

# Bond Case Briefs

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## Fitch: Other Connecticut Cities Not Likely to Follow Hartford's Path.

**Fitch Ratings-New York-18 December 2017:** The city of Hartford's prolonged financial troubles have drawn questions from some investors as to whether other Connecticut cities with comparable demographics could experience a similar fate, though a new Fitch Ratings report sees that scenario as unlikely.

Once viewed as a challenged but relatively stable credit, Hartford's financial standing has become more precarious in recent years to the point where bankruptcy was once considered a serious possibility. Many of Connecticut's local governments do not have the same practical revenue constraints as Hartford due to their stronger demographics, less reliance on state assistance, and lower property tax rates. That said, Fitch recently conducted an analysis of the Connecticut cities it rates that share some similar weaknesses with Hartford, namely New Haven (A-), New Britain (A-), Bridgeport (A), and Waterbury (AA-).

One major differentiating factor revolves around employee benefit concessions, according to Director Kevin Dolan: "Unlike Hartford, the ability of these other cities to secure employee benefit concessions has helped curb costs for both pensions and health insurance," said Dolan. "While debt levels are generally high for these other cities, their future debt service structure is not as burdensome as it is for Hartford and they all rely on an above-average level of state assistance similar to Hartford."

Like Hartford, the level of available reserves for cities such as New Haven and Bridgeport to withstand future economic downturns is low. A notable difference, however, is that both New Haven and Bridgeport have seen revenue growth associated with new development. Additionally, New Haven and Bridgeport both have flexibility to further increase revenues and make expenditure cuts if necessary. Sound reserve levels also distinguish such cities as Waterbury and New Britain from Hartford along with an adequate ability to manage expenditures.

'Hartford Weaknesses Not Common versus Fitch-Rated Cities in Connecticut' is available at '[www.fitchratings.com](http://www.fitchratings.com)'