

RatingsDirect®

Summary:

Florida Municipal Loan Council Palmetto Bay, Florida; Miscellaneous Tax

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Credit Profile

Florida Mun Loan Council, Florida

Palmetto Bay, Florida

Florida Mun Loan Council (Palmetto Bay) (AGM)

Unenhanced Rating

AA(SPUR)/Stable

Upgraded

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services raised its rating on Palmetto Bay Village, Fl.'s non ad valorem bonds, issued by Florida Municipal Loan Council, one notch to 'AA' from 'AA-' based on our new local GO criteria. The outlook is stable.

The bonds are secured by a loan agreement between the loan council and village, whereby the village agrees to budget and appropriate sufficient non ad valorem revenues for debt service payments.

The ratings reflect our assessment of the following factors for the village:

- Strong economy, which benefits from participation in the broad and diverse Miami-Fort Lauderdale metropolitan statistical area. The village's projected per capita effective buying income as a percent of the U.S. is 85.7%, with a fiscal 2014 preliminary market value per capita of \$139,294.
- Very strong budgetary flexibility, with available fund balances exceeding 75% of expenditures that are projected to be maintained. The village finished with a \$12.3 million available fund balance (assigned and unassigned) in audited fiscal 2012, which equaled 104% of fiscal 2012 operating expenditures. Management reports that it expects a \$1.5 million addition to reserves for 2013 to \$13 million (ended Sept. 30, 2013). For fiscal 2014, we understand the village expects at least balanced general fund operations.
- Very strong budgetary performance with largely stable operating revenues. The village posted respective surpluses of 8% and 11.8% for the general fund and total governmental funds in audited 2012.
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures, with total government available cash as a percent of total governmental fund expenditures at 81% and as a percent of debt service well above 100%. We believe the village has strong access to external liquidity, as it issued non ad valorem debt bonds in 2005 and 2010.
- Strong management conditions, with standard financial policies and a strong track record of consistently maintaining at least balanced operations.
- Adequate debt and contingent liabilities position, with total governmental fund debt service as a percentage of total governmental fund expenditures at 8.3% and net direct debt at 119.7%. Overall net debt levels are low and make up about 1% of just value. We understand the village does not have plans for new debt.

We believe the village has extremely limited pension liabilities. Palmetto Bay maintains a defined contribution pension

plan and does not offer other postemployment benefits.

We consider the Institutional Framework score for Florida cities with revenues or expenditures greater than \$250,000 strong. See "Institutional Framework Overview: Florida Local Governments," Sept. 12, 2013.

Outlook

The stable outlook reflects our view that Palmetto Bay will maintain very strong budgetary flexibility with available balances exceeding 75% of operating expenditures. Given the village's limited debt plans and strong management conditions, we do not expect to adjust the rating or outlook over the two-year outlook period.

Related Criteria And Research

Related Criteria

- USPF Criteria: Non Ad Valorem Bonds, Oct. 20, 2006
- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Florida Local Governments, Sept. 12, 2013

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