



POPULAR ANNUAL FINANCIAL REPORT

City of Miami, Florida

FISCAL YEAR ENDED
September 30, 2019





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**POPULAR
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FINANCIAL REPORT**

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TABLE OF CONTENTS

INTRODUCTION

About our City	1
Principal City Officials	2
City Organizational Chart	3
Geographic Location and Population	4
Miami by the Numbers	5
Economic Outlook.....	6
Achievements	7
Budget Process.....	8

FINANCIAL INFORMATION

Financial Highlights	9
Net Position	10
Expenses	11
Revenues	12
Capital Assets	13
Long-Term Obligations	14
Cash and Investments.....	16
Fund Balance	17



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COVER PHOTO

Aerial night view of Downtown Miami

PHOTO BY:
Sean Pavone

The Finance Department would like to extend a special recognition to Richard Rios, GSA-Graphics Reproduction Division, for his creativity and support with the production of the Popular Annual Financial Report

City of Miami, Florida Finance Department
444 SW 2 Avenue, 6th Floor, Miami, Florida 33130

ABOUT *the* POPULAR ANNUAL FINANCIAL REPORT (PAFR)

The Popular Annual Financial Report (PAFR) is an unaudited summary report of the financial activities of the City, and is prepared primarily from detailed information contained in the City's 2019 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes audited financial statements. As such, it provides much more detail as well as full disclosure of all material events, both financial and non-financial. The GAAP presentation also includes the City's component units (related organizations) and information on individual funds.

The information in the CAFR by its nature can be technical and complex and as such not as useful to citizens wishing to gain an overview of the City's finances. The PAFR has been prepared to simplify the information in the CAFR and better inform the public about the overall financial condition of the City, without the heavy use of technical accounting terms or excessive detail. The PAFR is not intended to provide a complete financial picture of the City in accordance with GAAP.

Questions or feedback concerning any of the information provided in this report or requests for additional financial information may be directed to the City's Finance Department via mail to 444 SW 2nd Avenue, 6th Floor, Miami, Florida 33130.

**TO VIEW THE CITY'S
COMPREHENSIVE ANNUAL
FINANCIAL REPORT (CAFR) AND
POPULAR ANNUAL FINANCIAL
REPORT (PAFR) PLEASE VISIT:**

[http://archive.miamigov.com/Finance/
financialInfo.html](http://archive.miamigov.com/Finance/financialInfo.html)

ABOUT OUR CITY



The City of Miami was incorporated in 1896. The City is situated at the mouth of the Miami River on the western shores of Biscayne Bay. It is a main port of entry into Florida. Now 123 years old, the City is part of the nation’s eighth largest metropolitan area. Incorporated in 1896, the City is the only municipality conceived and founded by a woman – Julia Tuttle.

The City Charter was adopted by the electors of the City of Miami at an election held May 17, 1921 and legalized and validated by Chapter 9024 of the laws of the State of Florida of 1921. The Florida Legislature, in 1955, approved and submitted to a general election, a constitutional amendment designed to give a new form of government to Miami-Dade County, Florida (“County”). The County is, in effect, a municipality with governmental powers affecting thirty-five cities and unincorporated areas, including the City. The County has not displaced nor replaced the cities’ powers, but supplements them. The County can assume activities of the City’s operations if the services fall below minimum standards set by the County Commission, or with the consent of the governing body of the City. Accordingly, the County’s financial statements are not included in this report.

Since 1997, the City has been governed by a form of government known as the “Mayor-City Commissioner plan.” There are five Commissioners elected from designated districts within the City. City elections are held in November every two years on a non-partisan basis. Candidates for Mayor must run as such, and not for the Commission in general. At each election, two or three members of the Commission are elected for four-year terms. Thus, the terms are staggered so that there are always at least two experienced members of the Commission. The Mayor is elected at large every four years.

As official head of the City, the Mayor has veto authority over actions of the Commission. The Mayor appoints the City Manager who functions as chief administrative officer. The City Manager serves as the administrative head of the municipal government, charged with the responsibility of managing the City’s financial operations and organizing and directing the administrative infrastructure. The City Manager also retains full authority in the appointment and supervision of department directors, preparation of the City’s annual budget and initiation of the investigative procedures. In addition, the City Manager takes appropriate action on all administrative matters.

CITY SERVICES

The City provides a full range of services, including police and fire protection, public works projects, solid waste collection, building inspections, licenses and permits, code compliance, the construction and maintenance of streets, housing and community development, recreational and cultural activities, human services, trolley services, and resilience and sustainability initiatives.



CITY OF MIAMI, FLORIDA



MISSION STATEMENT

Miami is a modern and diverse city that is a global leader in technology, innovation, and resiliency.

VISION

The City of Miami is committed to elevating the quality of life of its residents by improving public safety, housing, mobility, diverse shared spaces that foster community, and efficient and transparent government.



Francis X. Suarez
Mayor



Alex Díaz de la Portilla
Commissioner - District 1



Ken Russell
Commissioner - District 2
Vice-Chairman



Joe Carollo
Commissioner - District 3



Manolo Reyes
Commissioner - District 4



Keon Hardemon
Commissioner - District 5
Chairman



Arthur Noriega V
City Manager



Todd B. Hannon
City Clerk



Victoria Méndez
City Attorney

CITY ORGANIZATIONAL CHART

CITY COMMISSION

Chairman:
Keon Hardemon
District 5

Vice-Chairman:
Ken Russell
District 2

Commissioner:
Alex Díaz de la Portilla
District 1

Commissioner:
Joe Carollo
District 3

Commissioner:
Manolo Reyes
District 4

City Attorney
Victoria Méndez

City Clerk
Todd B. Hannon

Independent Auditor General
Theodore Guba, CPA

Francis X. Suarez
Executive Mayor

Arthur Noriega, V
Chief Administrator / City Manager

Assistant City Manager
Chief of Operations
Fernando Casamayor

Assistant City Manager
Chief Financial Officer
Sandra Bridgeman, CPA

Assistant City Manager
Chief of Infrastructure
Nzcribe Ihekwa, Ph.D., PE

Code Compliance

Finance

Building

Agenda
Coordination

Human Services

General Services
Administration

Capital Improvements

Communications

Innovation and
Technology

Grants Administration

Parks and Recreation

Equal Opportunity
and Diversity
Programs

Neighborhood
Enhancement Team

Housing and Community
Development

Planning

Fire-Rescue

Real Estate and Asset
Management

Management and Budget

Resilience and
Public Works

Human Resources

Solid Waste

Procurement

Resilience and
Sustainability

Police

Risk Management

Zoning

Coconut Grove BID

Fire Fighters' and Police
Officers' Retirement Trust

Bayfront Park
Management Trust

Civil Service

Downtown
Development
Authority

General Employees' and
Sanitation Employees'
Retirement Trust

Civilian
Investigative Panel

Liberty City Trust

Midtown CRA

Miami Parking
Authority

Wynwood BID

Omni CRA

Southeast Overtown
Park West CRA

Virginia Key Beach
Park Trust

GEOGRAPHIC LOCATION AND POPULATION



According to the U.S. Census Bureau, the City's population in 1900 was 1,700 people. Today it is a city rich in cultural and ethnic diversity of approximately 490,947 residents according to the Bureau of Economic and Business research, University of Florida, 58.2 percent of them foreign born. In physical size, the City is not large, encompassing only 35.87 square miles. In population, the City is the largest of the 34 municipalities that make up Miami-Dade County.

COMMISSION DISTRICTS



DISTRICT 1:
Commissioner
Alex Díaz de la Portilla



DISTRICT 2:
Vice- Chairman
Ken Russell



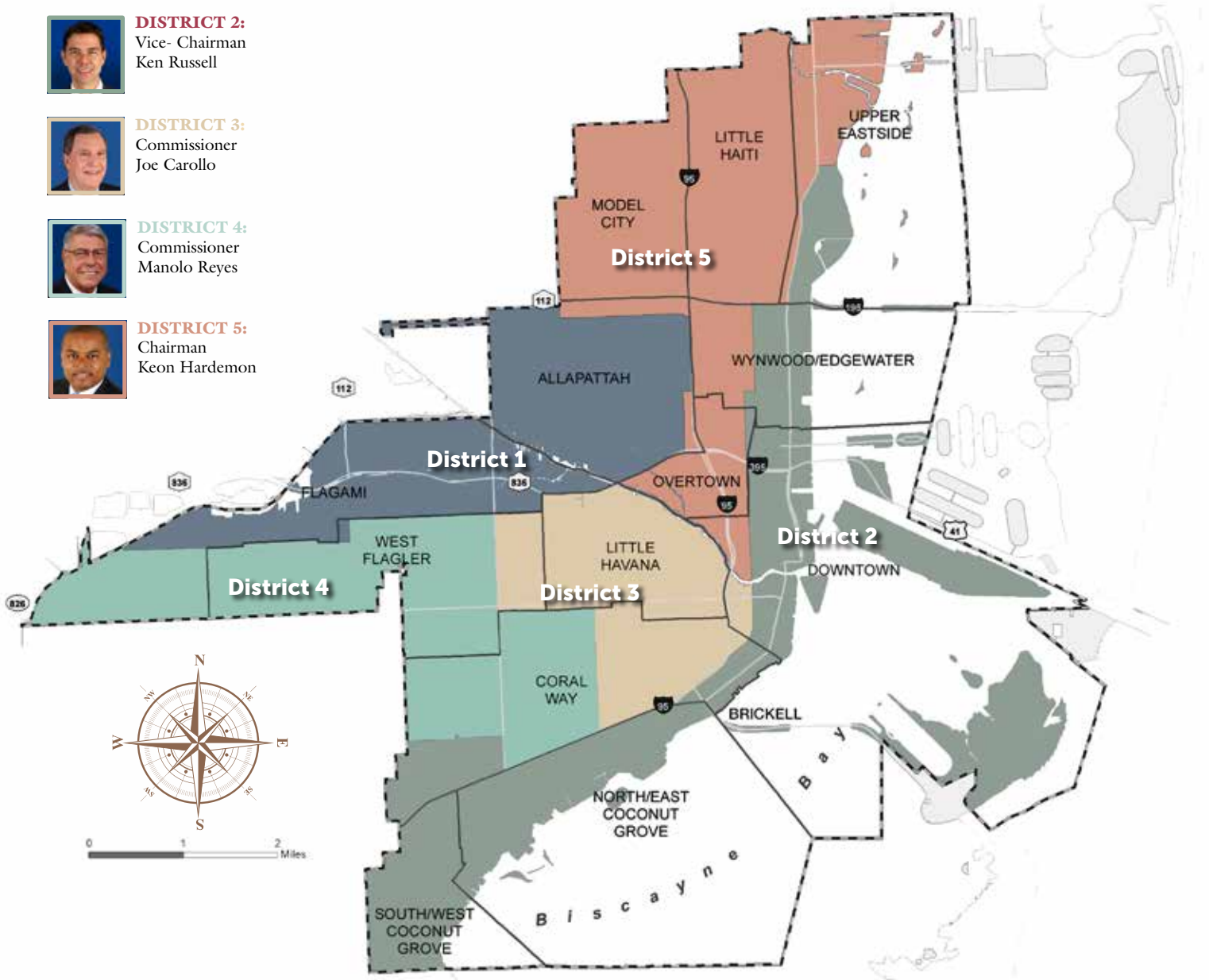
DISTRICT 3:
Commissioner
Joe Carollo



DISTRICT 4:
Commissioner
Manolo Reyes



DISTRICT 5:
Chairman
Keon Hardemon



MIAMI BY THE NUMBERS



CITY EMPLOYEES

4,436

MIAMI AREA

35.87
Sq. Miles



POPULATION

490,947

The City of Miami is the largest of 34 municipalities that make up Miami-Dade County

POLICE

1 Station
3 Sub-stations

PUBLIC WORKS

661.9
Streets (*miles paved*)

FIRE

15
Stations

PARK & RECREATION

145
Parks
43
Community Centers

ECONOMIC OUTLOOK

With one of the tallest skylines in the United States, the City is the heart of South Florida and continues to display impressive growth, as it emerges as a global city. Miami is the core of the regional U.S. Construction, trade and transportation, financial activities, and tourism, leveraging the City's proximity to Latin American markets. Furthermore, Miami is a hub for international business and one of the largest concentrations of international banks in the United States

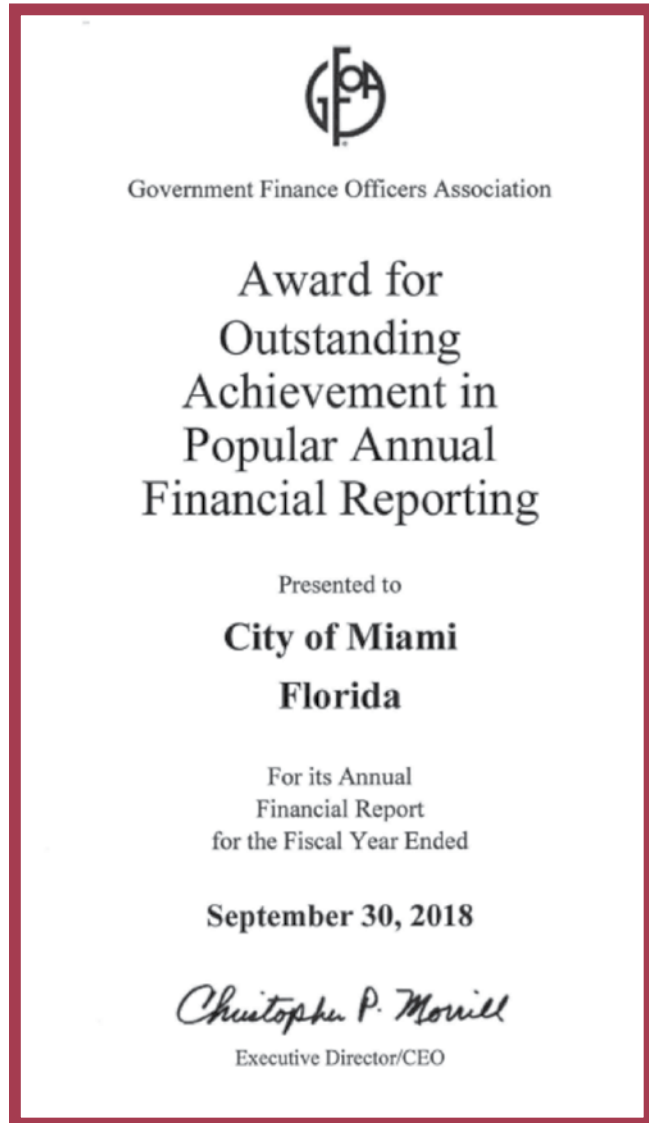
Local unemployment continues a steady decline from the previous year with Miami reporting a 2.2 percent unemployment rate as of December 2019, which is a decrease from 3.3 percent reported a year ago. A good business climate has been created for the South Florida economy, encouraging growth in construction, motion pictures, financial services, and tourism. With growth in these sectors of the South Florida economy, employment should strengthen, as all indicators point towards steady improvement in the local economy

According to the Miami Association of Realtors, the City's housing prices finished 2019 with a median sales price of \$365,000, which is a 4.3% increase from the previous year. Condominiums median sales price also increased 4.3 percent to \$245,000 from \$235,000 in 2018. Overall, Miami registered 13,322 single-family home sales and a total of 14,114 in existing condominiums sales for 2019. With consumer confidence rising, unemployment low, job creation high and increased migration to Florida, Miami real estate should enjoy steady growth.

Fitch Ratings upgraded the City's Issuer Default Rating from AA- to AA with a stable outlook. In addition, the City's Special Obligation Non-Ad Valorem revenue bonds were upgraded from A+ to AA-. Per Fitch Ratings, the upgrades reflect the strength of the City's various budgetary tools and available reserves that position it to manage risks associated with a moderate economic downturn.



ACHIEVEMENTS



The Government Finance Officers Association of The United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Miami, Florida for its Popular Annual Financial Report for the fiscal year ended September 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

A GFOA award in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

The City of Miami, Florida was also awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for year ended September 30, 2018. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is also valid for a period of one year. We believe our Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and we have also submitted our Comprehensive Annual Financial Report for the current year to the GFOA.



BUDET PROCESS

1

END OF FEBRUARY

Department Budget Submittals

2

MARCH

Mayor delivers "State of the City" address to City residents

3

APRIL THROUGH MAY

Budget workshops are conducted with the department and budget analysts. Public Hearings are held for citizen's comments.

4

JULY

Proposed Budget is finalized and introduction of Budget Ordinance to the City Commission. Commission also votes on the proposed millage rate.

5

SEPTEMBER

Review of Budget Ordinance and Public Hearings with City Manager and department directors

6

LATE SEPTEMBER

Adoption of Budget Ordinance

The annual budget serves as the foundation for the City's financial planning and control. The City's fiscal year is from October 1st to September 30th. The Mayor is required to prepare and deliver a budgetary address annually to the residents of the City.

The City Commission is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 30th preceding the beginning of the fiscal year on October 1st.

Budgets are monitored at varying levels of classification detail that include both personnel and operating as appropriation designations; however, budgetary control is legally maintained at the fund level, except for the general fund, which is maintained at the departmental operating level.



FINANCIAL HIGHLIGHTS



The information provided is summarized and represents only selected funds; therefore, it is not in accordance with generally accepted accounting principles (GAAP) and is not intended to represent all of the City's component units. The following table is a summary of select financial data for the past two fiscal years:

FINANCIAL SUMMARY

GOVERNMENTAL ACTIVITIES

NET POSITIONS	2019	2018
Assets	\$ 1,815,913,383	\$ 1,870,705,069
Deferred Outflows	447,208,269	222,220,447
Liabilities	2,857,923,675	2,586,037,397
Deferred Inflows	120,672,038	136,356,671
Total Net Position (Deficit)	(715,474,061)	(629,468,552)
REVENUES		
Governmental Activities	985,703,909	952,286,082
Total Revenues	985,703,909	952,286,082
EXPENSES		
Governmental Activities	1,071,709,418	902,954,420
Total Expenditures	1,071,709,418	902,954,420
CAPITAL ASSETS		
Governmental Activities	1,094,248,044	1,113,240,897
Total Capital Assets	1,094,248,044	1,113,240,897
LONG-TERM OBLIGATIONS		
Governmental Activities	601,913,991	665,713,092
Total Long-Term Obligations	\$ 601,913,991	\$ 665,713,092

Governmental activities of the City – general government, planning, and development, community development, community redevelopment areas, public works, public safety, public facilities, parks and recreation, interest on long-term debt.

THE CITY'S NET POSITION

The Government-wide Balance Sheet, known as the Statement of Net Position, presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position serve as an indicator of the City's financial position and of the results of the City's operations.

The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the 2019 fiscal year by approximately \$715.5 million (net position deficit).

One portion of the City's net position is its investment in capital assets (e.g. infrastructure, land, buildings, machinery and equipment), which is reported net of accumulated depreciation, less any related debt used to construct or acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are typically not used to liquidate these liabilities. As of September 30, 2019, the City's net investment in capital assets was approximately \$604.20 million.

An additional portion of the City's net position represents resources that are subject to restrictions on how they may be used. As of September 30, 2019, the City's portion of restricted net position was approximately \$372.93 million.

The remaining portion of the City's net position represents an unrestricted net deficit of approximately \$1.69 billion, which is primarily due to outstanding borrowings for which there are no off-setting assets, along with an increase in claims payable, net pension liability, and other post-employment benefits (OPEB) liability. At the end of the current fiscal year, the City's overall net position decreased by approximately \$86 million compared to the prior fiscal year.

STATEMENT OF NET POSITION GOVERNMENT ACTIVITIES

ASSETS	2019	2018	CHANGE (\$)	CHANGE (%)
Current and Other Assets	\$ 721,665,339	\$ 757,464,172	\$ (35,798,833)	-4.73%
Capital Assets	1,094,248,044	1,113,240,897	(18,992,853)	-1.71%
Total Assets	1,815,913,383	1,870,705,069	(54,791,686)	-2.93%
DEFERRED OUTFLOWS OF RESOURCES	447,208,269	222,220,447	224,987,822	101.25%
LIABILITIES				
Other Liabilities	208,420,925	240,309,985	(31,889,060)	-13.27%
Long-Term Liabilities	2,649,502,750	2,345,727,412	303,775,338	12.95%
Total Liabilities	2,857,923,675	2,586,037,397	271,886,278	10.51%
DEFERRED INFLOWS OF RESOURCES	120,672,038	136,356,671	(15,684,633)	-11.50%
NET POSITION (Deficit)				
Net Investment in Capital Assets	604,198,879	578,092,580	26,106,299	4.52%
Restricted	372,927,622	358,414,955	14,512,667	4.05%
Unrestricted (Deficit)	(1,692,600,562)	(1,565,976,087)	(126,624,475)	8.09%
Total Net Position (Deficit)	\$ (715,474,061)	\$ (629,468,552)	\$ (86,005,509)	13.66%

GOVERNMENT FUND EXPENSES



WHERE DOES THE MONEY GO?

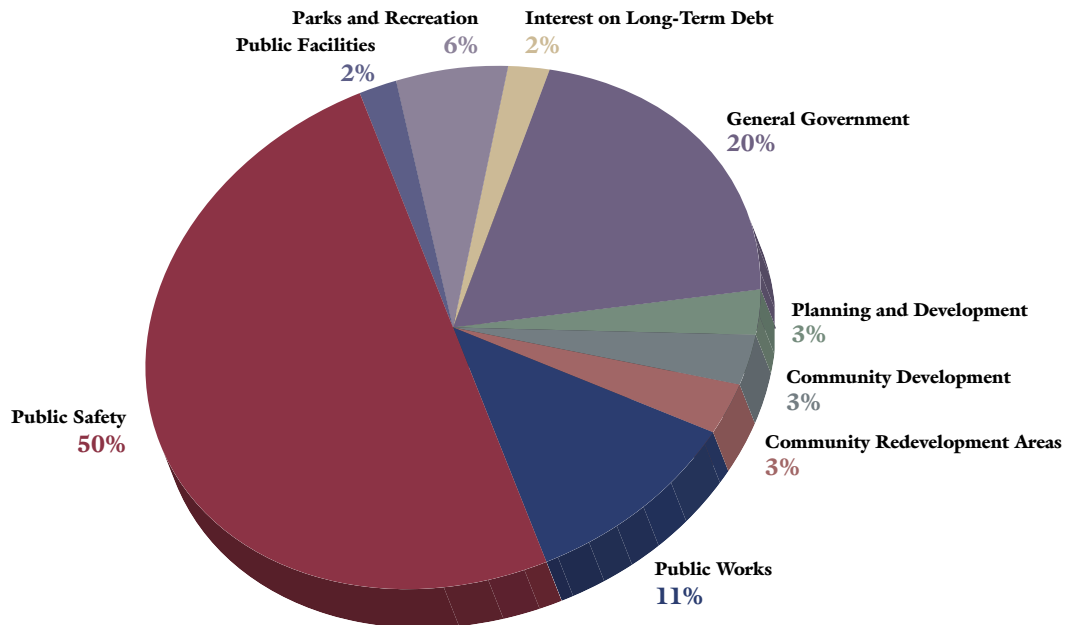
During fiscal year 2019, expenses for governmental activities increased by \$168.75 million primarily due to Public Safety expenses increasing by \$147 million or 37.92 percent during the current fiscal year. This increase is primarily due to an increase in net pension contributions related to changes in benefit terms and changes of assumptions

The following schedule reflects a summary of expenses compared to the prior year:

TOTAL EXPENSES

GOVERNMENTAL ACTIVITIES

EXPENSES	2019	2018	2017
General Government	\$ 212,030,574	\$ 190,825,241	\$ 174,982,174
Planning and Development	32,481,681	22,721,335	19,462,678
Community Development	29,885,260	28,371,102	29,443,452
Community Redevelopment Areas	39,510,779	35,272,784	34,616,272
Public Works	118,662,743	123,517,711	95,595,175
Public Safety	534,660,409	387,651,947	579,366,645
Public Facilities	20,295,788	22,371,164	19,086,773
Parks and Recreation	63,493,078	66,817,655	63,380,710
Interest on Long-Term Debt	20,689,106	25,405,481	29,663,407
Total Expenses	\$1,071,709,418	\$ 902,954,420	\$1,045,597,286



GOVERNMENT FUND REVENUES



WHERE DOES THE MONEY COME FROM?

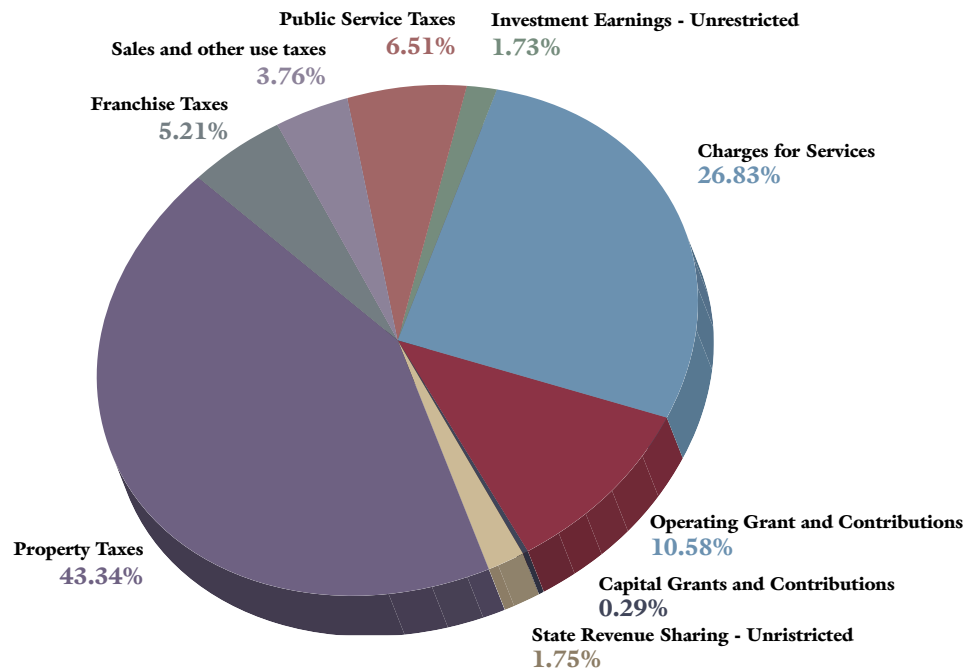
During fiscal year 2019, total revenues for governmental activities increased over the prior year but were less than the total expenses for the governmental activities. Specifically, property taxes increased over the prior year by \$29.96 million. The property tax increases reflect the economic recovery in the City. Property taxes increased 7.54 percent, which is primarily attributed to an increase in property values.

The following schedule reflects a summary of revenue compared to the prior year:

TOTAL REVENUES

GOVERNMENTAL ACTIVITIES

PROGRAM REVENUES	2019	2018	2017
Charges for Services	\$ 264,479,946	\$ 274,602,207	\$ 263,222,830
Operating Grants and Contributions	104,297,657	95,524,077	81,114,292
Capital Grants and Contributions	2,816,007	9,069,762	1,078,796
GENERAL REVENUE			
Property Taxes	427,204,549	397,247,874	363,439,702
Franchise Taxes	51,399,079	49,741,913	49,207,879
State Revenue Sharing - Unrestricted	17,254,032	16,380,921	15,687,260
Sales and Other Use Taxes	37,022,921	35,786,997	33,521,269
Public Service Taxes	64,160,961	64,250,989	62,532,940
Gain (loss) Sale of Property	-	-	4,544,604
Investment earnings/(losses) - unrestricted	17,068,757	9,681,342	
Total Revenues	\$ 985,703,909	\$ 952,286,082	\$ 874,349,572



SUMMARY OF CAPITAL ASSETS

INVESTING IN OUR COMMUNITY

The City's investment in capital assets as of September 30, 2019, is \$1.1 billion. This investment in capital assets includes land, buildings, improvements, machinery, equipment and infrastructure. The total decrease in capital assets from the end of the prior fiscal year is approximately 1.71 percent.

Major capital asset events during the current fiscal year included the following:

- Land increased approximately \$9.1 million. The increase is attributed in large part to the City acquiring twenty properties valued at \$8.5 million and the Southeast Overtown Park West and OMNI Community Redevelopment Agencies (SEOPW/OMNI CRA's) acquiring 2 properties valued at \$600 thousand.
- Construction in progress increased approximately \$22.5 million. The total transfers out of construction in progress amounted to approximately \$20.7 million; however, there was an addition of approximately \$43.5 million in new expenditures offset by \$300 thousand in expense items.
- Buildings decreased by approximately \$7.6 million. The decrease is in large part attributed to \$700 thousand in completed construction in progress projects and building acquisitions offset by \$8.3 million in depreciation expense.
- Improvements decreased by approximately \$14.6 million. Projects completed during the fiscal year and transferred from construction in progress, included \$2.2 million in building improvements and \$4.5 million in land improvements. There were also additions of \$374 thousand in improvements for City Parks, Public Works, Fire, Solid Waste and Police Departments. These transfers and additions are offset by depreciation expense and retirements incurred for the current fiscal year which net to \$20.8 million.
- Machinery and Equipment decreased by approximately \$6.2 million. There was \$15.1 million in additions and transfers, primarily attributed to the acquisition of new ambulances, boats, computers, heavy duty trucks, and Police and Fire equipment. These expenditures are offset by \$7 million in retirements and approximately \$21.2 million in depreciation expense for the current fiscal year.
- Infrastructure decreased by approximately \$22.2 million. There was \$12.1 million in transfers primarily attributed to roadway improvements. These transfers were offset by \$34.3 million in depreciation expense for the current fiscal year.

CAPITAL ASSETS (NET OF DEPRECIATION)

GOVERNMENTAL ACTIVITIES

	2019	2018
Land	\$ 120,473,843	\$ 111,388,474
Construction-in-Progress	126,641,268	104,174,459
Buildings	208,782,224	216,395,682
Improvements	78,474,025	92,994,564
Machinery and Equipment	64,492,823	70,659,296
Infrastructure	495,383,861	517,628,422
Total Capital Assets	\$ 1,094,248,044	\$ 1,113,240,897

LONG-TERM OBLIGATIONS



As of September 30, 2019, the City’s long-term obligations totaled \$2.75 billion. Of this amount, \$100 million is due within one year. The long-term obligations for the City include claims payable, debt, compensated absences, net pension liability, and other post-employment benefit (OPEB) obligations.

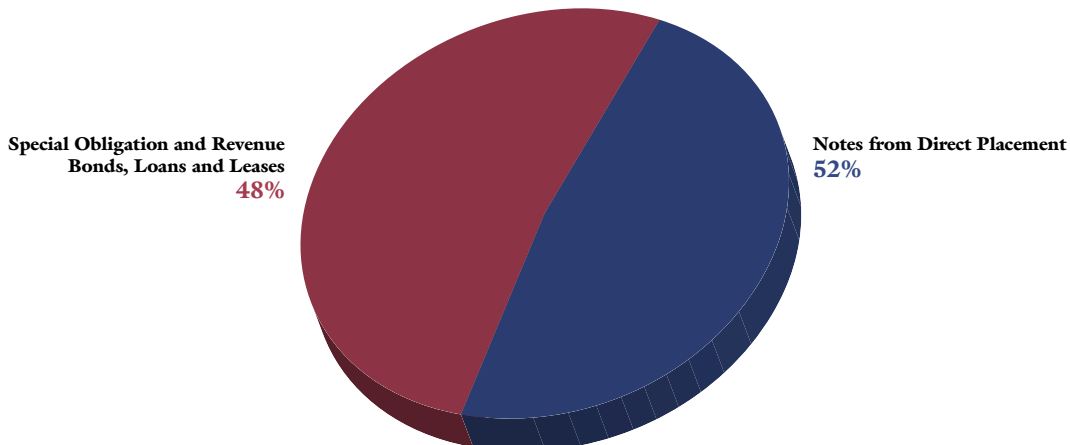
The claims payable balance of \$242.4 million includes an accrual of \$1.4 million for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution, \$55.2 million for potential legal claims and \$185.7 million in connection with the City’s self-insurance program.

GOVERNMENTAL ACTIVITIES

LONG-TERM OBLIGATIONS	Ending Balance as of September 30, 2019	Amount Due Within One Year
Notes from Direct Placement	\$ 313,893,991	\$ 34,460,825
Special Obligation and Revenue Bonds, Loans and Leases	288,020,000	22,365,000
Total Debt Outstanding	601,913,991	56,825,825
Bond Premium (Discounts)	9,128,227	-
Compensated Absences	64,952,997	6,074,567
Claims Payable	242,389,475	37,232,958
Other Post Employment Benefits	863,626,604	-
Net Pension Liability	967,624,806	-
Total Long-Term Obligations	\$ 2,749,636,100	\$ 100,133,350

The City had total debt outstanding of \$601.9 million as of September 30, 2019. Of this amount, \$135.3 million is backed by Limited Ad Valorem Tax Revenue; the remainder represents Special Obligation, Revenue bonds, loans and leases which are secured solely by Non-Ad Valorem Revenue sources.

LONG TERM DEBT



LONG-TERM OBLIGATIONS






During Fiscal Year 2019 the City issued \$57.4 million in Special Obligation Refunding Bonds Series 2018A, \$42.6 million Taxable Special Obligation refunding Series 2018B and \$7.5 million Taxable Special Obligation Revenue Series 2018C.

On July 9, 2015, the City adopted resolution #15-0304 approving a design and construction loan to the City for an amount not to exceed \$22,413,800 from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program for the Wagner Creek Seybold Canal Project. As of September 30, 2019, the City has outstanding debt of \$13,745,199.

CREDIT RATINGS

There are three major rating agencies that evaluate thousands of issuers and their municipal bonds. The agencies are Moody's, Standard and Poor's (S&P), and Fitch Ratings. The ratings agencies assign ratings such as AAA and other ratings. The objective of the rating agency is to assign a municipal bond credit rating to make it faster for market participants to evaluate risk. A bond's credit rating is the rating agency's opinion as to the creditworthiness of the bond's issuer. Each rating agency produces a ratings scale. The table below shows the City's latest ratings as determined by the three national rating agencies (Moody's, Standard & Poor's, and Fitch Ratings) as of September 30, 2019:

City of Miami Bond Ratings			
ISSUE	 MOODY'S	 STANDARD & POOR'S	 FitchRatings
Limited General Obligation	Aa2	AA-	A-
Marlins Garage	Aa3	AA-	A+
Special Obligation (NAV)	Aa3	AA-	A+
Street and Sidewalks	A2	A	AA-



In investment, the bond credit rating represents the credit worthiness of corporate or government bonds. It is not the same as individual's credit score. The ratings are published by credit rating agencies and used by investment professionals to assess the likelihood the debt will be repaid. Credit rating is a highly concentrated industry with the two largest rating agencies — Moody's Investors Service, Standard & Poor's — having roughly 80% market share globally, and the "Big Three" credit rating agencies — Moody's, S&P and Fitch Ratings — controlling approximately 95% of the ratings business."

Moody's		S&P		Fitch		Rating description	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment-grade
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA-		AA-			
A1	P-2	A+	A-1	A+	F1	Upper medium grade	
A2		A		A			
A3		A-		A-			
Baa1	P-3	BBB+	A-3	BBB+	F2	Lower medium grade	
Baa2		BBB		BBB			
Baa3		BBB-		BBB-			
Ba1	B	BB+	B	BB+	B	Non-investment grade speculative	
Ba2		BB		BB			
Ba3		BB-		BB-			
B1		B+		B+			
B2		B		B			
B3		B-		B-			
						Highly speculative	

CASH AND INVESTMENTS

TYPES OF RISK

Interest Rate Risk - the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates.

Credit Rate Risk – the risk that the City will not recover its investments due to the inability of the issuer to fulfill its obligation.

Custodial Credit Risk – the risk that, in the event of failure of the issuer, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in possession of an outside party.

WAYS THE CITY MITIGATES RISK

Interest Rate Risk - to limit its exposure to fair value losses arising from rising interest rates, the City's Investment Policy limits the maturity of an investment to a maximum of five years.

Credit Rate Risk – in order to prevent over concentration by investment type, the City's Investment Policy provides for diversification of its portfolio which establishes limitations on portfolio composition by investment type and by issuer.

Custodial Credit Risk – the City's Investment Policy requires that all securities be registered in the name of the City and be held with a third party custodian. The policy also requires that all securities purchased and all collateral obtained by the City should be properly designated as an asset of the City.

As of September 30, 2019, pooled cash, cash equivalents and investments including restricted amounts of the primary government, exclusive of the Pension Trust Funds and discrete component units balances, consisted of the following:

Investment Type	Balance	Standard & Poor's Rating	Moody's Rating
United States Treasury Notes	\$ 155,955,827	AA+	Aaa
Federal Home Loan Mortgage Corp.	50,318,765	AA+	Aaa
Federal Home Loan Bank	108,174,375	AA+	Aaa
Corporate Notes	44,271,531	A-	A3
Commercial Paper	105,932,474	A-1	P-1
Supranational Notes	29,388,052	AAA	Aaa
Money Market Fund	3,326,434	AAAm	Aaa-mf
Total Investments	497,367,458		
Bank Deposits	159,386,564		
Total Pooled Cash, Cash Equivalents and Investments	\$ 656,754,002		

FUND BALANCE

The following is a description of the City's fund balance classifications:

Non Spendable Fund Balance – This amount includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of this would be inventory, prepaid assets, and permanent endowments.

Restricted Fund Balance – This amount includes amounts that are restricted to specific purposes stipulated by (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This amount includes amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City's highest level of decision making authority, which is the City Commission. Once adopted by resolution, a resolution can only be revised or removed by adoption of a new resolution.

Assigned Fund Balance – This amount includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made directly by formal action of the City Commission.

Unassigned Fund Balance – This amount is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. An assigned fund balance cannot result in an unassigned fund balance deficit.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the City's total General Fund balance was \$199.95 million. Of this amount, \$3.34 million is non-spendable for prepaid expenses. Approximately \$127.1 million is designated fund balance (which per the City's Financial Integrity Ordinance consists of amounts classified as either restricted, committed, or assigned), and includes \$93.56 million designated as restricted fund balance and \$33.98 million designated as assigned fund balance. Then, approximately \$69.05 million is unassigned fund balance in accordance with the City's Financial Integrity Ordinance

The General Fund's fund balance had a net increase of approximately \$12.48 million during the current fiscal year. Although revenues saw an increase of \$45.33 million, expenditures also increased by \$77.34 million and transfers in decreased by \$2.33 million. Significant revenue increases included property taxes (10.3 percent) and intergovernmental revenues (15.27 percent). These revenue increases reflect an improvement in the local economy which appears to have now recovered from the downturn in 2008. Investment earnings also increased significantly (112.76 percent) reflecting an improvement in market conditions and higher federal interest rates. Expenditure increases are seen in the general fund functions, General Government, Planning and Development, Public Works, and Public Safety. In each of these areas the increased expenditures are primarily attributed to increases in retirement contributions and payroll related expenditures.

FUND BALANCE - GENERAL FUND

	2019	2018
Non Spendable	\$ 3,342,337	\$ 2,154,528
Restricted	93,564,826	82,882,117
Committed	-	-
Assigned	33,984,190	38,015,621
Unassigned	69,054,019	64,411,285
Total Fund Balances	\$ 199,945,372	\$ 187,463,551

CONTACT INFORMATION

City Mayor's Office.....	(305) 250-5300
City Manager's Office	(305) 250-5400
Finance	(305) 416-1570
Fraud Hot Line	(305) 416-2003
Office of Management and Budget.....	(305) 416-1502
General Services Administration	(305) 329-4870
Code Compliance.....	(305) 416-2087
Housing and Community Development	(305) 416-2080
Employment Office.....	(305) 416-2170
Loan Servicing.....	(305) 416 1975
Occupational Licenses (BTR).....	(305) 416-1918
Division of Emergency Management	(305) 468-5900
Public Facilities.....	(305) 416-1450
Sanitation Code Enforcement	(305) 960-2830
Building Inspections and Permits.....	(305) 416-1100



POPULAR ANNUAL FINANCIAL REPORT

City of Miami, Florida

FISCAL YEAR ENDED
September 30, 2019

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