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Sunrise Lakes Phase IV Recreation District, FL GO Rating Raised To 'A-' From 'BBB+' On Strong Financial Performance

WASHINGTON D.C. (S&P Global Ratings) June 22, 2023--S&P Global Ratings raised its rating on Sunrise Lakes Phase IV Recreation District, Fla.'s series 2008 general obligation (GO) and revenue refunding and completion bonds one notch to 'A-' from 'BBB+'. The outlook is stable.

"We base the upgrade on our opinion that the district's financial performance over the past few fiscal years has been strong, supported by membership rate increases that, combined with conservative budgeting, has led to material increases to general fund reserves," said S&P Global Ratings credit analyst Timothy Barrett.

The bonds are secured by the district's full faith, credit, and taxing power pledge as well as recreation fees and amounts on deposit in certain funds and accounts established under the bond resolution (including investment earnings). We rate the bonds based on the district's full faith, credit, and taxing power pledge.

The rating reflects our view of the district's:

- Location within the City of Sunrise, which has good wealth and income indicators;
- Recent history of strong financial operations, resulting in increases to available reserves that now stand at a very strong level, and well above what we consider nominally low levels;
- Limited operations primarily funded through membership fees of recreation services;
- An overall net debt position that has improved as debt has been paid off, even though we understand the district has additional needs that it could potentially issue debt for within the near- to mid-term (two-to-three years).

The stable outlook reflects our view that the district's financials are structurally balanced and that strong fee collection rates will continue to support the current fiscal position. Due to the limited nature of the recreation district, we do not expect to change the rating within the next two years.

Deterioration in reserves without adequately managing membership fee increases or levying a property tax, if necessary, could lead us to lower the rating.

Should the district's tax base materially grow, resulting in improved economic indicators, all other factors being equal, including the maintenance of at least balanced financial performance and very strong reserves, well above nominally low levels, we could take a positive rating action.

Related Research

- [Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors](#), March 2, 2022
- [Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings](#), Oct. 7, 2019

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 for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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