 'A' long-term rating to New Britain's GO refunding pension bonds, series 2015A. The outlook on the ratings is stable.

"The upgrade is based on the city's improved liquidity profile following the elimination of its nonremote contingent liability risk as well as our view of its proactive measures to realign recurring operating revenues with ongoing expenditures," said Standard & Poor's credit analyst Ruth Ducret. "We believe the current 2015 budget is structurally balanced without the use of one-time revenue or expenditure cuts or reserves."

The bonds are GOs of the city, for which it has pledged its full faith and credit. Proceeds of the 2015A bonds will be used to fully refund the 2008C variable-rate pension bonds and pay for termination costs of outstanding swaps related to these bonds.

RELATED CRITERIA AND RESEARCH

Related Criteria

USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013

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