

### Summary:

## Weston, Florida; General Obligation

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### Credit Profile

Weston ICR

Long Term Rating

AAA/Stable

Affirmed

## Rationale

Standard & Poor's Ratings Services affirmed its 'AAA' issuer credit rating (ICR), and stable outlook, on Weston, Fla.

The ICR reflects our assessment of the city's:

- Primarily residential and nearly built-out property tax base with very strong income and extremely strong wealth;
- Direct access to the Fort Lauderdale, Fla. and Miami, Fla. employment centers;
- Very strong available reserves strengthened by a 20% reserve policy; and
- Low debt burden and limited capital improvement needs.

Weston, incorporated in 1996, is a master-planned community in southeastern Florida. It encompasses a 25.8-square-mile section of Broward County and has an estimated 66,300 residents (up 34% from the 2000 census). City residents have easy access to the Fort Lauderdale and Miami employment centers. Its median household effective buying income is very strong, in our view, at 197% of the national average. Its total taxable assessed value for fiscal 2009 totaled \$6.9 billion, having declined 4.5% year-over-year in fiscal 2008 and 11.9% in 2009. Recent declines notwithstanding, the city's estimated market value of \$9.1 billion translates to what we consider an extremely strong \$137,000 per capita.

Weston, which only has nine full-time staff members, operates under the commission-manager form of government. The city provides services to residents and businesses through public- and private-sector contracts. It outsources its police and fire functions to Broward County and contracts with private companies to provide financial and other services.

The city's unreserved general fund balance has exceeded 80% of expenditures in each of the past three fiscal years, which we believe is reflective of very strong available fund balances. The city closed fiscal 2008 with a \$50.2 million general fund balance, of which \$49.4 million was unreserved, which is very strong, in our opinion, at 149% of expenditures. Current ad valorem taxes are the city's largest revenue source at 31% of total general fund revenue in fiscal 2008, followed by electric utility taxes (12%), non-ad valorem assessments (11%), and half-cent sales tax receipts (10%). Management projects a \$2.9 million general fund surplus for fiscal 2009 and reports that during fiscal 2010, the city transferred about \$40 million from the general fund to the disaster management fund. Created in 2006, the disaster management fund contains money that have been set aside for unforeseen expenses related to hurricanes and tropical storms. Management reports that the funds remain unrestricted and could be returned to the general fund if needed.

We consider the city of Weston's management practices "good" under Standard & Poor's Financial Management

Assessment. An FMA of "good" indicates our view that practices exist in most areas, although not all may be formalized or regularly monitored by governance officials. Highlights include objective budget preparation; management relies on trend analysis and consultation with service providers. The city commission receives quarterly budget updates and investment reports. Management prepares a 10-year financial and capital forecast. The city has a 20% general fund reserve policy but lacks a debt policy.

Weston does not have any general obligation debt outstanding; instead, special assessment bonds have financed most capital improvements. The city's direct debt is limited to community facility notes (\$20.7 million was outstanding at fiscal 2008 year-end), which amortize rapidly -- 85% of principal is scheduled to be retired over the next 10 years). We consider the city's overall debt burden, including special assessment bonds and overlapping county and school district debt, to be low at roughly 1.3% of market value and \$1,800 per capita. Management reports there are no additional debt plans.

## Outlook

The stable outlook reflects our opinion of the city's location and direct access to the broader Fort Lauderdale and Miami economies. The stable outlook also reflects the city's record at budgeting and posting operating surpluses and maintaining high reserve levels, which management can tap to address economic downturns or natural disasters. What we view as management's strong planning and sound financial monitoring give us comfort that it will be able to identify and address issues in a timely manner.

## Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

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