STANDARD & POOR'S

PUBLIC FINANCE

New Hartford, New York

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Credit Profile

US$4.734 mil GO pub imp (serial) bnds ser 2009 dtd 03/01/2009 due 03/01/2010-2032

Long Term Rating	A/Stable	New

Rationale

Standard & Poor's Ratings Services assigned its 'A' rating, and stable outlook, to the town of New Hartford, N.Y.'s series 2009 public improvement serial bonds. At the same time, we affirmed our 'A' underlying rating (SPUR), and stable outlook, on the town's preexisting general obligation debt.

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

- Fluctuating fund balance position, which has declined in recent fiscal years and is budgeted to fall further in fiscals 2008 and 2009;
- Primarily residential tax base, whose growing retail presence now serves as a center for the greater Utica-Rome metropolitan area;
- Good overall income levels, coupled with a very high per capita retail sales figure representing 233% of the U.S. average;
- Growing and diverse tax base, with strong per capita market values; and
- Low overall net debt burden, limited future capital needs, and low debt service carrying charges.

The bonds are general obligations of the town, secured by its full faith and credit pledge. Proceeds from the sale of the bonds, along with $242,800 in available finds, will retire $4,076,800 in bond anticipation notes maturing March 5, 2009, and provide $900,000 in new money to fund various capital projects within the town.

New Hartford (2008 population: 20,989) is located west of, and adjacent to, the City of Utica (BBB/Stable) in Oneida County (A+/Stable). Population figures have been largely stagnant over the past decade, declining a modest 0.6% since 2003. In recent years, the economy has transitioned to a more service- and retail-oriented base from an industrial and manufacturing base.

The town covers approximately 25 square miles and serves as the area's primary commercial retail center, supporting some of the region's leading employers. The Sangertown Square Mall, with about 1,274 employees, anchors the retail sector, along with a Wal-Mart Super Center, Lowes, and Home Depot. The town generates approximately 70% of sales taxes for the entire county. The county's labor force and employment figures contracted by 1.7% and 1%, respectively, from 2005-2007, reflecting recent losses in employment from the downsizing of nearby Griffiss Air Force Base and the closure of a nearby Lockheed-Martin Corp. facility. Other leading employers located within or near the town include Faxton/St. Luke's Healthcare (geriatric and residential services, 2,376 employees), Con Med (industrial, 821), Utica National Insurance Group (insurance, 600), and Hartford Insurance (insurance, 600). The unemployment rate in Oneida County has historically been below that of the state; as of January 2008, the county's unemployment rate measured a moderate 5.6%, which was on par with the state. Income figures for the town are good: Median household effective buying income measured 101.9% of the state and 102.2% of the U.S. levels for 2008. Similar trends are noted in the town's per capita effective buying income, which for 2008 measured a strong 113.5% and 118.8% of the state and nation, respectively.

In the past, tax appeals hampered the town's tax base growth, which saw contraction from fiscals 2003-2005. The town's assessed value (AV) and full market valuation have posted modest gains in recent years, and the county now assumes enforcement responsibility for tax collections, which are guaranteed to be made whole. New Hartford's 2008 tax base totals $1.29 billion, reflecting a 4.3% increase year-over-year. Indeed, AV increased by 6.9% from 2005-2008 (or 1.7% annually). Moreover, the tax base is diverse, with the 10 leading taxpayers accounting for approximately 16.8% of total AV. Town wealth levels, as measured by market value per capita, are strong at $74,167.

The town's financial position has shown steady declines in recent years, following budgeted drawdowns in fiscals 2006 and 2007 (ended Dec. 31). After the town posted a drawdown in fiscal 2006 of $888,000, the ending general unreserved fund balance fell to $1.929 million, or 26.3% of expenditures. Although management budgeted for a $1.02 million draw in 2006, the town realized a positive variance of $172,325 in revenues, and expenditures fell short of budgeted expectations by $40,747. For fiscal 2007, the town appropriated $610,971 in fund balance for tax relief, but ended up drawing down $683,369 due to revenues falling short of budgeted expectations. Fiscal 2007 closed with an unreserved fund balance of $1.307 million, or 17.98% of operating expenditures; though very strong as a percentage of expenditures, this figure is limited on a nominal basis and represented a significant drop from 2005 levels. General fund revenues largely consist of sales (39.4%) and property (36.6%) taxes; revenues are dominated by public safety (33.5%), general government support (21.6%), and employee benefits (19.5%).

For fiscals 2008 and 2009, management budgeted further drawdowns of $835,129 and $1.17 million, respectively; however, preliminary (unaudited) estimates for fiscal 2008 year-end results are not presently available. According to management, the fiscal 2008 audit will be GASB 45 compliant, and will likely be available in April 2009. As of fiscal 2007 (audited, ended Dec. 31), the town's capital project fund held $3.95 million, of which $3.3 million consists of restricted developer mitigation fees, received in 1993, that may be used in fiscal 2009 to reimburse the general fund for some past expenses incurred. An estimated figure is not presently available, however.

The town's management practices are considered 'standard' under Standard & Poor's Financial Management Assessment (FMA). An FMA of 'standard' indicates that the finance department maintains adequate policies in some, but not all, key areas.

Following this issuance, and with the inclusion of approximately $20.85 million in debt obligations from overlapping governmental units, the town's overall net debt burden will remain low at $1,519 per capita and 2% of market value. Debt service payments represent a low carrying charge of 5.38% of 2007 expenditures. Principal amortization is somewhat slow, with 55% retired in 10 years, 84.9% in 20 years, and 100% by 2037. Management does not anticipate issuing any additional debt obligations in the immediate future.

Outlook

The stable outlook reflects our expectation that the town will maintain reserve levels that are commensurate with the rating category. While the town's role as a regional economic center is a stabilizing factor in the rating, the outlook reflects our expectation that the tax base will continue the recent trend of positive growth, following declines earlier in the decade. Furthermore, we expect that the town's debt levels will remain manageable due to a lack of significant additional capital needs. Further declines in reserve levels will likely pressure the rating downward.

Ratings Detail (As Of 19-Feb-2009)		
New Hartford Twn GO		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		