

**Rating Action: Moody's upgrades to A3 the City of Bristol, VA's GO Bonds**

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06 Sep 2019

New York, September 06, 2019 -- Moody's Investors Service has upgraded to A3 from Baa2 the rating on the City of Bristol, VA's outstanding general obligation debt.

**RATINGS RATIONALE**

The upgrade to A3 reflects the city's improved financial position with healthy fund balance and liquidity as well as a manageable overall fixed cost burden following the restructuring of debt. The rating also reflects the city's moderately-sized and growing tax base, below average resident income levels, above-average debt and pension burdens, and progress toward reducing the reliance of the solid waste fund on the city's general fund.

**RATING OUTLOOK**

Outlooks are typically not assigned to local government issuers with this amount of debt outstanding.

**FACTORS THAT COULD LEAD TO AN UPGRADE**

- Material reduction in the city's debt burden
- Significant increase in the city's reserves and liquidity
- Sustained trend of favorable operations in the solid waste fund, including reduced general fund support
- Substantial tax base growth and expansion coupled with improvement in income levels

**FACTORS THAT COULD LEAD TO A DOWNGRADE**

- Material reduction in operating flexibility from falling reserve and liquidity levels
- Substantial increase in debt burden
- Material contraction in the city's tax base and weakening income levels

**LEGAL SECURITY**

The city's outstanding bonds are secured by the city's general obligation unlimited tax pledge.

**USE OF PROCEEDS**

Not applicable.

**PROFILE**

The City of Bristol, VA encompasses 13.03 square miles in southwest Virginia (Aaa stable) on the border of Tennessee (Aaa stable) in the Tri-Cities region. The city's population was 17,077 in 2017, according to the most recent U.S. Census American Community Survey.

**METHODOLOGY**

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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