



Memorandum

Memorandum No: 25-175

TO: Honorable Mayor and Members of the Fort Lauderdale City Commission

FROM: Rickelle Williams, City Manager *RW*

DATE: September 16, 2025

SUBJECT: Triple A Rating Announcement – S&P Global Ratings

I am pleased to inform you that S&P Global Ratings has assigned its highest rating, '**AAA**' **with a Stable Outlook**, to the City of Fort Lauderdale's Series 2025 Special Obligation Bonds. Simultaneously, S&P affirmed the City's 'AAA' rating on the outstanding unlimited-tax General Obligation Bonds.

This prestigious rating reflects national recognition of the City's:

- **Growing and diverse economic base** with positive population and tax base trends;
- **Decade of strong financial performance** and available reserves exceeding policy targets;
- **Formalized, forward-looking financial policies** that ensure structural balance even in times of economic uncertainty;
- **Manageable debt and pension liabilities** with well-funded pension systems and limited future debt plans; and
- **Proactive risk management** including resilience and infrastructure hardening efforts.

Bond proceeds from this issuance will fund several key capital projects, including completion of the new Police Headquarters and Public Safety Building, as well as infrastructure improvements, such as sidewalks and roadways, to strengthen the City's resiliency.

The AAA rating confirms the City's strong creditworthiness, reduces borrowing costs for taxpayers, and demonstrates the City's commitment to fiscal stewardship.

Please join me in acknowledging the outstanding work of our Finance Department and City staff in achieving and maintaining this highest possible rating.

Attachment:

1. S & P Global Ratings Report

c: D'Wayne M. Spence, Interim City Attorney
David R. Soloman, City Clerk
Patrick Reilly, City Auditor
City Manager's Office
Department Directors

Research Update:

Fort Lauderdale, FL Series 2025 Special Obligation Bonds Assigned 'AAA' Rating; Outlook Is Stable

September 15, 2025

Overview

- S&P Global Ratings assigned its 'AAA' rating to the City of [Fort Lauderdale](#), Fla.'s approximately \$96 million series 2025 special obligation bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the city's existing unlimited-tax general obligation (GO) bonds.
- The outlook is stable.
- The rating reflects the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

Rationale

Security

The series 2025 special obligation bonds are secured by a covenant to budget and appropriate from its legally available non-ad valorem revenues the amounts necessary in each fiscal year to pay the debt service on the bonds for that fiscal year plus any other amounts payable under the bond resolution. We rate the bonds based on the city's general creditworthiness, given our view that the pledged revenues are not limited in scope and there are no sizable competing claims that warrant notching below the issuer credit rating (ICR). Bond proceeds will fund various capital projects that include completion of a police headquarters and public safety building as well as infrastructure improvements and hardening.

The city's GO bonds are secured by the city's full faith, credit, and unlimited taxing power.

The city's series 2020 special obligation bonds are secured by designated revenues that include communication services taxes, public service taxes, guaranteed entitlement revenues, and business tax revenues. Previously, the city was required, per the master bond resolution, to budget and appropriate legally available non-ad valorem revenues only to the extent that there was a debt service funding deficiency, or shortage in the designated revenues to pay debt service

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on the bonds. Per the master bond resolution, now that designated revenues have exceeded 1.75x maximum annual debt service (MADS) for three straight fiscal years, this requirement has terminated. Given this change, we now rate the bonds based on our priority-lien criteria, reflecting just the pledge of the aforementioned designated revenues. (See "[Fort Lauderdale, FL 2020 Special Obligation Bond Rating Lowered To 'AA' From 'AAA' On Non-Ad Valorem Pledge Termination](#)," Sept. 15, 2025.)

Credit highlights

The rating is supported by Fort Lauderdale's growing economic base, trend of positive financial performance and sizable reserves, robust forward-looking financial practices and policies, and forward-looking resilience planning. These strengths are somewhat offset by the city's local incomes and per capita liability metrics, which are somewhat weaker than those of higher-rated national peers at the 'AAA' rating level.

Per our Q3 U.S. economic outlook, S&P Global Ratings Economics forecasts below-potential gross domestic product (GDP) growth for 2025 and 2026 due to slower population growth, tariffs, and cost-cutting by the federal government. While our base case is that the U.S. will avoid a recession in the near term, we think the risk of a downturn is elevated despite the city's solid growth momentum at the start of the year. If we experience a prolonged period of slower economic growth, U.S. municipalities could see deceleration in certain revenues, potentially pressuring credit quality if adjustments are not made to ensure fiscal balance. For more information, please see "[Economic Outlook U.S. Q3 2025: Policy Uncertainty Limits Growth](#)," June 24, 2025. For Fort Lauderdale, however, city management consistently monitors budget variances and revenue trends, making budget amendments when and if necessary, and has a record of managing through economic cycles or interruptions without material negative financial results.

A decade of positive financial performance has led to growth in the city's available reserves to a level in excess of its policy target of 25% of expenditures. Though revenue growth could soften compared with that of the last few years due to inflation and softening nationwide economic conditions, we believe that the city will continue to remain structurally balanced, outside of planned one-time capital spending, despite a growing budget given overall revenue growth and flexibility to limit or delay capital spending in the budget, if needed.

Debt and pension per capita metrics are somewhat elevated compared with those of peers, but additional debt plans are limited, and pension funding ratios are relatively healthy, so we do not believe per capita liabilities will materially increase during the outlook period.

The rating reflects our view of the city's:

- Gross county product (GCP) per capita and per capita personal income (PCPI) metrics that are largely in line with the national level, with redevelopment activity and multifamily housing developments driving growth in the city's diverse taxing base, with per capita incomes that exceed the county and nation while household incomes are in line with those of the county and nation.
- Long trend of positive financial performance, which has supported reserves in excess of a formal fund balance policy, though we expect this trend to briefly weaken somewhat due to planned capital spending.
- Financial practices and policies that are forward-looking, formalized, and focused on maintaining structural balance during periods of economic or weather-related uncertainty--management has also taken steps to mitigate cybersecurity risks; and

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- Manageable debt and pension liabilities despite being somewhat elevated, with well-funded pension plans and limited governmental debt planned during the next two years.
- For more information on our institutional framework assessment for Florida municipalities, see "[Institutional Framework Assessment: Florida Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

Environmental physical risks are elevated for Fort Lauderdale given its coastal exposure, which makes it more susceptible to severe weather events. However, we believe the city has taken a proactive approach to mitigating these risks and incorporating this approach into its capital and financial planning, which we view as a positive governance factor for the city. We view social risks as neutral in our credit analysis.

Rating above the sovereign

The city rating is eligible to be higher than the sovereign rating because we believe Fort Lauderdale can maintain strong credit characteristics relative to the U.S. sovereign in a stress scenario. Under our criteria "[Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions](#)," Nov. 19, 2013, the city has predominantly locally derived revenue, with independent taxing authority and treasury management from the federal government.

Outlook

The stable outlook reflects our view that the city's strong economic and financial trends will continue and that available reserves will remain in excess of a formal fund balance policy and sizable on a nominal basis. Additionally, we expect that the city will continue to maintain its forward-looking financial and risk management practices.

Downside scenario

We could lower the rating if the city's available reserves materially weaken on a sustained basis with no plan for rebuilding, or if future debt issuances or pension changes lead to a material increase in per capita liabilities or current costs.

Credit Opinion

Economy

The city's economy supports the rating, with GCP and PCPI metrics that are roughly in line with the nation's, incomes that are stronger than the nation's, and positive population and tax base trends. Located 23 miles north of Miami along the Atlantic Coast, Fort Lauderdale is a city in southeastern Florida with a diverse taxing base and consistent growth in assessed value. Development and redevelopment are ongoing throughout the city, particularly in the downtown area. Most recently, the tax base grew by 8.5%, to over \$63 billion, in 2025. Given the ongoing development, we expect tax base trends to remain positive during the outlook period, supporting growing revenues and continued stability in the city's financial performance.

Financial performance, reserves, and liquidity

Outside of intentional reserve spending, we expect the city's operations to remain at least balanced due to growing operating revenues and conservative budget assumptions guided by formalized long-term planning and formalized policies. Its revenue base is very diverse, with property taxes accounting for 48% of budgeted revenue for fiscal 2026, utility taxes accounting for 10% of budgeted revenue, and franchise fees accounting for 7% of budgeted revenue. The remaining revenues come from several different sources, including miscellaneous and intergovernmental revenues.

For fiscal 2025, which ends on Sept. 30, city management intends to intentionally use around \$16 million of its general fund balance for one-time capital projects, so we will likely see a negative operating result for the year; however, the city intends to report at least break-even operations for fiscal 2026 and maintain reserves equal to management's 25% reserve target going forward. Fiscal 2023 and fiscal 2024 operating results were positive due to conservative budget assumptions and higher-than-expected revenues, including investment income..

Available reserves, as of the latest audit, total \$155 million, or 32% of general fund revenues. With an estimated drawdown for fiscal 2025, reserves could decline to around \$140 million, which would likely be between 25% and 30% of revenues, depending on final revenue figures. While these levels are sizable on a nominal basis, as a percent of operating revenue they lag 'AAA' peers somewhat on a national scale.

Management

Fort Lauderdale's management practices and policies are largely in line with those of 'AAA' rated peers, featuring robust long-term planning, realistic budgeting with budget monitoring, and formalized policies that guide debt, investment, and fund balance decisions.

Specific highlights include:

- Robust budgeting practices that incorporate historical trends and conservative assumptions, with consistent budget monitoring and reporting to city commission throughout the fiscal year.
- Formal long-term financial and capital planning that is updated each year as part of the budget, with a focus on long-term structural balance and efficiently funding the city's capital needs.
- Formal investment, debt, and fund balance policies, with investment holdings reported each quarter, a debt approach focused on capacity and affordability, and a minimum reserve level equal to two months' operating expenditures.

Debt and liabilities

Just under \$500 million in net direct is outstanding. Future debt plans include roughly \$60 million in GO bonds for park-related projects and \$330 million in utility-supported special assessment bonds to fund stormwater improvements. Compared with those of similarly rated peers, the city's debt and pension per capita liabilities are somewhat elevated, though current costs remain manageable and no material change in liabilities is expected during the outlook period given limited governmental debt plans and current pension-funded ratios. Other postemployment benefits (OPEB) liabilities are funded on a pay-as-you go basis; however, the city maintains an OPEB trust fund created in 2014 that holds \$45 million as of fiscal 2024.

The city participates in the following plans:

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- General Employees' Retirement System: 99% funded, with a net pension liability (NPL) of \$5 million;
- Police and Firefighters' Retirement System (PFRS): 93.1% funded, with an NPL of \$90 million;
- Post-Retirement Pay Steps Plan (PPS) for the Police and Firefighters' Retirement System: 9% funded, with a net liability of \$94 million;
- Florida Retirement System: 83% funded, with an NPL of \$33 million;
- Health Insurance Subsidy Plan: 4.8% funded, with a net liability of \$21 million;
- OPEB plan: 101% funded as of fiscal 2024, with a net OPEB asset of \$585,132.

Fort Lauderdale, Florida--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.60
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	3.00

Fort Lauderdale, Florida--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	99	99
County PCPI % of U.S.	--	--	100	99
Market value (\$000s)	--	78,207,556	67,983,868	58,358,807
Market value per capita (\$)	--	417,702	368,980	322,554
Top 10 taxpayers % of taxable value	--	3.8	4.5	3.7
County unemployment rate (%)	--	3.2	2.9	3.0
Local median household EBI % of U.S.	--	103	104	101
Local per capita EBI % of U.S.	--	137	139	138
Local population	--	187,233	184,248	180,927
Financial performance				
Operating fund revenues (\$000s)	--	482	442	392
Operating fund expenditures (\$000s)	--	405	367	340
Net transfers and other adjustments (\$000s)	--	7,716	1,986	(44)

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**Fort Lauderdale,
Florida--key
credit metrics**

	Most recent	2024	2023	2022
Operating result (\$000s)	--	15,236	19,807	7,879
Operating result % of revenues	--	3.2	4.5	2.0
Operating result three-year average %	--	3.2	2.8	3.4
Reserves and liquidity				
Available reserves % of operating revenues	--	32.2	31.4	30.7
Available reserves (\$000s)	--	155,264	138,549	120,372
Debt and liabilities				
Debt service cost % of revenues	--	8.4	10.1	10.0
Net direct debt per capita (\$)	2,625	2,153	2,370	2,242
Net direct debt (\$000s)	491,477	403,187	436,628	405,687
Direct debt 10-year amortization (%)	51	59	61	--
Pension and OPEB cost % of revenues	--	7.0	7.0	9.0
NPLs per capita (\$)	--	1,312	2,040	2,118
Combined NPLs (\$000s)	--	245,671	375,867	383,173

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point-in-time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$96.315 mil spl oblig bnds ser 2025 dtd 10/21/2025 due 07/01/2055

Ratings Affirmed

Local Government

Fort Lauderdale, FL Unlimited Tax General Obligation AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

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different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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 <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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