



POPULAR ANNUAL FINANCIAL REPORT

City of Miami, Florida

FISCAL YEAR ENDED
September 30, 2017

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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 2017 Comprehensive Annual Financial Report (CAFR), with selected information from CAFR's 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 BOTH THE CITY'S FULL COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND POPULAR ANNUAL FINANCIAL REPORT PLEASE VISIT:

<http://www.miamigov.com/Finance/pages/FinancialInfo/financialInfo.asp>



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City of Miami, Florida

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COVER PHOTO

Aerial view of Downtown Miami

PHOTO BY:
Nadezda Murmakova

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 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 121 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 take over particular 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 activities, refuse collection, building inspections, licenses and permits, vital statistics, the construction and maintenance of streets, and other infrastructures, recreational and cultural activities, and most recently trolley services.



CITY OF MIAMI

MISSION STATEMENT

To effectively serve the community and continuously enhance quality of life.

VISION

The City's leadership envisions Miami as:

- An internationally-renowned city with a commitment to public engagement and excellent service delivery;
- A diverse and vibrant community with a high quality of life;
- And a global destination for business, culture , and leisure.



Francis X. Suarez
Mayor



Wifredo "Willy" Gort
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



Emilio T. González
City Manager



Todd B. Hannon
City Clerk



Victoria Méndez
City Attorney

ORGANIZATIONAL CHART

CITY COMMISSION

Chairman: Keon Hardemon
District 5

Vice-Chairman: Ken Russell
District 2

Commissioner: Wifredo "Willy" Gort
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

Executive Mayor
Francis X. Suarez

Chief Administrator / City Manager
Emilio T. González, Ph.D.

Office of International
Business Development

Chief Service Officer

Assistant City Manager
Alberto N. Parjus

**Assistant City Manager /
Chief Financial Officer**
Fernando Casamayor

Assistant City Manager
Nzeribe Ihekwebaba, PhD, PE

Capital Improvements

Finance

Building

Fire-Rescue

Code Compliance

Grants Administration

Film
and Entertainment

Police

Community
and Economic
Development

Information Technology

Parks and Recreation

Communications

General Services
Administration

Management
and Budget

Planning and Zoning

Equal Opportunity
and Diversity
Programs

Neighborhood
Enhancement Team

Procurement

Public Works

Human Resources

Real Estate and Asset
Management

Risk Management

Resilience and
Sustainability

Agenda Coordination

Transportation
Management

Solid Waste

Downtown
Development
Authority

Fire Fighters' and Police
Officers' Retirement Trust

Bayfront Park
Management Trust

Civil Service Board

Miami Sports and
Exhibition Authority

General Employees' and
Sanitation Employees'
Retirement Trust

Civilian
Investigative Panel

Omni CRA

Liberty City Trust

Miami Parking
Authority

Midtown CRA

Coconut Grove BID

Southeast Overtown
Park West CRA

Wynwood BID

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 467,872 residents according to the Bureau of Economic and Business research, University of Florida, 57.7 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 35 municipalities that make up Miami-Dade County.

COMMISSION DISTRICTS



DISTRICT 1:
Commissioner
Wifredo "Willy" Gort



DISTRICT 2:
Vice-Chairman
Ken Russell



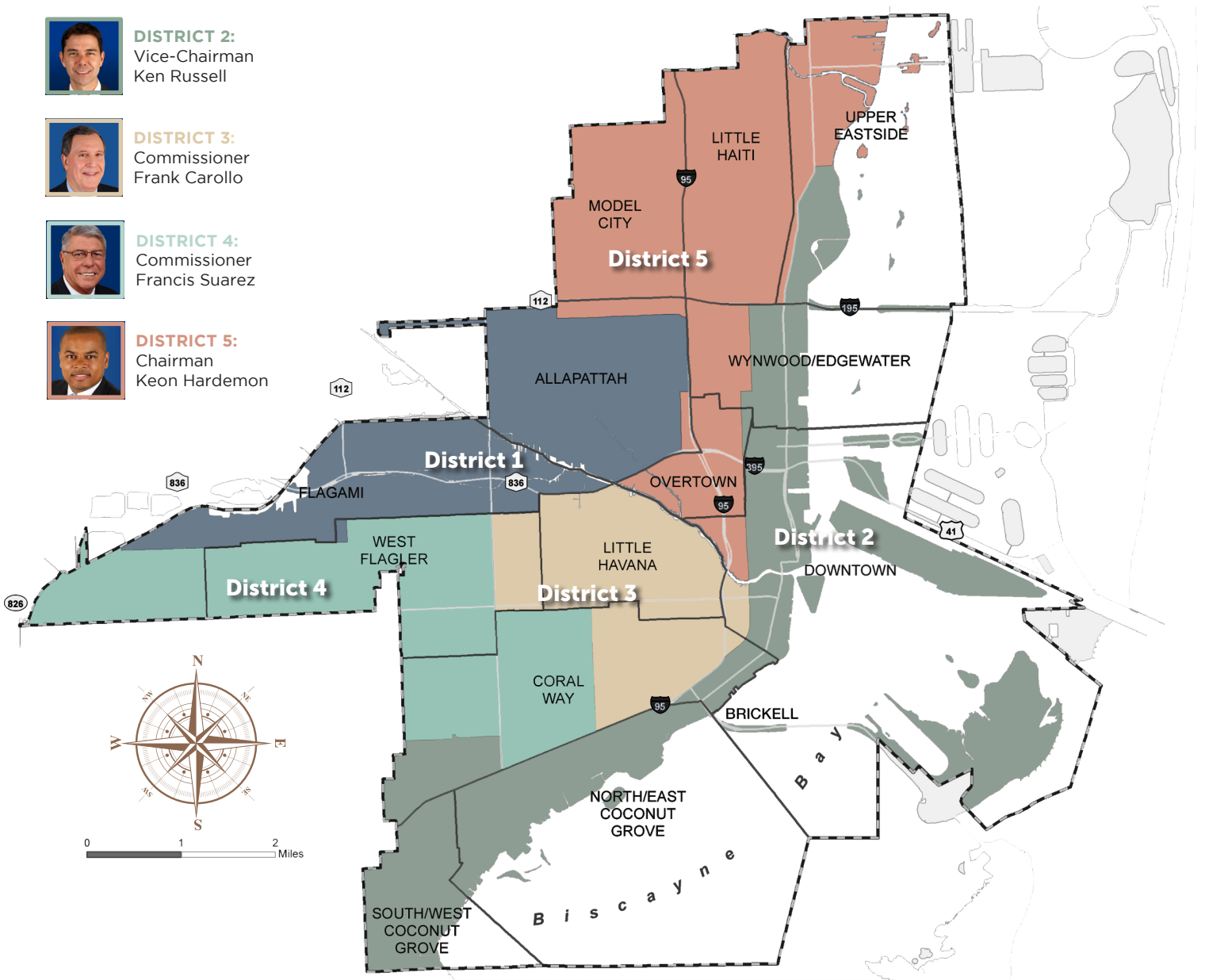
DISTRICT 3:
Commissioner
Frank Carollo



DISTRICT 4:
Commissioner
Francis Suarez



DISTRICT 5:
Chairman
Keon Hardemon



MIAMI BY THE NUMBERS

MIAMI AREA

35.87
SQ. MILES

CITY
EMPLOYEES
4,346

POPULATION
467,872

The City of Miami is the largest of 35 municipalities that make up Miami-Dade County

PUBLIC
WORKS
661.9
STREETS
(MILES PAVED)

FIRE
15
STATIONS

POLICE
1 STATION
3 SUB-STATIONS

TRANSPORTATION
10
TROLLEY ROUTES
1,170,606
RIDERSHIP

PARK
& RECREATION
145 PARKS
43 COMMUNITY
CENTERS



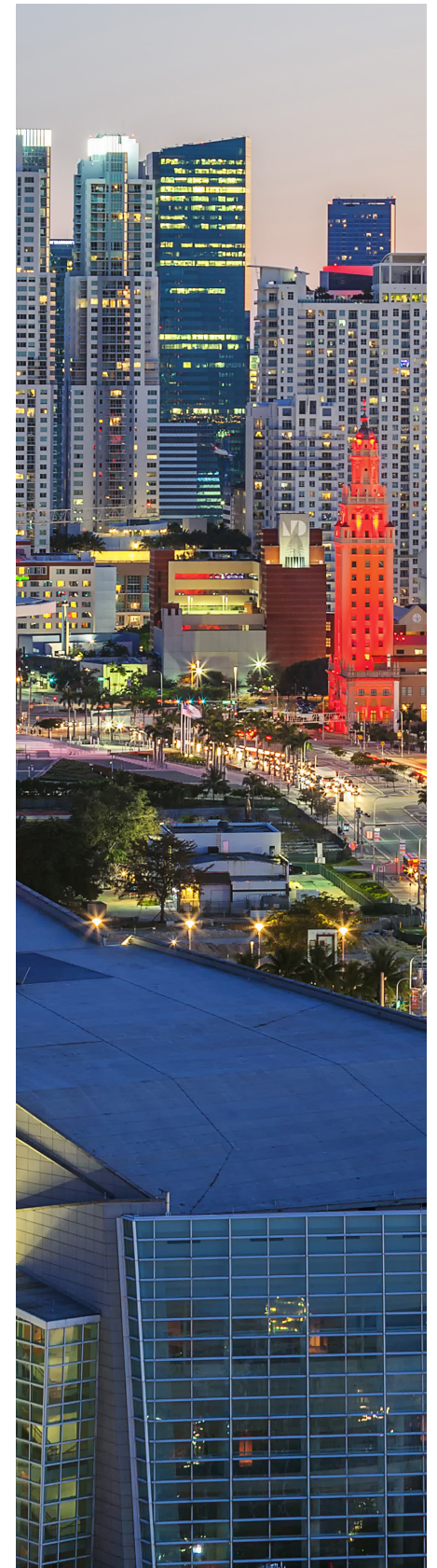
Miami's local economy continues to improve showing strong growth in home prices and tourism. Miami has become a major center and a leader in finance, commerce, culture, media, entertainment, and the arts. Local unemployment continues a steady decline from the previous year. Miami experienced a 5.0 percent unemployment rate as of November 2016, down from 5.5 percent from November 2015. 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.

Tourism is a major economic driver for the City. Annual events that attract visitors from across the country and world include the Miami Open, Miami Marathon, Art Basel, Miami International Boat Show, Calle Ocho Festival, Bayfront Park New Year's Eve Celebration, and the Ultra Music Festival. During FY2017, Miami hosted the 2017 Major League Baseball All-Star Game at Marlins Park widening the already enormous economic impact for Downtown Miami and surrounding areas.

In addition, Miami's Downtown and Brickell area is the heart of major developments for the City. There are huge changes taking place in the area. These developments will bring more entertainment, culture and arts to the Downtown area. Miami will also be home to Miami Worldcenter and MiamiCentral Station when complete. Additional developments have moved to neighborhoods outside downtown including Allapattah and Wynwood.

Miami Worldcenter project, located in the core of downtown Miami, is a \$2 billion, 27-acre mixed-use development covering 10 blocks. The center will include up to 450,000 square feet of retail, 2,000 residential units, 1,700 hotel rooms, 500,000 square feet of exposition space and 100,000 square feet of parks and public spaces. The project will be within walking distance of All Aboard Florida's Central Station, a Brightline train that will take riders from Fort Lauderdale to Miami in 28 minutes.

In the heart of Downtown, Miami construction continues on the MiamiCentral project. MiamiCentral spans over six downtown City blocks and will feature retail shops, rental residences and a transit hub providing both local and multi-city transit options. MiamiCentral offers a way to connect with Miami's most popular transportation systems. With Metrorail, Metromover, Tri-Rail and Brightline all converging in the heart of Downtown Miami, locals and visitors will experience a variety of transit options. Within the Miami Central station complex, All Aboard Florida's Brightline passenger train will connect Orlando to downtown Miami. Site clearing and demolition on the 9-acre station site began in late 2014.





Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Miami
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

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, 2017. 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 reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in GFOA 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, 2016. 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.





BUDGET 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.





The information provided is summarized and represents only selected funds and therefore 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	2017	2016
Assets	\$ 1,833,864,811	\$ 1,780,284,135
Deferred Outflows	111,190,591	164,869,009
Liabilities	2,417,502,315	2,231,053,224
Deferred Inflows	33,279,788	48,578,905
Total Net Position (Deficit)	(505,726,701)	(334,478,985)
REVENUES		
Governmental Activities	874,349,572	840,488,524
Total Revenues	874,349,572	840,488,524
EXPENSES		
Governmental Activities	1,045,597,286	863,479,623
Total Expenditures	1,045,597,286	863,479,623
CAPITAL ASSETS		
Governmental Activities	1,129,305,020	1,139,601,058
Total Capital Assets	1,129,305,020	1,139,601,058
LONG-TERM OBLIGATIONS		
Governmental Activities	660,861,380	652,344,755
Total Long-Term Obligations	\$ 660,861,380	\$ 652,344,755

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 Government-wide Balance Sheet, known as the Statement of Net Position, presents information on all 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 2017 fiscal year by approximately \$505.8 million (net position deficit).

City's net position reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery and equipment); 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, 2017, the City's net investment in capital assets was approximately \$627.8 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, 2017, the City's portion of restricted net position was approximately \$297.6 million.

The remaining portion represents an unrestricted net deficit of approximately \$1.4 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 \$171.3 million compared to the prior fiscal year.

STATEMENT OF NET POSITION GOVERNMENT ACTIVITIES

ASSETS	2017	2016	CHANGE (\$)	CHANGE (%)
Current and Other Assets	\$ 704,559,791	\$640,683,077	\$ 63,876,714	9.97%
Capital Assets	1,129,305,020	1,139,601,058	(10,296,038)	-0.90%
Total Assets	1,833,864,811	1,780,284,135	53,580,676	3.01%
DEFERRED OUTFLOWS OF RESOURCES	111,190,591	164,869,009	(53,678,418)	-32.56%
LIABILITIES				
Other Liabilities	215,550,534	185,038,012	30,512,522	16.49%
Long-Term Liabilities	2,201,951,781	2,046,015,212	155,936,569	7.62%
Total Liabilities	2,417,502,315	2,231,053,224	186,449,091	8.36%
DEFERRED INFLOWS OF RESOURCES	33,279,788	48,578,905	(15,299,117)	-31.49%
NET POSITION (Deficit)				
Net Investment in Capital Assets	627,800,618	616,752,804	11,047,814	1.79%
Restricted	297,600,108	273,730,365	23,869,743	8.72%
Unrestricted (Deficit)	(1,431,127,427)	(1,224,962,154)	(206,165,273)	16.83%
Total Net Position (Deficit)	\$ (505,726,701)	\$ (334,478,985)	\$ (171,247,716)	51.20%



WHERE DOES THE MONEY GO?

During fiscal year 2017, expenses for governmental activities increased by \$182.1 million. Public Safety experienced significant increases of \$132.5 million. The increase to Public Safety is attributable mainly to the replacement of police fleet and addition of police officers and fire rescue units to address growth and response times to certain areas. In addition, Public Safety increased due to expenditures related to Police and Fire-Rescue State Pension payments. General Government expenses increased by \$16.3 million during the fiscal year due to life and health insurance increase across all departments, an average of five percent for all non-bargaining employees. Public Works expenses increased by 16.8 million, mainly attributable to increase, in personnel and fleet vehicles. Finally, the increase to Parks and Recreation of \$13.2 million, is mainly attributable to an increase in personnel and improvements to parks throughout the City.

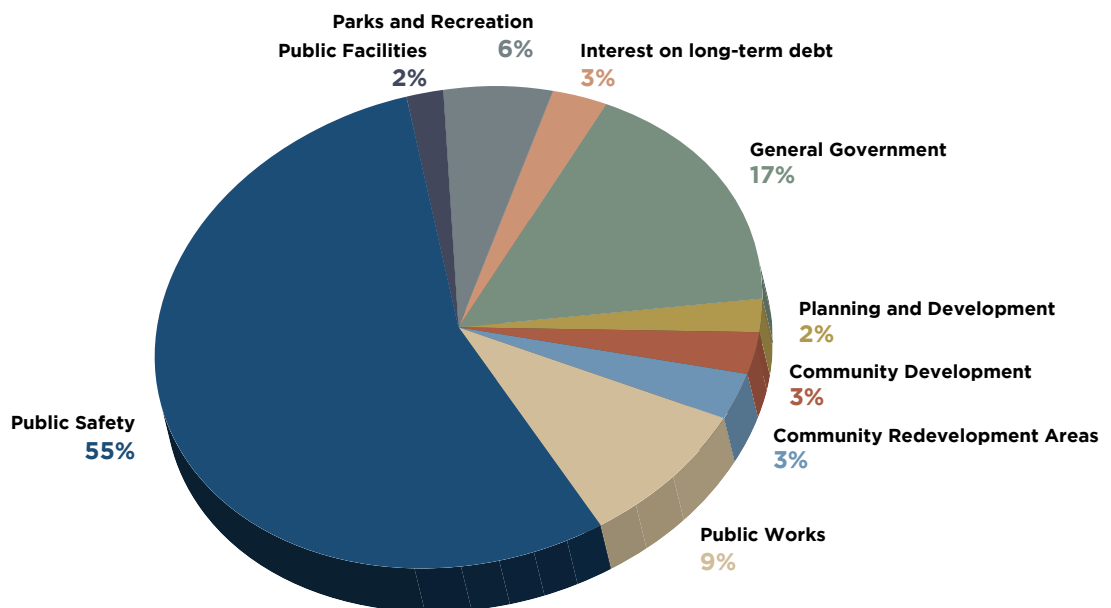
The following schedule reflects a summary of expenses compared to the prior year:

TOTAL EXPENSES

GOVERNMENTAL ACTIVITIES

EXPENSES	2017	2016	2015
General Government	\$ 174,982,174	\$ 158,677,568	\$ 168,655,624
Planning and Development	19,462,678	15,513,166	15,479,449
Community Development	29,443,452	27,937,279	30,519,798
Community Redevelopment Areas	34,616,272	36,149,769	58,062,764
Public Works	95,595,175	78,763,459	74,434,887
Public Safety	579,366,645	446,865,144	385,120,293
Public Facilities	19,086,773	16,758,483	16,560,573
Parks and Recreation	63,380,712	50,207,864	42,585,419
Interest on long-term debt	29,663,407	32,606,891	33,747,629
Total Expenses	\$ 1,045,597,288	\$ 863,479,623	\$ 825,166,436

The pie chart below shows the City's expenses during Fiscal Year 2017:





WHERE DOES THE MONEY COME FROM?

During fiscal year 2017, total program revenues for governmental activities increased \$33.9 over the prior year for governmental activities. Specifically, the charges for services and property taxes increased over the prior year by \$5.4 million and \$39.06 million respectively. The charges for services and property tax increases reflect the economic recovery in the City. Strong growth in the construction industry resulted in increased permit fees and assessments, which are included in charges for services.

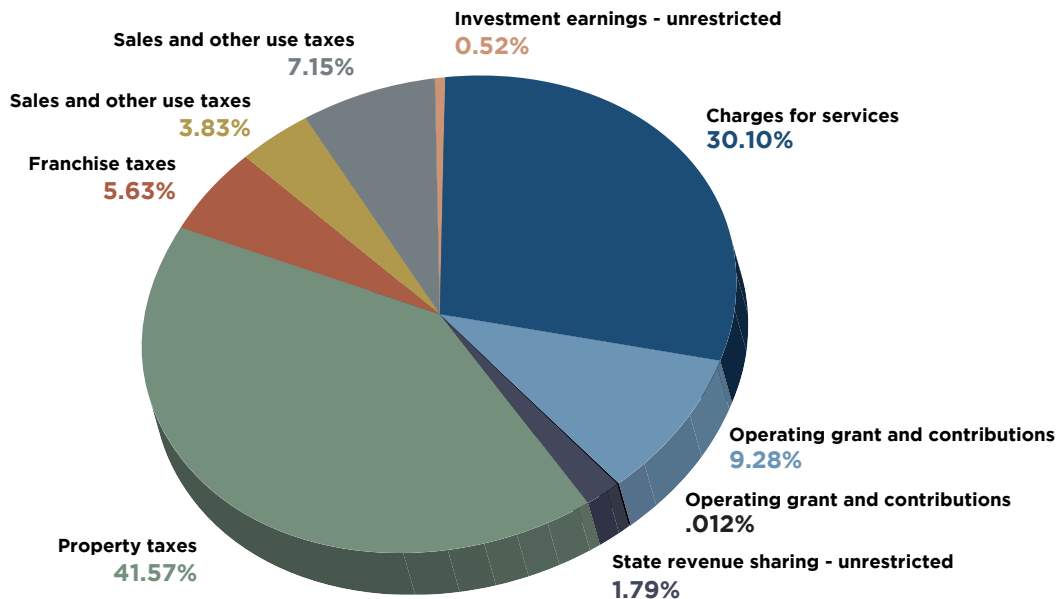
The following schedule reflects a summary of revenue compared to the prior year:

TOTAL REVENUES

GOVERNMENTAL ACTIVITIES

PROGRAM REVENUES	2017	2016	2015
Charges for Services	\$ 263,222,830	\$ 257,840,317	\$ 242,481,742
Operating Grants and Contributions	81,114,292	88,478,479	84,631,766
Capital Grants and Contributions	1,078,796	11,315,519	9,253,860
GENERAL REVENUE			
Property Taxes	363,439,702	324,381,187	294,152,040
Franchise Taxes	49,207,879	47,416,360	47,560,134
State Revenue Sharing - Unrestricted	15,687,260	14,836,385	14,389,530
Sales and Other Use Taxes	33,521,269	32,699,735	31,254,199
Public Service Taxes	62,532,940	60,020,384	59,576,109
Gain (loss) Sale of Property	-	-	(546,835)
Investment earnings/(losses) - unrestricted	4,544,604	3,500,158	4,761,254
Total Revenues	\$ 874,349,572	\$ 840,488,524	\$ 787,513,799

The pie chart below shows the City's revenues by source during Fiscal Year 2017:





INVESTING IN OUR COMMUNITY

The City’s investment in capital assets as of September 30, 2017, 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 0.90 percent.

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

- Land increased approximately \$8.1 million. The increase is attributed to the City acquiring five properties valued at \$8.1 million and disposing of one property valued at \$38.7 thousand during fiscal year 2017.
- Construction in progress decreased approximately \$14 million. The total transfers out of construction in progress amounted to approximately \$54.8 million; however, there was an addition of approximately \$40.8 million in new expenditures during fiscal year 2017.
- Buildings increased by approximately \$2.6 million. The increase is in large part attributed to \$10.5 million in completed Construction in progress projects and building acquisitions which include new structures at Kinloch Park, Charles Hadley Park and Little Haiti Soccer Park offset by \$7.9 million in depreciation expenses.
- Improvements decreased by approximately \$15.6 million. The projects completed during the fiscal year and transferred from construction in progress, included \$1.3 million in building improvements and \$1.3 million in land improvements. There was also an addition of \$3.1 million in improvements to the Over-town Community Center expenditures and \$644.6 thousand in Improvements for City parks and Public Facilities. These transfers and additions are offset by depreciation expense and retirements incurred for the current fiscal year which net to \$21.9 million.
- Machinery and Equipment increased by approximately \$10 million. There was \$29.4 million in additions and transfers, primarily attributed to the acquisition of computers for several departments and operating equipment, to include a helicopter, off-road equipment, boats, heavy duty vehicles for the Solid Waste and Public Works department in addition to light and heavy fleet vehicles, for the Police, General Services Administration and Fire departments. However, these expenditures are offset by approximately \$19.3 million in depreciation expense for the current fiscal year.

CAPITAL ASSETS (NET OF DEPRECIATION)

GOVERNMENTAL ACTIVITIES

	2016-2017	2015-2016
Land	\$ 103,511,914	\$ 95,421,063
Construction-in-Progress	83,996,468	98,025,139
Buildings	220,697,166	218,123,892
Improvements	106,568,892	122,165,421
Machinery and Equipment	71,495,826	61,489,998
Infrastructure	543,034,754	544,375,545
Total Capital Assets	\$ 1,129,305,020	\$ 1,139,601,058



As of September 30, 2017, the City’s long-term obligations totaled \$2.3 billion. Of this amount, \$94.9 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 obligations.

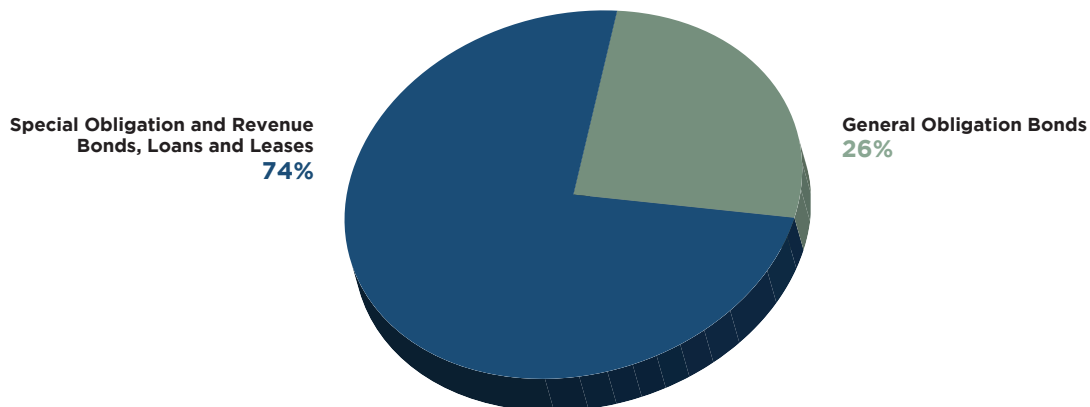
Claims payable balance of \$209.4 million includes an accrual of \$4.4 million for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution, \$5.3 million for potential legal claims and \$199.7 million in connection with the City’s self-insurance program.

GOVERNMENTAL ACTIVITIES

LONG-TERM OBLIGATIONS	Ending Balance as of September 30, 2017	Amount Due Within One Year
General Obligation Bonds	\$ 174,640,000	\$ 20,255,000
Special Obligation and Revenue Bonds, Loans and Leases	486,221,380	31,527,882
Total Debt Outstanding	660,861,380	51,782,882
Bond Premium (Discounts)	6,436,510	-
Compensated Absences	50,015,248	9,932,465
Claims Payable	209,426,429	33,213,190
Other Post Employment Benefits	457,325,000	-
Net Pension Liability	912,815,751	-
Total Long-Term Obligations	\$ 2,296,880,318	\$ 94,928,537

The City had a total debt outstanding of \$660.9 million as of September 30, 2017. Of this amount, \$174.6 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 FY2017, the City successfully refunded \$114.3 million Limited General Obligation Bond, Series 2007A and Series 2009. The City also issued Special Obligation Bond, Series 2017 in principal amount of 27.1 million for environmental remediation and marine stadium flex park capital improvement projects. In addition, the City obtained a \$10 million Lease from Santander Bank, N.A. to replace police fleet vehicles and a \$12.1 million Lease from Signature Public Funding Bank to upgrade and enhance the two-way radio communications system for Police, Fire Rescue and General Service Administration.

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. The ratings agencies assign ratings such as AAA and other ratings. The objective of the rating agency is to assign a municipal bond a 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 City's latest rating as determined by the three national rating agencies, Moody's, Standard & Poor's, and the Fitch Ratings' as of September 30, 2017:

City of Miami Bond Ratings			
ISSUE			
Limited General Obligation	A1	AA-	A-
Marlins Garage	A2	A+	A+
Special Obligation (NAV)	A1	A+	A+
Street and Sidewalks	A2	A	AA+



WIKIPEDIA
The Free Encyclopedia

BOND CREDIT RATING

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		A+		A+		F1	
A2	A	A					
A3	P-2	A-	A-2	A-	F2		
Baa1		BBB+		BBB+			
Baa2		BBB		BBB		Lower medium grade	
Baa3	P-3	BBB-	A-3	BBB-	F3		
Ba1		BB+		BB+			
Ba2		BB		BB		Non-investment grade speculative	
Ba3	B	BB-	B	BB-	B		
B1		B+		B+			
B2		B		B		Highly speculative	
B3		B-		B-			



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 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 all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City.

As of September 30, 2017, 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	\$ 115,790,774	N/A	N/A
Federal National Mortgage Association	30,327,050	AA+	Aaa
Federal Home Loan Mortgage Corporation	38,346,278	AA+	Aaa
Federal Farm Credit Bank	23,660,623	AA+	Aaa
Federal Home Loan Bank	57,466,211	AA+	Aaa
Corporate Notes	43,325,349	A+	A1
Commercial Paper	132,757,901	A1	P1
Money Market Fund	14,327,659	AAAm	Aaa-mf
Total Investments	456,001,845		
Bank Deposits	188,253,950		
Total Pooled Cash, Cash Equivalents and Investments	\$ 644,255,795		



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 \$160.1 million. Of this amount, approximately \$71.8 million is restricted, approximately, \$2.1 million is recorded as non-spendable for prepaid expenses, approximately \$25.4 million is designated as assigned fund balance, which includes the \$5.0 million Required Contingency Reserve, and approximately \$59.8 million is unassigned fund balance in accordance with the City’s Financial Integrity Ordinance. Consequently, the 10% of the three-year revenue average required for the assigned fund balance was not met.

The General Fund’s balance had a net increase of approximately \$28.6 million during the current fiscal year. Although revenues saw an increase of \$55.1 million, there were also increases in the expenditures of \$42.0 million and transfers in the amount of \$7.9 million. Significant revenue increases included property taxes, licenses and permits and charges for services. These revenue increases reflect an improvement in the local economy, which appears to have now fully recovered. Expenditure increases are seen in the General Fund functions, General Government, Public Safety and Parks and Recreation. The increase to Public Safety is mainly attributed to an increase in pension payments and the cost of a new collective bargaining agreement. The increase to Parks and Recreation is mainly attributable to an increase in personnel and improvements to parks throughout the City. The increase to transfer in is primarily due to the result of moving the James L. Knight Center operations from a Special Revenue Fund to the General Fund and collection from SEOPW global agreement.

FUND BALANCE - GENERAL FUND

	2017	2016
Non Spendable	\$ 2,101,634	\$ 2,009,736
Restricted	72,818,263	51,908,663
Committed	-	-
Assigned	25,386,647	21,116,250
Unassigned	59,836,874	56,486,700
Total Fund Balances	\$ 160,143,418	\$ 131,521,349



CONTACT INFORMATION

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POPULAR ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
September 30, 2017

City General Services Administration	(305) 329-4870
City Manager's Office	(305) 250-5400
City Mayor Office	(305) 250-5300
City of Miami Auto Pound	(305) 579-6585
Code Enforcement	(305) 416-2087
Community and Economic Development	(305) 416-2080
Employment Office	(305) 416-2170
Finance	(305) 416-1570
Fraud Hot Line	(305) 416-2003
Loan Servicing	(305) 416 1975
Occupational Licenses	(305) 416-1918
Division of Emergency Management	(305) 468-5900
Office of Management and Budget	(305) 416-1502
Public Facilities	(305) 416-1450
Sanitation Code Enforcement	(305) 960-2830
Building Inspections and Permits	(305) 416-1100