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Summary:

Windsor, Connecticut; General Obligation

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Table Of Contents

Rationale

Outlook

Related Research

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Credit Profile		
US\$13.575 mil GO rfdg bnds ser 2010B due 07/15/2023		
<i>Long Term Rating</i>	AAA/Stable	New
US\$4.78 mil GO bnds ser 2010A due 04/15/2025		
<i>Long Term Rating</i>	AAA/Stable	New
Windsor GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Windsor GO		
<i>Unenhanced Rating</i>	AAA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Rationale

Standard & Poor's Ratings Services assigned its 'AAA' long-term rating, and stable outlook, to Windsor, Conn.'s series 2010A general obligation (GO) bonds and series 2010B GO refunding bonds and affirmed its 'AAA' long-term rating and underlying rating (SPUR), with a stable outlook, on the town's existing parity GO debt.

In our opinion, the rating reflects the town's:

- Location and access to large regional employment centers in Connecticut;
- Very strong income levels, evidenced by median household effective buying income at 141% of the nation's level;
- Extremely strong property tax base with a market value of \$167,265 per capita;
- Trend of favorable operating results, strong financial reserves, and strong management policies and practices; and
- Low debt burden, net of school construction grants.

Windsor, with a population estimate of 28,920, is a primarily residential community in north-central Connecticut, just six miles north of Hartford, Conn. (A/Stable GO debt rating). The town's access to the state's largest city and Interstate 91, which serves Windsor with seven interchanges, provide residents with easy access to a number of employment centers in the region. The local economic base is also significant with several leading employers supporting the regional economy.

Leading employers include:

- Hartford Life (2,100 employees), financial services;
- ING (1,830), financial services; and
- Alstom Power Systems (1,350), engineering services.

Within Windsor, unemployment remains below state and national rates. As of December 2009, Windsor unemployment averaged 8.2%, below state and national rates. In our opinion, household income levels are very strong compared with the national median: A 2008 median household effective buying income of \$58,666 was 141% of the national level.

Over the past few years, we believe the town's commercial and industrial development contributed to its steady property tax base growth and helped reduce the tax burden on residential properties. The net taxable grand list has reached \$2.6 billion in fiscal 2010, up by a steady 17% since fiscal 2005. Moreover, full market value is an extremely strong \$157,127 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 15% of the net grand list.

We believe Windsor's financial performance has, in general, been favorable and consistent. We consider the town's current financial position very strong. The town closed audited fiscal 2009 with a \$1.3 net general fund increase, or 1.4 % of expenditures, and a \$14.6 million unreserved general fund balance, or a very strong 15.0%. Over the past five audited years, the town has maintained an unreserved fund balance well above its formal policy of 8% of general fund expenditures. According to management, the town hopes to continue to manage reserves at those levels over the next few years despite some ongoing budgetary challenges due to a slumping economy. We currently believe that despite the softening of more-cyclical revenues, management continues to make the necessary budget adjustments, through reduced spending and other cost-cutting measures, to manage through the near future with balanced operations.

For fiscal 2010, management is projecting break-even operating results. Property taxes, which we consider a very stable revenue source, are the town's chief operating revenue source, accounting for roughly 79% of general fund revenues. Current-year collections remain, in our opinion, consistent and strong at 98%; current estimates indicate no deviation from that level despite the higher unemployment rate.

Standard & Poor's considers Windsor's financial management practices "strong" under its Financial Management Assessment (FMA) methodology, indicating practices are strong, well embedded, and likely sustainable.

Windsor's debt levels are moderate on a per capita basis but low on a market value basis. The overall net debt burden is \$2,069 per capita, or 1.3% of market value. Debt service carrying charges are, in our opinion, a low 7% of expenditures; this is favorable since debt amortization is rapid with officials planning to retire 76% of principal over 10 years and 100% by 2025. Additional capital needs are, in our view, manageable; and officials have identified these needs, along with funding sources, in the town's 2011-2016, \$144 million capital improvement plan.

Outlook

The stable outlook reflects Standard & Poor's expectation that Windsor should maintain reserves above its formal policies. Historically, management's conservative budget practices have provided the town with the revenue flexibility to fund capital and nonrecurring spending annually and maintain very strong reserves. While economic development will likely be modest, the town's property tax base stability will be important to its maintenance of structural balance between revenues and expenditures. Town management is projecting additional capital needs with bonding at levels that we believe will not significantly change Windsor's debt position.

Related Research

USPF Criteria: GO Debt, Oct. 12, 2006

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