

# RatingsDirect®

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**Summary:**

## Oneida County, New York; Appropriations; General Obligation

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## Summary:

# Oneida County, New York; Appropriations; General Obligation

### Credit Profile

US\$17.325 mil pub imp (serial) bnds ser 2023 due 06/15/2038

|                          |                  |          |
|--------------------------|------------------|----------|
| <i>Long Term Rating</i>  | AA-/Stable       | New      |
| Oneida Cnty GO           |                  |          |
| <i>Long Term Rating</i>  | AA-/Stable       | Affirmed |
| Oneida Cnty GO (AGM)     |                  |          |
| <i>Unenhanced Rating</i> | AA-(SPUR)/Stable | Affirmed |

### Credit Highlights

- S&P Global Ratings assigned its 'AA-' long-term rating to Oneida County, N.Y.'s roughly \$17.3 million series 2023 public improvement general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' long-term rating and underlying rating (SPUR), on Public Finance Authority, Wis.' series 2015A GO bonds, supported by New York State Association of Counties, and affirmed its 'A+' long-term rating on Upper Mohawk Valley Memorial Auditorium Authority, N.Y.'s revenue bonds
- The outlook is stable.

### Security

The county's faith-and-credit pledge secures the bonds.

Proceeds will fund various capital projects countywide including a county office building asbestos abatement project, countywide high bridge program, the purchase of construction and snow equipment.

We understand that for Public Finance Authority's series 2015A GO bonds, participating obligors--including Onondaga, Wayne, and Oneida counties--made full faith-and-credit pledges on a several basis toward debt-service payments on the bonds; these pledges represent multiple revenue streams, where each revenue stream pays only a portion of debt service and no government is obligated to make a payment for another, which is a no-step-up provision. Therefore, the rating reflects our assessment of the credit quality of the weakest participant's pledged revenue streams, which currently reflects Oneida County's and Wayne County's GO pledges.

The Upper Mohawk Valley Memorial Auditorium Authority's series 2021 revenue bonds are secured by an annual Oneida County appropriation of debt service, which we rate based on the application of our "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" criteria (published Jan. 22, 2018).

### Credit overview

The rating reflects our opinion of the county's strong operating performance that has rebounded over the last two

years from a dip in fiscal 2020, and we expect fiscal 2022 results will be consistent with this trend, largely attributable to robust sales tax revenue growth that has continuously outperformed budgetary estimates. Sales tax revenues outperformed budgetary estimates by \$20 million at the end of fiscal 2021 (a 13% increase in revenues) while expenditures only increased by 8% in that same year. The county's recent positive performance has facilitated steep growth in its available fund balance, which has more than doubled since fiscal 2020. The county is expecting to re-allocate funds to better align with its formal fund balance policy of maintaining between 5% to 10% of operating expenditures. The county's fiscal 2023 budget totals \$367.7 million, which includes a \$6.5 million fund balance appropriation and no increase in tax levy relative to fiscal 2022; year-to-date, sales tax revenues are outperforming estimates. General fund revenues are primarily sourced from sales taxes (31%), property taxes (20.3%), and state aid (20.5%).

Recent significant economic developments within the county include the completion of Wolfspeed's \$1 billion silicon carbide chip factory in Marcy, expected to add a total of 600 jobs, the \$13 million Skydome at Griffiss Business and Technology Park -- the nation's largest drone testing facility, and Turning Stone Resort Casino's plan to add another 250 room hotel to open by 2025. The county received roughly \$44 million in American Rescue Plan Act funds, of which \$25.5 has been spent with the remaining amount already earmarked; the funds have primarily been allocated to capital projects. In addition, we believe the county's good financial management practices and policies will likely continue to support operations and we expect the county will likely continue conservative budgeting to maintain structural balance during the two-year outlook.

The county has roughly \$522 million in total direct debt outstanding, including this issuance, the authority's debt, capital leases, and \$72.9 million of environment facilities corporation (EFC) bonds. The county's capital plan assumes it will issue about \$64.4 million in new-money bonds through 2028, which is more than offset by principal amortization during the same period. Our amortization assessment uses conservative assumptions for principal amortization associated with permanently financing EFC BANs. Furthermore, we do not view the county's pension or other postemployment benefits (OPEB) liabilities as a pressure due to our opinion of its currently strong plan funding and limited escalating-cost trajectory risk despite its prior use of the employer-contribution-stabilization program.

As of Dec. 31, 2021, the county participates in:

- NYSERS: 86.4% funded, with a proportionate net pension asset of \$23.9 million; and
- Oneida County's defined-benefit health-care plan, providing retiree health care until death, which was 0% funded, with an OPEB liability of about \$140.1 million, across governmental and business activities.

The rating reflects our view of the county's:

- Significant economic development projects that we expect will aid in deepening the taxbase and improving weaker countywide economic metrics;
- Well-embedded financial management policies and practices;
- Strengthened financial profile characterized by strong operating surpluses and fund balance increases; and
- Growing debt with manageable pension and OPEB costs.

## Environmental, social, and governance

We view the county's environmental risks as slightly elevated compared with the sector standard due to flooding risk in certain areas of the county. Management is working with the state and the affected underlying municipalities on initiatives to shore up riverbanks and mitigate flooding risk, including contributing \$2 million per year to flood mitigation projects with a funding match on behalf of municipalities. We also view the governance factor as an elevated risk for New York local governments due to the lack of a mechanism to prefund OPEB; however we view this risk as moderately contained for Oneida County because its OPEB costs are lower than most state peers. We consider social risks neutral within our analysis.

## Outlook

The stable outlook reflects our view that the county will continue to budget conservatively to produce at least break-even results and maintain its fund balance at levels we consider strong, at a minimum.

### Downside scenario

We could lower the rating if economic weakness were to result in sustained negative variance associated with revenue and expenditures requiring a large or sustained drawdown on available reserves or pressuring liquidity or if budgetary performance were to result from increases in expenses not met with commensurate revenue increases.

### Upside scenario

We could raise the rating if Oneida were to sustain operating surpluses, supporting the maintenance of very strong reserves, coupled with improved economic metrics in-line with higher-rated peers.

| Oneida County, New York key credit metrics                |             |                        |            |        |
|---|-------------|------------------------|------------|--------|
|   | Most recent | Historical information |            |        |
|   |             | 2022                   | 2021       | 2020   |
| <b>Weak economy</b>                                       |             |                        |            |        |
| Projected per capita EBI % of U.S.                        | 84          |                        |            |        |
| Market value per capita (\$)                              | 63,657      |                        |            |        |
| Population  |             | 227,509                | 228,589    |        |
| County unemployment rate(%)                               |             | 3.5                    |            |        |
| Market value (\$000)                                      | 14,482,610  | 12,891,951             | 12,296,872 |        |
| Ten largest taxpayers % of taxable value                  | 7.5         |                        |            |        |
| <b>Strong budgetary performance</b>                       |             |                        |            |        |
| Operating fund result % of expenditures                   |             | 13.8                   | 9.5        | (0.6)  |
| Total governmental fund result % of expenditures          |             | (3.1)                  | 5.3        | (5.6)  |
| <b>Strong budgetary flexibility</b>                       |             |                        |            |        |
| Available reserves % of operating expenditures            |             | 22.7                   | 12.8       | 9.9    |
| Total available reserves (\$000)                          |             | 77,902                 | 42,432     | 32,319 |
| <b>Very strong liquidity</b>                              |             |                        |            |        |
| Total government cash % of governmental fund expenditures |             | 18                     | 8          | 6      |
| Total government cash % of governmental fund debt service |             | 229                    | 96         | 89     |

**Oneida County, New York key credit metrics (cont.)**

|   | Most recent | Historical information |      |      |
|---|-------------|------------------------|------|------|
|   |             | 2022                   | 2021 | 2020 |
| <b>Strong management</b>  |             |                        |      |      |
| Financial Management Assessment                                   | Good        |                        |      |      |
| <b>Adequate debt &amp; long-term liabilities</b>                  |             |                        |      |      |
| Debt service % of governmental fund expenditures                  |             | 7.8                    | 8.0  | 6.8  |
| Net direct debt % of governmental fund revenue                    | 92          |                        |      |      |
| Overall net debt % of market value                                | 4.1         |                        |      |      |
| Direct debt 10-year amortization (%)                              | 45          |                        |      |      |
| Required pension contribution % of governmental fund expenditures |             | 2.9                    |      |      |
| OPEB actual contribution % of governmental fund expenditures      |             | 0.5                    |      |      |

**Strong institutional framework**

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

**Related Research**

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

**Ratings Detail (As Of June 9, 2023)**

|  |                  |          |
|--|------------------|----------|
| Oneida Cnty GO   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (AGM)   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (ASSURED GTY)                                       |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (BAM)   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (BAM)   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (BAM)   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (BAM)   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| Oneida Cnty GO (MAC)   |                  |          |
| <i>Unenhanced Rating</i>   | AA-(SPUR)/Stable | Affirmed |
| <b>Upper Mohawk Valley Memorial Auditorium Authority, New York</b> |                  |          |
| Oneida County, New York  |                  |          |
| Upper Mohawk Valley Memorial Auditorium Auth (Oneida Cnty) GO      |                  |          |
| <i>Long Term Rating</i>  | A+/Stable        | Affirmed |

**Ratings Detail (As Of June 9, 2023) (cont.)**

**Public Finance Authority, Wisconsin**

New York State Assn. of Counties, New York

Oneida County, New York

Onondaga County, New York

Wayne County, New York

Pub Fin Auth (New York State Association of Cntys) APPROP

|                         |            |          |
|-------------------------|------------|----------|
| <i>Long Term Rating</i> | AA-/Stable | Affirmed |
|-------------------------|------------|----------|

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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