S&P Raises Coral Springs, FL's GO Bond Rating to 'AAA'

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**Rationale**

Standard & Poor’s Ratings Services raised its rating on Coral Springs, Fla.’s GO bonds to ‘AAA’ from ‘AA’, reflecting the city’s:

- Strong fiscal and debt oversight, which is echoed through solid formal financial and debt policies--some of which have been in place for more than a decade;
- Continued solid expansion in the tax base despite the built-out residential nature of the city through the increase of the nonresidential tax base and redevelopment;
Vibrant regional economy with above-average wealth levels and consistently low unemployment;

- Solid overall financial position that has continued to strengthen over the past decade, building up reserves even through a recessionary period; and

- Favorably low overall debt position coupled with a capital improvement plan (CIP) in place consisting of modest future borrowing needs.

Coral Springs is in northwestern Broward County, about 10 miles northwest of Ft. Lauderdale. Population totals more than 124,000, representing a 57% increase from 1990 and just a 5.6% change from 2000. The slowdown of population growth reflects the fully built-out, planned-community nature of the city. Despite the residential build-out, the city has continued to expand and diversify its tax base--reaching a substantial $6.1 billion in fiscal 2003 with average annual growth since fiscal 2000 of 9%.

The city has increased the industrial and commercial base to represent 24% of assessed valuation, from 16% over the last decade. Redevelopment remains a main priority for the city, resulting in the tearing down and rebuilding of many properties to a higher use throughout the city. The city has seen a substantial redevelopment effort in the downtown area, with a project consisting of three million square feet of mixed-use land that is just beginning its first phase--consisting of 100,000 square feet. The operating millage rate for the city is the lowest in county, which attracts many new businesses, with 78 new companies having relocated or started in the city over the last 10 years. Wealth levels are high at 141% of the nation on a median household effective buying income basis. The city continues to enjoy a low unemployment rate, with most residents working in the city rather than commuting throughout the greater Ft. Lauderdale MSA.

The financial performance and management of the city continues to be strong. Conservative fiscal policies have led to continual strengthening of the city's financial position. Consecutive general fund operating surpluses have brought the general fund balance to $29.7 million, or a high 42% of fiscal 2003 expenditures. The strong fiscal oversight is reflected in the city's proven ability to build up reserves at solid levels throughout the recent recessionary period. One of the city's formal policies is to maintain the undesignated fund balance at a minimum of 17% of operating expenditures. The city also has a policy in place not to use surpluses to offset the subsequent year's budget. The city uses excess surpluses to finance capital projects and pay down debt, which continues to keep its debt position favorable, coupled with less future borrowing needs. The
The liquidity position is strong, with the general fund balance consisting mostly of cash and investments. The budget for 2004 is balanced, and at the midpoint of the fiscal year is on track to come in on target with budgeted expectations.

The debt position of the city remains favorable, with overall debt per capita at $399 and just 1.4% of true value. The city has no major capital projects within its five-year CIP, which totals $61 million through fiscal 2009. All funding sources have been identified for the CIP, with revenues being generated mostly from internal sources.

**Outlook**

The stable outlook reflects the expectation of continued economic and property tax base growth despite the built-out nature of the city's residential base, as well as continued strong financial and debt management.

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