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# S&P Global

## Ratings

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# West Haven, CT 'BBB' GO Debt Rating Affirmed Based On State Budget Impact; Off Watch

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NEW YORK (S&P Global Ratings) Nov. 9, 2017--S&P Global Ratings affirmed its 'BBB' rating on West Haven, Conn.'s general obligation (GO) bonds and removed the rating from CreditWatch with negative implications, where it was placed on Sept. 28, 2017. At the same time, we assigned our 'BBB' rating to the city's series 2017A and 2017B GO bonds. The outlook on all ratings is stable.

"Our rating action reflects the recent state budget enactment and its impact on our view of the city's budgetary performance, coupled with the city's continued efforts to improve structural alignment of revenues and expenditures," said S&P Global Ratings credit analyst Rahul Jain.

We also anticipate that as a result of deficit financing through the issuance of the series 2017A bonds, the city's reserve position will improve to near-zero levels at the end of fiscal 2018. While this would be a substantial improvement from the negative deficit position of greater than 5% of expenditures for the past seven years, we note available reserves will remain at levels we consider very weak. Despite our expectation that reserves will improve, we believe the city has not yet shown the ability to achieve and maintain structural balance in order to support reserve growth, and that the implementation of certain structural alignment initiatives remains uncertain. We believe revenue and expenditure adjustments are unlikely to support a return to structural balance prior to fiscal 2019, at the earliest, and potentially later if projected property value growth is not achieved.

Proceeds from the series 2017A issuance will be used to finance the general fund deficit, authorized by state and local statute. The series 2017B bond proceeds will be used to finance various capital projects.

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Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria (/en\_US/web/guest/article/-/view/sourceld/9309298), Sept. 2, 2015

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