



TAMPA BAY BANKRUPTCY CENTER, P.A.

PHONE: (813) 200-4133

TOLL FREE: (800) 965-5074

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[7 Cities on the Bankrupt List](#)

Some of America's cities' financial health is as bad as that of the debt-strapped PIGS countries (Portugal, Italy, Greece and Spain). 7 US cities in particular have had their municipal bonds downgraded by several rating agencies to junk level. In other words they are worthless. One analyst said that America's short-term budget crisis, long-term growth prospects and need for austerity are similar to Greece, obviously not an enviable comparison.

Want to know which 7 US cities are the most financially challenged ones?

Here they are in no particular order:

Harrisburg, Pennsylvania and Woonsocket, Rhode Island – last quarter, Moody's Investor Services declared their bonds below investment grade.

Detroit and Pontiac in Michigan, Harvey in Illinois and Littlefield in Texas were rated at the bottom by Fitch Ratings.

Central Falls in Rhode Island likewise had the debts issued by them downgraded to junk level by Standard and Poor's (S&P).

So there you have it, America's 7 worst cities in terms of their financial worth. All of them have a large proportion of its citizens who are unemployed, resulting in poor property tax collections (which are the main source of revenue for just about every city). Meanwhile, pensions continually need to be paid, debts need to be serviced and operating expenses continue to rise. And due to their worsening credit standing, these cities find it that much harder to obtain financing for their usual projects like sewerage and infrastructure.

Central Falls was put under receivership last week and had their ratings cut by Moody to C, just one level above default. Its finances and accounts are now being managed by a court-appointed lawyer. This town of just 19,000 inhabitants is running a debt ratio of above 20% of its budget for 2010 and 2011 and cannot afford to pay its pension fund.

In the same way, Moody has also downgraded the general obligation bonds of Harrisburg to B2, which is 5 notches below investment grade. That of Greece was rated A3 by Moody's, which

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means it is still worth investing in. S&P has brought down Greece's debt rating to junk standard last month but it is still just one level below investment while Fitch rates Greece's bonds as slightly better than speculative grade.

As for Harrisburg, their city controller, Dan Miller has been urging city authorities to file for Chapter 9 bankruptcy, something that only 245 municipalities out of over 80,000 has done since 1937. However, mayor Linda Thompson is cautious about that move because it would have grave repercussions on potential investments into the city and is considered political suicide.