

Windsor, Connecticut

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Credit Profile		
US\$4.49 mil GO bnds due 04/01/2024		
Long Term Rating	AAA/Stable	New
US\$1.01 mil GO nts dtd 04/12/2011 due 04/11/2012		
Short Term Rating	SP-1+	New
Windsor GO		
Long Term Rating	AAA/Stable	Affirmed
Windsor GO		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services has assigned its 'SP-1+' short-term rating to Windsor, Conn.'s general obligation (GO) bond anticipation notes (BANs) and its 'AAA' long-term rating to the town's 2011 GO bonds. Standard & Poor's has also affirmed its 'AAA' long-term rating and underlying rating (SPUR) on the town's previously issued parity GO debt.

The short-term rating reflects the town's general creditworthiness and good access to credit markets.

The long-term rating and SPUR reflect our opinion of the town's:

- Location near and access to large regional employment centers in Connecticut;
- Very strong income levels, evidenced by median household effective buying income at 138% of the national level;
- Extremely strong property tax base with a market value of \$148,155 per capita;

- Favorable operating results, very strong financial reserves, and strong management policies and practices; and
- Low-to-moderate debt burden, net of school construction grants.

Windsor, with an estimated population of 28,977, is a primarily residential community in north-central Connecticut, just six miles north of Hartford, Conn., the state's largest city. The town has strong access to Hartford and other area employment centers via Interstate 91, which serves Windsor with seven interchanges. The town also maintains a significant local economic base, with several leading employers supporting the regional economy including:

- Hartford Life (2,200 employees), financial services;
- ING (1,800), insurance and financial services;
- Alstom Power Systems (1,350), engineering services; and
- CIGNA (1,000), insurance.

Windsor's unemployment rate has trended at or slightly below state levels. In the last three months of data available, unemployment dropped more than a percentage point, to 7.8% as of November 2010, while state rates decreased slightly to 8.8%.

Though it has moderated somewhat in recent years, commercial and industrial development in the town has contributed to steady property tax base growth and has helped to reduce the tax burden on residential properties. The net taxable grand list has increased more than 10% over the past two years to \$2.65 billion for fiscal 2011. Corresponding equalized valuation is an extremely strong \$148,155 per capita, which we view as a further indication of the town's property value strength. In our opinion, the taxpayer base is diverse, with the 10 leading taxpayers accounting for 16% of the net grand list. In our opinion, household income levels are also very strong at 138% of the national median.

We believe Windsor's financial performance has been favorable and consistent, with general fund surpluses in each of the past seven fiscal years. Fiscal 2010 closed with a \$290,000 surplus; the unreserved portion of the general fund balance increased \$490,000 to \$15.18 million, or a very strong 15.6% of general fund expenditures and transfers out. Property taxes are the town's chief revenue source, accounting for 77% of general fund revenue. We consider these taxes a very stable revenue source, as current-year collections have been between 98.6% and 98.8% of the tax levy in each of the past five years. State aid accounts for 20% of general fund revenue. Standard & Poor's considers Windsor's financial management practices "strong" under its Financial Management Assessment methodology, indicating practices are strong, well embedded, and likely sustainable.

Windsor's debt levels, net of school construction grants, are low as a percentage of market value (1.5%), but moderate on a per capita basis (\$2,163). Debt service carrying charges have been low at less than 6% of governmental expenditures over the past four audited fiscal years. In our opinion, this is particularly favorable given the town's aggressive debt amortization schedule, which retires 80% of GO debt principal over 10 years and 100% by 2025. Following issuance of these bonds, authorized unissued debt will total only \$715,000. The town's pension system is fully funded, which we consider

an additional credit strength. The town's unfunded other postemployment benefit liability totaled \$66 million as of July 2008, and the town is currently funding related expenses on a pay-as-you-go basis.

Outlook

The stable outlook reflects Standard & Poor's expectation that Windsor will maintain strong to very strong reserve levels, as management's conservative budget practices have historically allowed. While we expect economic development will continue to be somewhat modest, we expect the town's property tax base to remain strong and stable. As such, we do not expect the town's rating to change over the course of the two-year outlook horizon.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Key General Obligation Ratio Credit Ranges – Analysis Vs. Reality, April 2, 2008

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