



CITY OF
MARGATE
Together We Make It Great



Comprehensive Annual Financial Report

Fiscal Year Ending
September 30, 2014

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF MARGATE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

Prepared by the
Finance Department

Mary Beazley, Finance Director
Kelly Diaz, Assistant Finance Director
Jackie Chin-Kidd, Accounting Supervisor
Sonja Fuller, Accountant

ABOUT THE COVER

The photo on the cover is titled “Margate Boulevard” by Margate resident Pat Goonan. Showcasing the beauty of one of the City’s main thoroughfares, this photo depicts the ficus benjamins that line the median of Margate Boulevard from West River Drive to NW 66th Avenue. “Margate Boulevard” was submitted to the City as part of the Digital Photography Monthly Competition in April 2014.

Cover design: Adam Reichbach, City Manager’s Office

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Introductory Section

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March 4, 2015

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Margate

We are pleased to present the City of Margate's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. State law requires that all general-purpose local governments publish a complete set of audited financial statements within nine months of the close of each fiscal year. The financial statements included in the report conform with generally accepted accounting principles (GAAP) and are audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

This report consists of management's representations concerning the financial operation and condition of the City. Responsibility for both the reliability of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefit, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Margate.

State statutes require an annual audit by independent certified public accountants. GLSC & Company, PLLC, a firm of licensed certified public accountants, have audited the City's financial statements and issued an unmodified ("clean") opinion for the fiscal year ended September 30, 2014. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

As a recipient of federal, state, and county financial assistance, the City is subject to annual single audits in conformity with the provisions of the Federal Single Audit Act of 1984 amended by the Single Audit Act Amendments of 1996, related U.S. Office of Management and Budget's Circular A-133, and Chapter 10.550, Rules of the Auditor General of the State of Florida. Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs, and auditor's reports on the internal control and compliance with applicable laws and regulations are included in the compliance section.

City Commission

Mayor Joanne Simone
Vice Mayor Tommy Ruzzano
Joyce W. Bryan
Lesa Peerman
Frank B. Talerico

City Manager

Douglas E. Smith

City Attorney

Eugene M. Steinfeld

City Clerk

Joseph J. Kavanagh

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Margate

The City of Margate, (the "City"), was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. In 1961 the Town of Margate was incorporated as a City. The City is located in southeastern Florida in Broward County. It encompasses an area of approximately 9 square miles with a population of over 55,000. The U.S. Census Bureau lists a median household income of \$42,029. The City operates under the City Commission/City Manager form of government.

The City Commission consists of the Mayor, Vice Mayor, and three commissioners. The five commission members are elected at-large on a non-partisan basis for a four-year term. Effective with terms beginning November 2012, term limitations for City Commissioners are three consecutive four-year terms. The mayor is elected annually by the members of the City Commission for a one-year term, not to exceed two years in succession. The City Commission determines policy, adopts legislation, approves the City's annual budget, and hires the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies of the City Commission, overseeing the daily management of the City, and for appointing the City's department directors.

The City provides a full range of services including police and fire protection, emergency medical service, water and wastewater services, stormwater services, recreation, public improvements, streets, planning and zoning, and general administrative services. This report includes all funds of the City. The City is financially accountable for two blended component units which consist of the City of Margate Community Redevelopment Agency (CRA) and the Northwest Focal Point (NWFP) Senior Center. All component units are included as an integral part of the City's financial statements. Additional information on both of these legally separate entities can be found in the notes to the financial statements (see pages 33-34).

The annual budget serves as the basis for the City's financial planning and control. All City departments are required to submit requests for appropriation to the City Manager. These requests are used as a starting point for developing a proposed budget. The City Manager then presents the proposed budget to the City Commission by August 15th of each year. The operating budget includes proposed expenditures/expenses and the means of financing them. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by September 30th of each year. The appropriated budget is prepared by fund, function, and department. Budget to actual comparisons are provided in this report for governmental funds for which an appropriated annual budget has been adopted.

The City Manager may approve transfers of appropriations within a department; however, transfers of appropriations between departments require approval of the City Commission. Budget-to-actual comparisons are provided in this report for the

General Fund and all other governmental funds except for three (3) special revenue funds, namely, confiscated properties, police officers training, and paramedic fund. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information. For the remaining governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund financial statements.

Local economy

The information presented in the financial statements may be better understood when it is considered from the broader perspective in which the City operates. The City of Margate is situated in the heart of South Florida, which consists of Broward, Palm Beach and Miami-Dade counties. Being centrally located in Broward County, Margate is easily accessible via Interstate 75, Interstate 95, Interstate 595, and Florida's Turnpike. It is only twenty minutes from the Fort Lauderdale-Hollywood International Airport and Port Everglades, one of the western hemisphere's most accessible deep-water seaports for cargo, cruise and trade ships. Major economic influences in the area, include housing, tourism/travel, job market, construction, tax reform, weather events, and various other items.

There are approximately 1,750 registered businesses in the City that range from small local stores and service companies, to national and international corporate headquarters. It is home to some major employers including Northwest Medical Center (959 employees), JM Lexus (414 employees), Broward County Schools (396 employees), and Walmart (300 employees).

Residential properties account for nearly 67% of the developed area of the City, with more than half of the housing units having been built in the 1970's or earlier. Margate has not been immune to the foreclosure crisis and currently has a 2% homeowner vacancy rate and 9.5% rental vacancy rate. The City has mitigated the effects of the foreclosure crisis through property maintenance ordinances, code compliance, and home purchase and rehabilitation by making effective use of Federal Neighborhood Stabilization Program (NSP) funding. Preservation of existing housing stock also continues with utilization of additional Federal, State and County grant funding.

The local economy in Margate continues to show positive signs. The City's taxable value provided by the Broward County Property Appraiser of \$2.1 billion for FY 2014 is an increase of 5% from FY 2013. Property values continue to stabilize and slowly increase. However, property value levels still remain far below the level they were at prior to the economic downturn in 2008. Although the average assessed values increased 7% for condominiums and 2% for single family homes between 2013 and 2014, overall assessed values of residential units in Margate remain below the Broward County average. In conjunction with an improving economy and accompanying increase in property values, there is a continuing decrease in the number of new foreclosures.

As a very positive sign that the housing market is continuing to improve, multiple-family residential projects have again become active. One project, known as Toscana Villas, has begun construction of 240 garden-style rental apartments. A second project, Celebration Pointe, received final site plan approval for Phase 1 of the project which is for the construction of 282 apartments.

Commercial development has continued to improve throughout the City. Previously approved projects that completed construction this fiscal year include a 24,400 square foot expansion to the Northwest Medical Center Emergency Department, 10,639 square foot development as part of Phase I of a house of worship, and a multi-use building project containing 6,697 square foot retail space usage and 2,660 square foot medical office usage. Projects in the construction phase include a 6,500 square foot retail out-parcel building, 6,300 square foot medical walk-in clinic, and 6,525 square foot medical office. Proposals for two new school development projects also showed signs of continuing economic growth with plans for a 60,000 square foot Margate Charter School and 11,053 square foot SunEd High Charter School. Finally, the small business community has been active within the community as well, as new businesses have opened in previously vacant spaces.

The Margate Community Redevelopment Agency (CRA) continued to move forward with several redevelopment projects in 2014. The CRA has assembled approximately 36 acres for development as a City Center at the intersection of Margate Boulevard and S.R.7/U.S. 441. The CRA completed a conceptual plan for the project which includes a mix of retail, office, residential and entertainment uses. The CRA is prepared to invest significant dollars for infrastructure and other public improvements associated with the development and has initiated the preparation of a stormwater master plan. Other projects that were completed include upgrades to Kaye Stevens Park, designs for improvements to the medians in Copans Road, and a Strategic Marketing Plan for the redevelopment area.

Long-term financial planning

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions which enhances the usefulness of fund balance reporting by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned. Fund balances classified as nonspendable are not in spendable form or are legally/contractually required to be maintained intact. Restricted fund balances are constrained for specific purposes imposed by external parties, law, or specific legislation; while committed fund balances are amounts constrained for specific purposes imposed by formal action of the City Commission. Assigned fund balances represent amounts intended to be used for a specific purpose with no formal constraints. Unassigned fund balance is the residual classification of the General Fund and represents the net resources available at the end of the fiscal year.

The City is pursuing long-term economic growth through attracting new industry, supporting and encouraging improvements to existing businesses, stimulating job growth, providing exceptional recreational and cultural opportunities, and building a positive image for the community where people can live, work, shop, and enjoy entertainment in one central location. The City will continue to work in cooperation with the CRA for development of the Margate City Center, and redevelopment of the surrounding area, with a futuristic vision for growth.

In September 2014, the City's average unemployment rate was 5.4% which was lower than that of the State of Florida at 6.1%. The positive economic climate in Margate can be attributed to the foresight of the City Commission to have a well-planned City incorporating key components to ensure a positive quality of life for the residents, and an economically stimulating environment for businesses to prosper.

Tax reform legislation or Amendment 1, effective in October 2008, provided for an additional \$ 25,000 property tax exemption for homesteaded properties, portability of the Save Our Homes benefit, and a \$ 25,000 exemption on personal tangible property. Effective in November 2012, tax reform legislation or Amendment 2, provided that veterans disabled due to combat injury would receive a homestead property tax discount; Amendment 9, provided for the homestead property tax exemption for the surviving spouse of military veterans or first responders; and Amendment 11, provided for an additional homestead exemption to low-income seniors who maintain long-term residency. In 2007, the Florida State legislature enacted property tax reform which mandated a 7% reduction of fiscal year 2008 ad valorem revenue for the City, and placed restrictions on future millage increases.

For fiscal year 2014, the City experienced an additional increase in property valuations as the slow economic recovery continues. The increase was approximately 5%, or \$94 million, in property valuations. The City also decreased the ad valorem operating millage rate from \$7.50 to \$7.33.

The City continues to adjust to a weakened economy, while managing its resources effectively, to maintain the high quality of services that Margate's residents have come to expect and enjoy.

The City of Margate is an award winning community and has earned recognition for Playful City, USA; Tree City, USA; National Association of Town Watch's "National Night Out" Award Recipient, and one of ten ISO Class 1 rated Fire Departments in Florida.

Major Initiatives and transitions

- The City Commission approved a new Strategic Plan with the purpose of setting forth the directions and goals of the City over the next five years. The Strategic Plan includes a new vision statement, mission statement, and core values.
- A new logo and tagline was created for the City. The new tagline, "Together We Make It Great" supports the new vision, mission, and values.
- Through the strategic planning initiative, key implementation tasks were developed for departments related to the new goal areas in the strategic plan.

- Over the past four (4) years, the City has used reserves to help balance the budget. Budget savings were realized in areas, such as contracts, consultants, and other fees.
- In general, revenue sources continue to be affected negatively by the economic recession. The City decreased the operating millage in fiscal year 2014 by 0.17 mills.

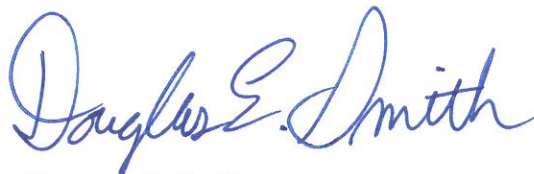
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Margate, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

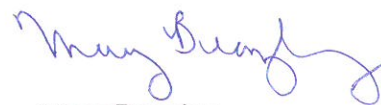
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Special recognition is given to Kelly Diaz, Assistant Director of Finance, Jacqueline Chin-Kidd, Accounting Supervisor, and Sonja Fuller, Accountant, for their tremendous efforts and support. Sincere appreciation is also extended to the City's independent auditors for their guidance and patience in producing this report. In closing, due credit should be given to the Mayor and City Commissioners for their dedicated support and policy guidance for the operations of the City of Margate.

Respectfully submitted,



Douglas E. Smith
City Manager



Mary Beazley
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Margate
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF MARGATE, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2014

ELECTED OFFICIALS

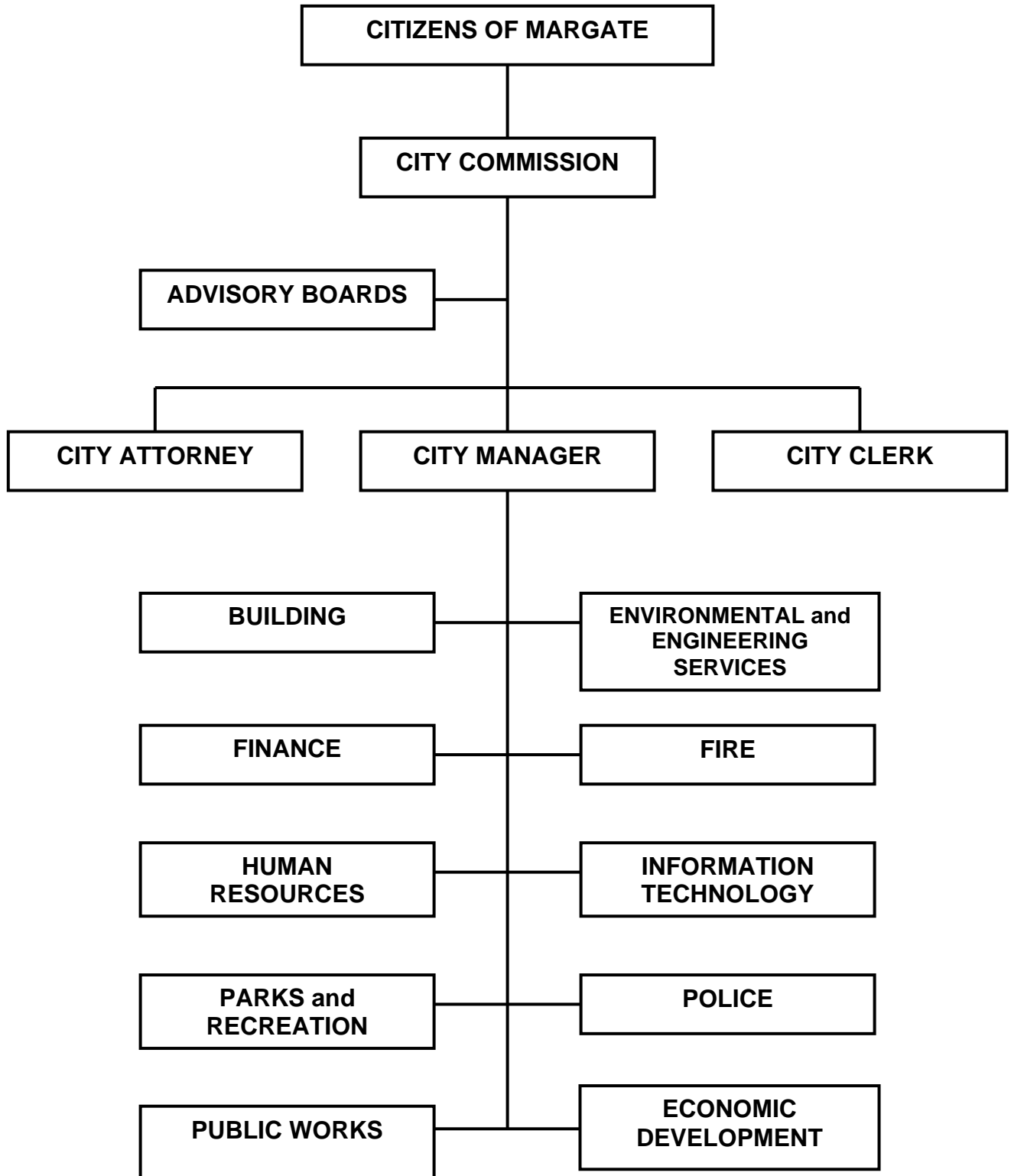
| | |
|---------------------|--------------------------|
| Mayor | Lesa Peerman |
| Vice Mayor | Joanne Simone |
| Commissioner | Joyce W. Bryan |
| Commissioner | Tommy Ruzzano |
| Commissioner | Frank B. Talerico |

APPOINTED OFFICIALS

| | |
|---|--|
| City Manager | Douglas E. Smith |
| City Attorney | Eugene M. Steinfeld |
| City Clerk | Joseph J. Kavanagh, CMC |
| Building, Director | Christopher R. Cotler |
| Economic Development, Director | Benjamin J. Ziskal, AICP, CEcD |
| Environmental and Engineering Services, Director | Reddy Chitepu, P.E. |
| Finance, Director | Mary Beazley, CPA |
| Fire Chief | Franklin H. Edwards, CFO |
| Human Resources, Director | Jacqueline M. Wehmeyer, SPHR, IPMA-CP |
| Information Technology, Director | James Wilbur |
| Parks and Recreation, Director | Michael A. Jones, CPRP |
| Police Chief | Dana E. Watson |
| Public Works, Director | Sam A. May, PWLF |

CITY OF MARGATE, FLORIDA

ORGANIZATIONAL CHART



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Financial Section

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commission and City Manager
City of Margate, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note III. I. to the financial statements, in fiscal year 2014, the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages 13 through 22 and 62 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, schedule of revenues, expenditures, and changes in fund balance – budget and actual, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance for the City, Primary Government, and for the Component Unit, Northwest Focal Point Senior Center, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, schedule of revenues, expenditures, and changes in fund balance – budget and actual, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, schedule of revenues, expenditures, and changes in fund balance – budget and actual and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

GLSC & Company, PLLC

Miami, Florida
March 4, 2015

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CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

As management of the City of Margate, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. Since the management's discussion and analysis (MD&A) is designed to focus on the current year's activities, resulting changes and current known facts, please read it in conjunction with the transmittal letter and the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of fiscal year 2014 by \$164.6 million (*net position*). Of this amount, \$38.2 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position decreased by \$2.7 million during the current fiscal year. The City's net position decreased as a result of this year's operations. The net position of business-type activities increased by \$3.1 million and the net position of governmental activities decreased by \$5.8 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54.4 million, an increase of \$3.6 million in comparison with the prior year. Approximately 53% of this total amount, or \$28.7 million, is available for spending at the City's discretion (*assigned and unassigned fund balances*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7.8 million, or 16% of total General Fund expenditures.
- The City's total debt decreased by \$3.5 million, with debt for governmental activities decreasing by \$2.6 million, and debt for business-type activities decreasing by \$885,000.

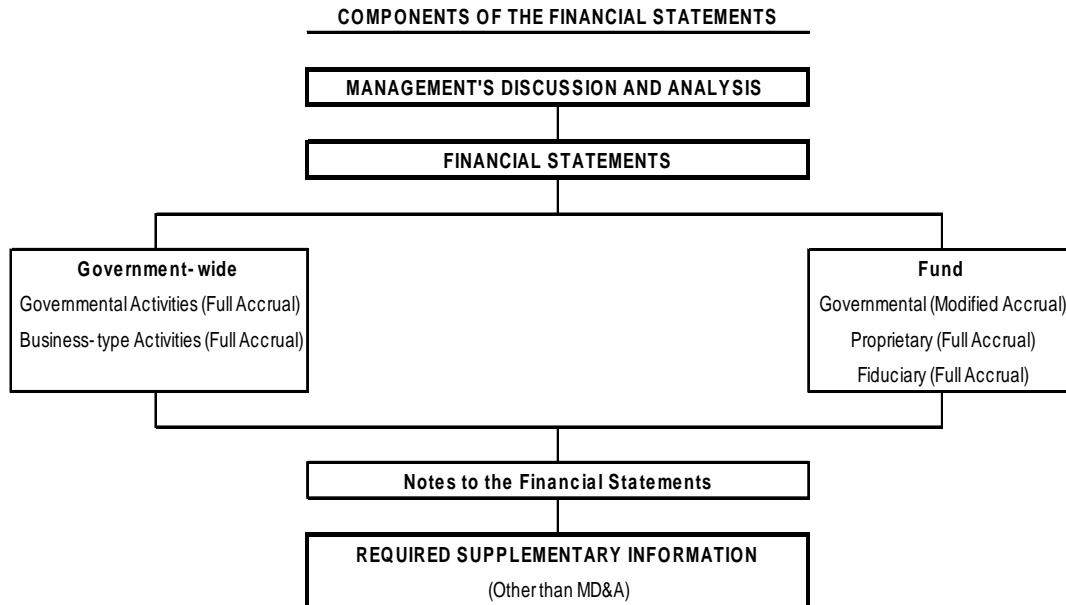
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014



Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Margate's finances, in a manner similar to a private-sector business.

The *statement of net position* shows the total assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial health. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods, i.e., uncollected taxes, and earned but unused vacation leave. The *statement of activities* provides a breakdown of revenues and expenses by functions. Those functions generally supported by taxes and intergovernmental revenues, such as police, fire-rescue, parks and recreation, and public service, are considered governmental activities. Those functions that are primarily funded through user fees and charges are identified as business-type activities. In Margate, the latter activities include Water/Wastewater and Stormwater.

The government-wide statements include not only the City of Margate itself, (known as the primary government), but also blended component units, such as the City's Community Redevelopment Agency (CRA) and the Northwest Focal Point Senior Center (Center). Both entities are legally separate, but the City is financially accountable.

The government-wide financial statements can be found on pages 23 - 24 of this report.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City categorizes funds into three basic fund types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Margate Community Redevelopment Agency (CRA) Capital Improvement Fund, and Margate Community Redevelopment Agency Loan Proceeds Fund; these are considered to be major funds. All the other governmental funds are combined for presentation purposes as nonmajor funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 25 through 28 of this report.

Proprietary Funds are comprised of two different categories. Enterprise funds are the equivalent of business-type activities in the government-wide statements. These include the Water and Wastewater Fund and the Stormwater Utility Fund. The City maintains one Internal Service Fund, the General Insurance Fund, which provides support to City departments rather than providing services to the general public.

The basic proprietary fund financial statements can be found on pages 29 through 31 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The City has one fiduciary-type fund, the Performance Bond Agency Fund, which is presented on page 32 of this report.

Notes to the Financial Statements are integral to a complete understanding of both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-61 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 66 of this report.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflow of resources exceeded liabilities by \$164.6 million at the close of the most recent fiscal year.

Net Position

(in thousand dollars)

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|----------------------------|-----------|-----------------------------|-----------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 63,673 | \$ 59,089 | \$ 43,859 | \$ 37,900 | \$ 107,532 | \$ 96,989 |
| Capital assets | 90,876 | 97,832 | 46,753 | 48,313 | 137,629 | 146,145 |
| Total assets | 154,549 | 156,921 | 90,612 | 86,213 | 245,161 | 243,134 |
| Deferred charges on refunding | 209 | 361 | 226 | 333 | 435 | 694 |
| Total deferred outflow of resources | 209 | 361 | 226 | 333 | 435 | 694 |
| Long-term liabilities | 62,607 | 60,397 | 9,753 | 9,985 | 72,360 | 70,382 |
| Other liabilities | 4,260 | 3,795 | 4,352 | 2,881 | 8,612 | 6,676 |
| Total liabilities | 66,867 | 64,192 | 14,105 | 12,866 | 80,972 | 77,058 |
| Net position: | | | | | | |
| Net investment in capital assets | 59,680 | 57,514 | 40,904 | 41,685 | 100,584 | 99,199 |
| Restricted | 25,349 | 24,103 | 500 | 500 | 25,849 | 24,603 |
| Unrestricted | 2,862 | 11,472 | 35,329 | 31,494 | 38,191 | 42,966 |
| Total net position | \$ 87,891 | \$ 93,089 | \$ 76,733 | \$ 73,679 | \$ 164,624 | \$ 166,768 |

Note: Totals may not add due to rounding.

By far the largest portion of the City's net position (61%) reflects its investment in capital assets (for example, land, land improvements, buildings, infrastructure, equipment and construction in progress), less any related debt used to acquire those assets that are 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 its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets increased by \$1.4 million during the year. Such increase is primarily due to capital acquisitions, net of depreciation.

An additional portion of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$38.2 million (23%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with its financial policies and strategies.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position decreased \$2.7 million, from the prior fiscal year; and the \$4.8 million decrease in the unrestricted portion of the City's net position is a direct result of operations for the year.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

Changes in Net Position

The following schedule is a summary of the City's operations for fiscal year 2014 with comparative information for fiscal year 2013.

| Changes in Net Position | | | | | | |
|--|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
| (in thousand dollars) | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 20,458 | \$ 20,281 | \$ 23,981 | \$ 23,943 | \$ 44,439 | \$ 44,224 |
| Operating grants and contributions | 2,158 | 3,095 | - | - | 2,158 | 3,095 |
| Capital grants and contributions | - | - | 319 | 1,318 | 319 | 1,318 |
| General revenues: | | | | | | |
| Ad valorem taxes | 15,212 | 14,921 | - | - | 15,212 | 14,921 |
| Tax incremental revenues | 4,326 | 3,604 | - | - | 4,326 | 3,604 |
| Other taxes | 16,905 | 16,173 | - | - | 16,905 | 16,173 |
| Intergovernmental | 174 | 135 | - | - | 174 | 135 |
| Investment earnings | 153 | (116) | 259 | 285 | 412 | 169 |
| Other | 1,894 | 2,077 | 30 | 64 | 1,924 | 2,141 |
| Total revenues | <u>61,280</u> | <u>60,170</u> | <u>24,589</u> | <u>25,610</u> | <u>85,869</u> | <u>85,780</u> |
| Expenses: | | | | | | |
| Program Expenses: | | | | | | |
| General government | \$ 11,011 | \$ 9,242 | \$ - | \$ - | \$ 11,011 | \$ 9,242 |
| Public safety | 37,594 | 35,380 | - | - | 37,594 | 35,380 |
| Economic and physical environment | 2,624 | 3,551 | - | - | 2,624 | 3,551 |
| Culture and recreation | 4,981 | 4,160 | - | - | 4,981 | 4,160 |
| Public works | 10,982 | 7,312 | - | - | 10,982 | 7,312 |
| Debt service | 1,651 | 1,731 | - | - | 1,651 | 1,731 |
| Water and wastewater utilities | - | - | 18,694 | 18,673 | 18,694 | 18,673 |
| Stormwater Utility | - | - | 1,036 | 1,083 | 1,036 | 1,083 |
| Total expenses | <u>68,843</u> | <u>61,376</u> | <u>19,730</u> | <u>19,756</u> | <u>88,573</u> | <u>81,132</u> |
| Increase (decrease) in net position before transfers | (7,563) | (1,206) | 4,859 | 5,854 | (2,704) | 4,648 |
| Transfers | <u>1,746</u> | <u>1,747</u> | <u>(1,746)</u> | <u>(1,747)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net position | (5,817) | 541 | 3,113 | 4,107 | (2,704) | 4,648 |
| Net position-beginning - restated | <u>93,708</u> | <u>92,548</u> | <u>73,619</u> | <u>69,572</u> | <u>167,327</u> | <u>162,120</u> |
| Net position-ending | <u>\$ 87,891</u> | <u>\$ 93,089</u> | <u>\$ 76,732</u> | <u>\$ 73,679</u> | <u>\$ 164,623</u> | <u>\$ 166,768</u> |

Note: Totals may not add due to rounding.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

Revenues

For fiscal year ended September 30, 2014, revenues from governmental activities totaled \$61.3 million. This was an increase of \$1.1 million, or 2%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

Governmental activities tax incremental revenues increased by \$722,000, or 20%. This is the tax revenue that the CRA collects from the City, Broward County and the North Broward Hospital District. Those taxes are based on the incremental increase of the real property value and are dedicated to the redevelopment of the area and cannot be used for general governmental purpose.

Other taxes of the governmental activities, which include gas taxes, utility services taxes, franchise taxes and other taxes increased by \$732,000, or 5%. These taxes are tied to usage by the public so the increase is linked to the slow continuing recovery of the economy.

Other changes in governmental activities resulted from the following:

- Charges for services experienced a slight increase of \$177,000 which was less than 1% over fiscal year 2013.
- Property values increased 5% in fiscal year 2014, however the City decreased the operating millage by 0.17 mills. The net increase in ad valorem taxes was only \$291,000, or 2%.
- Intergovernmental revenues increased by 29%; however, that only resulted in an additional \$39,000 for the City.
- Operating grants and contributions decreased by \$937,000, a 30% decrease from the previous year. This was largely due to a decrease in the amount of revenue received in the Confiscated Properties Fund from the Federal Asset Sharing Program.

For fiscal year ended September 30, 2014, revenues from business-type activities totaled \$24.6 million. This was a decrease of \$1.0 million, or 4%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

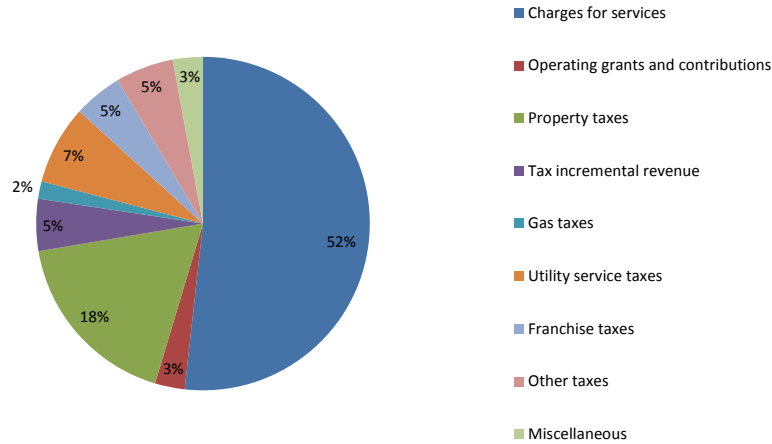
- Business-type charges for services increased slightly by \$38,000 to approximately \$24 million. This increase is less than .2% which shows that water usage was consistent with the prior year.
- Capital grants and contributions decreased by approximately \$1 million in fiscal year 2014. In fiscal year 2013, the City received a large grant from the United States Department of Agriculture for the Emergency Watershed Protection Program for a project completed in 2013.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

Sources of Revenue: Government-wide for FY 2014

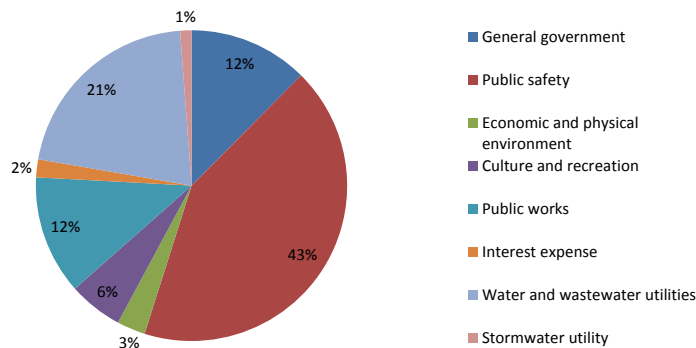


Expenses

For fiscal year ended September 30, 2014, expenses for governmental activities totaled \$68.8 million, which was an increase of approximately \$7.5 million from prior year expenses. This increase was primarily due to increases in claims and judgments payable in the internal service fund totaling \$2.6 million, as well as increased expenses for general government, public safety, culture and recreation, and public works. These other increased expenses were a result of salary increases, health care costs, capital purchases, and other operating expenses.

For the fiscal year ended September 30, 2014, expenses for business-type activities totaled \$19.7 million or a decrease of \$26,000 from prior year expenses. This decrease was mainly due to lower expenses in the Stormwater Utility fund from other cost of sales, maintenance, and services. Expenses in the Water and Wastewater Utilities fund increased slightly by approximately 2% due to salary increases, health care costs, capital purchases, and other operating expenses.

Functional Expenses: Government-wide for FY 2014



CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to help ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's Governmental Funds is to provide information on near-term inflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Overall, governmental funds ended the year with \$54.4 million in fund balance, including \$7.8 million in unassigned fund balance.

The *General Fund* is the main operating fund of the City. At the end of the current fiscal year, fund balance totaled \$28.3 million of which \$16,000 is nonspendable, \$1.5 million is restricted, \$19.1 million is assigned for future obligations, and \$7.8 million is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance (\$7.8 million) represents 16% of total General Fund expenditures, while total fund balance represents 58% of that same amount.

The fund balance of the City's General Fund increased by \$2.6 million (10%). The main reasons for the increase are as follows:

- Final budget to actual totals for fiscal year 2014 revenues, in total, were \$1.6 million less than expected. In addition, total expenditures were \$2.7 million less than expected. This results in a net increase to fund balance of \$1.1 million. In addition, due to the decrease in expenditures, the City did not need to use the \$1.5 million from fund balance that was budgeted to balance the fiscal year 2014 budget. The total effect is an increase to fund balance of \$2.6 million.
- The following revenues were greater than expected including franchise fees (\$175,000), charges for services (\$370,000), intergovernmental revenues (\$336,000), and licenses and permits (\$471,000). This increase resulted mainly from new development in the City and increased revenues from an interlocal agreement. In addition, expenditures decreased due to numerous transitions of personnel (retirements of veteran employees, hiring of new staff members, and vacant positions during the hiring process); and \$613,000 of unspent budgeted contingency dollars.

The *Margate Community Redevelopment Agency (CRA)* reported a total fund balance of \$16.1 million consisting of \$549,000 in the Special Revenue Fund, \$956,000 in the Escrow Fund, \$7.6 million in the Capital Improvement Fund, \$7.0 million in the Loan Proceeds fund. Most of these monies are restricted for future redevelopment projects. The net increase in fund balance of \$1.4 million was mainly due to an increase in the tax incremental revenues of \$722,000 and because certain budgeted capital projects were delayed. Due to various circumstances, past solicitations have been unsuccessful in identifying a development partner to carry out the City and CRA goals of creating an active and walkable entertainment, recreation, and commercial district. The CRA has gone to great strides to more clearly define the process and scope along with the goals and expectations for development of the City Center project.

Proprietary Funds. The City's proprietary funds are presented in more detail in the fund statements but represent the same activities reflected in the business-type activities. Proprietary funds also include internal service funds.

The unrestricted net position of the *Water and Wastewater Fund* at the end of the year amounted to \$34.5 million and \$796,000 in the *Stormwater Utility Fund*. The Water and Wastewater fund experienced a \$2.9 million increase in net position, while the Stormwater Utility Fund reported a \$212,000 increase in net position. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

At the end of fiscal year 2014 the City's self-insurance fund, the *General Insurance Fund*, had assets of \$5.5 million and liabilities of approximately \$2.7 million of which approximately \$2.6 million represented estimated claims payable. Ending fund balance was \$2.8 million. This is a decrease of \$2.4 million from the prior year mainly due to an increase in estimated claims payable.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year 2014, the City made various budget amendments approved by the City Commission. As required by the City Code of Ordinances, most contracts and purchases in excess of \$25,000 were approved by the City Commission. Exceptions to this policy are detailed in the Code of Ordinances.

The General Fund budget was amended during the year by a total of \$330,530 based on the following adjustments:

An increase of \$16,946 for additional Federal funding received for the victim advocate (VOCA) and Byrne Memorial Jag grants. An increase of \$313,584 was also completed for 2013 outstanding encumbrances for purchase orders issued prior to the end of the fiscal year. These adjustments are automatic based on authorization included in the budget ordinance.

Budget amendments were also completed in the General Fund between departments to cover accrued leave payouts, wage increases, overtime, and related fringe benefits. This budget amendment had no impact on the total General Fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$137.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water/wastewater system improvements, machinery and equipment, park facilities and roads.

Capital Assets (net of accumulated depreciation)

(in thousand dollars)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|-----------|-----------------------------|-----------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 28,263 | \$ 28,263 | \$ - | \$ - | \$ 28,263 | \$ 28,263 |
| Intangibles | 1,150 | 4,568 | - | - | 1,150 | 4,568 |
| Construction in progress | 38 | 85 | 2,959 | 1,430 | 2,997 | 1,515 |
| Buildings | 10,224 | 10,535 | 5,963 | 7,207 | 16,187 | 17,742 |
| Improvements other than buildings | 2,631 | 2,502 | - | - | 2,631 | 2,502 |
| Infrastructure | 44,678 | 47,479 | 36,437 | 38,193 | 81,115 | 85,672 |
| Machinery and equipment | 3,892 | 4,400 | 1,394 | 1,483 | 5,286 | 5,883 |
| Total | \$ 90,876 | \$ 97,832 | \$ 46,753 | \$ 48,313 | \$ 137,629 | \$ 146,145 |

In the governmental funds, major additions included vehicles, tactical equipment, radios, bucket truck, playground equipment, and computer server. In the business-type funds, major additions included computers, excavator, phone system, pick-up trucks, pump and loader backhoe.

Additional information on the City's capital assets can be found in Note II D on pages 46 through 48 of this report.

CITY OF MARGATE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

Debt Administration. At the end of the fiscal year, the City had \$25.2 million in general obligation bonds, \$12.7 million in community redevelopment bonds and \$6.1 million in revenue bonds outstanding, and \$625,000 outstanding in capital leases for a total outstanding debt of \$44.5 million.

Outstanding Debt

(in thousand dollars)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General obligation bonds | \$ 25,167 | \$ 26,180 | \$ - | \$ - | \$ 25,167 | \$ 26,180 |
| Community redevelopment bond | 12,662 | 3,210 | - | - | 12,662 | 3,210 |
| Community redevelopment revolving line of credit bond | - | 10,923 | - | - | - | 10,923 |
| Water and sewer revenue bonds | - | - | 6,075 | 6,960 | 6,075 | 6,960 |
| Capital leases | 625 | 742 | - | - | 625 | 742 |
| Total | <u>\$ 38,454</u> | <u>\$ 41,055</u> | <u>\$ 6,075</u> | <u>\$ 6,960</u> | <u>\$ 44,529</u> | <u>\$ 48,015</u> |

The General Obligation Bonds, Series 2007 and the Water and Sewer Revenue Refunding Bonds, Series 2007 have an insurance rating of A2 from Moody's Investor Services. Other bonds have not been rated. More detailed information about the City's long-term liabilities is presented in Note II E on pages 48 through 53 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors affected the development of the Fiscal Year 2014/2015 budget. The downturn in the economy and the housing market had a significant effect on the revenues of the City's General Fund.

According to the Broward County Property Appraiser's Office, the City of Margate has experienced a 4.9% increase in gross taxable value for fiscal year 2014, equal to \$98.6 million, based on the final tax roll values. Simultaneously, the City Commission voted to decrease the operating millage from 7.50 to 7.33 mills. The result was an increase in property tax revenue of approximately \$291,000.

Although the economy is slowly recovering, property tax revenue in 2014 was still \$3 million less than the amount collected in 2008. The downturn of the housing market in combination with the passing of Amendment 1 in 2008 has continued to affect the revenues of the City's General Fund.

The City is continuing to monitor Florida Legislature initiatives and their impact on the City's ability to function at its current level, such as changes to communications and sales taxes.

Water and wastewater rates did not increase in fiscal year 2014. There is no planned increase for rates until additional independent studies are completed.

Stormwater rates did not increase in fiscal year 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Margate's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Margate, 5790 Margate Boulevard, Margate, Florida 33063.

Basic Financial Statements

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CITY OF MARGATE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

| | Primary Government | | |
|---------------------------------------|--------------------|-------------------|----------------|
| | Governmental | Business- | |
| <u>ASSETS</u> | <u>Activities</u> | <u>Type</u> | <u>Total</u> |
| | | <u>Activities</u> | |
| Cash and cash equivalents | \$ 44,964,940 | \$ 35,032,062 | \$ 79,997,002 |
| Investments | 7,862,231 | 11,157,680 | 19,019,911 |
| Accounts receivable - net | 3,127,270 | 3,411,956 | 6,539,226 |
| Internal balances | 7,649,578 | (7,649,578) | - |
| Inventory | - | 459,274 | 459,274 |
| Prepayments | 68,408 | - | 68,408 |
| Restricted assets | | | |
| Cash and cash equivalents | - | 1,448,059 | 1,448,059 |
| Capital assets: | | | |
| Land | 28,262,637 | - | 28,262,637 |
| Infrastructure | 88,963,441 | 89,522,609 | 178,486,050 |
| Buildings | 15,564,900 | 24,572,822 | 40,137,722 |
| Machinery and equipment | 21,070,753 | 6,958,545 | 28,029,298 |
| Improvements other than building | 7,451,047 | - | 7,451,047 |
| Intangibles | 1,150,097 | - | 1,150,097 |
| Construction in progress | 38,152 | 2,959,384 | 2,997,536 |
| Total capital assets | 162,501,027 | 124,013,360 | 286,514,387 |
| Less accumulated depreciation | (71,624,900) | (77,260,808) | (148,885,708) |
| Total capital assets, net | 90,876,127 | 46,752,552 | 137,628,679 |
| Total assets | 154,548,554 | 90,612,005 | 245,160,559 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred charges on refunding | 209,766 | 225,854 | 435,620 |
| Total deferred outflows of resources | 209,766 | 225,854 | 435,620 |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued expenses | 2,964,110 | 2,898,914 | 5,863,024 |
| Customer deposits | 52,931 | 1,453,024 | 1,505,955 |
| Due to external parties | 316,783 | - | 316,783 |
| Unearned revenues | 422,865 | - | 422,865 |
| Other liabilities | 106,828 | - | 106,828 |
| Accrued interest payable | 397,090 | - | 397,090 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,591,796 | 960,831 | 4,552,627 |
| Due in more than one year | 59,014,832 | 8,792,443 | 67,807,275 |
| Total liabilities | 66,867,235 | 14,105,212 | 80,972,447 |
| <u>NET POSITION</u> | | | |
| Net investments in capital assets | 59,679,684 | 40,903,406 | 100,583,090 |
| Restricted for: | | | |
| Renewal and replacement | - | 500,000 | 500,000 |
| Debt service | 1,001,488 | - | 1,001,488 |
| Culture and recreation | 2,067,919 | - | 2,067,919 |
| Physical and economic redevelopment | 238,961 | - | 238,961 |
| Public Safety | 2,453,020 | - | 2,453,020 |
| Highway and streets | 4,981,803 | - | 4,981,803 |
| Community redevelopment | 14,606,375 | - | 14,606,375 |
| Unrestricted | 2,861,835 | 35,329,241 | 38,191,076 |
| Total net position | \$ 87,891,085 | \$ 76,732,647 | \$ 164,623,732 |

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| Functions/programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|-------------------------|---|---------------------------------------|--|---------------------------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contribution | Capital Grants and Contribution | Primary Government | | |
| | | | | | Governmental Activities | Business- Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 11,010,723 | \$ 886,109 | \$ 118,321 | \$ - | \$ (10,006,293) | \$ - | \$ (10,006,293) |
| Public safety | 37,593,750 | 18,469,940 | 143,186 | - | (18,980,624) | - | (18,980,624) |
| Economic and physical environment | 2,623,786 | 568,145 | 1,129,205 | - | (926,436) | - | (926,436) |
| Culture and recreation | 4,981,341 | 511,007 | 767,625 | - | (3,702,709) | - | (3,702,709) |
| Public works | 10,981,715 | 23,209 | - | - | (10,958,506) | - | (10,958,506) |
| Interest expense | 1,651,830 | - | - | - | (1,651,830) | - | (1,651,830) |
| Total governmental activities | 68,843,145 | 20,458,410 | 2,158,337 | - | (46,226,398) | - | (46,226,398) |
| Business-type activities: | | | | | | | |
| Water and wastewater | 18,693,949 | 22,732,250 | - | 318,930 | - | 4,357,231 | 4,357,231 |
| Stormwater utility | 1,035,953 | 1,248,354 | - | - | - | 212,401 | 212,401 |
| Total business activities | 19,729,902 | 23,980,604 | - | 318,930 | - | 4,569,632 | 4,569,632 |
| Total primary government | \$ 88,573,047 | \$ 44,439,014 | \$ 2,158,337 | \$ 318,930 | (46,226,398) | 4,569,632 | (41,656,766) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 15,211,654 | - | 15,211,654 |
| Franchise taxes | | | | | 4,062,878 | - | 4,062,878 |
| Utility service taxes | | | | | 6,573,918 | - | 6,573,918 |
| Sales taxes | | | | | 4,817,410 | - | 4,817,410 |
| Gas taxes | | | | | 1,450,728 | - | 1,450,728 |
| Tax incremental revenue | | | | | 4,326,277 | - | 4,326,277 |
| Intergovernmental not restricted to specific program | | | | | 174,228 | - | 174,228 |
| Investment income | | | | | 152,571 | 259,292 | 411,863 |
| Miscellaneous | | | | | 1,893,816 | - | 1,893,816 |
| Gain on disposal of capital assets | | | | | - | 29,944 | 29,944 |
| Transfers | | | | | 1,746,163 | (1,746,163) | - |
| Total general revenues and transfers | | | | | 40,409,643 | (1,456,927) | 38,952,716 |
| Change in net position | | | | | (5,816,755) | 3,112,705 | (2,704,050) |
| Net position, October 1, restated | | | | | 93,707,840 | 73,619,942 | 167,327,782 |
| Net position, September 30 | | | | | \$ 87,891,085 | \$ 76,732,647 | \$ 164,623,732 |

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2014

| | Major Governmental Funds | | | | |
|---|--------------------------|---|---|--------------------------------|-----------------------------|
| | General Fund | Margate Community Redevelopment Agency Capital Improvement Fund | Margate Community Redevelopment Agency Loan Proceeds Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 16,018,578 | \$ 7,558,741 | \$ 7,047,634 | \$ 11,346,152 | \$ 41,971,105 |
| Investments | 6,819,758 | - | - | 1,042,473 | 7,862,231 |
| Accounts receivable - net | 2,452,099 | - | - | 285,960 | 2,738,059 |
| Prepayments and other assets | 16,447 | - | - | 51,961 | 68,408 |
| Due from other funds | 6,916,918 | - | - | 2,200,290 | 9,117,208 |
| Due from other non-profit entity | 389,211 | - | - | - | 389,211 |
| Total assets | <u>\$ 32,613,011</u> | <u>\$ 7,558,741</u> | <u>\$ 7,047,634</u> | <u>\$ 14,926,836</u> | <u>\$ 62,146,222</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 729,930 | \$ - | \$ - | \$ 525,781 | \$ 1,255,711 |
| Accrued liabilities | 1,589,896 | - | - | 20,664 | 1,610,560 |
| Customer deposits | - | - | - | 52,931 | 52,931 |
| Due to other funds | 1,192,588 | - | - | 2,795,042 | 3,987,630 |
| Due to external parties | 316,783 | - | - | - | 316,783 |
| Unearned revenue | 334,790 | - | - | 88,075 | 422,865 |
| Other liabilities | 106,828 | - | - | - | 106,828 |
| Total liabilities | <u>4,270,815</u> | <u>-</u> | <u>-</u> | <u>3,482,493</u> | <u>7,753,308</u> |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable: | | | | | |
| Prepayments and other assets | 16,447 | - | - | 51,961 | 68,408 |
| Restricted for: | | | | | |
| Public safety | - | - | - | 1,252,255 | 1,252,255 |
| Transportation | - | - | - | 4,981,803 | 4,981,803 |
| Culture and recreation | - | - | - | 2,067,919 | 2,067,919 |
| Debt service | - | - | - | 1,001,488 | 1,001,488 |
| Economic development | - | - | - | 99,980 | 99,980 |
| Police impact fees | 530,352 | - | - | - | 530,352 |
| Fire impact fees | 46,835 | - | - | - | 46,835 |
| Tree preservation | 138,981 | - | - | - | 138,981 |
| Building department | 623,578 | - | - | - | 623,578 |
| Redevelopment projects | - | 7,558,741 | 7,047,634 | - | 14,606,375 |
| Street Lights Maintenance | 158,266 | - | - | 84,000 | 242,266 |
| Assigned for: | | | | | |
| Health insurance | 2,500,000 | - | - | - | 2,500,000 |
| Future employee payouts | 2,000,000 | - | - | - | 2,000,000 |
| Emergency preparedness | 3,000,000 | - | - | - | 3,000,000 |
| Computer equipment | 1,000,000 | - | - | - | 1,000,000 |
| OPEB | 2,000,000 | - | - | - | 2,000,000 |
| Capital projects - parks and recreation | 2,000,000 | - | - | - | 2,000,000 |
| Capital projects - other | 5,000,000 | - | - | 1,929,942 | 6,929,942 |
| Vehicle replacement | 1,500,000 | - | - | - | 1,500,000 |
| Others | 76,067 | - | - | - | 76,067 |
| Unassigned | 7,751,670 | - | - | (25,005) | 7,726,665 |
| Total fund balances | <u>28,342,196</u> | <u>7,558,741</u> | <u>7,047,634</u> | <u>11,444,343</u> | <u>54,392,914</u> |
| Total liabilities and fund balances | <u>\$ 32,613,011</u> | <u>\$ 7,558,741</u> | <u>\$ 7,047,634</u> | <u>\$ 14,926,836</u> | <u>\$ 62,146,222</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund balances - total government funds (Page 25) \$ 54,392,914

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

| | | |
|--------------------------------|---------------------|------------|
| Governmental capital assets | 162,501,027 | |
| Less: accumulated depreciation | <u>(71,624,900)</u> | 90,876,127 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

| | | |
|----------------------------|--------------------|--------------|
| Governmental bonds payable | (37,828,397) | |
| Capital leases | (625,446) | |
| Compensated absences | <u>(8,313,752)</u> | (46,767,595) |

| | |
|---|---------|
| Deferred charge on refunding not reported in governmental funds, to be amortized as interest expense over the life of the loan. | 209,766 |
|---|---------|

| | |
|--|-----------|
| Bond interest payable not reported in the governmental funds | (397,090) |
|--|-----------|

| | |
|--|--------------|
| Net OPEB obligation attributable to retiree benefits financed from governmental fund types | (13,205,222) |
|--|--------------|

| | |
|--|------------------|
| Internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | <u>2,782,185</u> |
|--|------------------|

Net position of governmental activities (Page 23) \$ 87,891,085

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Major Governmental Funds | | | Nonmajor | Total |
|--|---------------------------------|-----------------------------|-----------------------------|---------------------|---------------------|
| | General | Margate Community | Margate Community | Governmental | Governmental |
| | Fund | Redevelopment Agency | Redevelopment Agency | Funds | Funds |
| | | Capital Improvement | Loan Proceeds | | |
| | | Fund | Fund | | |
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ 14,750,396 | \$ - | \$ - | \$ 461,258 | \$ 15,211,654 |
| Franchise | 4,062,878 | - | - | - | 4,062,878 |
| Utility service | 6,573,919 | - | - | - | 6,573,919 |
| Tax incremental | - | - | - | 4,326,277 | 4,326,277 |
| Licenses and permits | 1,877,792 | - | - | - | 1,877,792 |
| Intergovernmental | 5,366,393 | - | - | 3,429,236 | 8,795,629 |
| Interest income | 75,965 | - | 1,184 | 75,422 | 152,571 |
| Charges for services | 16,759,632 | - | - | 213,264 | 16,972,896 |
| Rental income | - | - | - | 568,145 | 568,145 |
| Fines and forfeitures | 942,450 | - | - | 106,998 | 1,049,448 |
| Miscellaneous | 1,190,083 | - | - | 498,935 | 1,689,018 |
| Total revenues | 51,599,508 | - | 1,184 | 9,679,535 | 61,280,227 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 9,683,148 | - | - | - | 9,683,148 |
| Public safety | 32,146,856 | - | - | 389,533 | 32,536,389 |
| Economic and physical environment | - | - | - | 2,247,114 | 2,247,114 |
| Culture and recreation | 2,994,977 | - | - | 1,157,628 | 4,152,605 |
| Redevelopment projects | - | - | - | 1,064,790 | 1,064,790 |
| Public works | 3,534,635 | - | - | 1,163,919 | 4,698,554 |
| Debt service: | | | | | |
| Principal retirement | 116,155 | - | - | 2,484,664 | 2,600,819 |
| Interest and other | 18,393 | - | - | 1,632,712 | 1,651,105 |
| Capital outlay | - | - | - | 812,791 | 812,791 |
| Total expenditures | 48,494,164 | - | - | 10,953,151 | 59,447,315 |
| Excess (deficiency) of revenues over (under) expenditures | 3,105,344 | - | 1,184 | (1,273,616) | 1,832,912 |
| Other financing sources (uses): | | | | | |
| Transfers in | 281,622 | 7,558,741 | 7,046,450 | 5,616,381 | 20,503,194 |
| Transfers out | (759,664) | - | - | (17,997,367) | (18,757,031) |
| Total other financing sources (uses) | (478,042) | 7,558,741 | 7,046,450 | (12,380,986) | 1,746,163 |
| Net change in fund balances | 2,627,302 | 7,558,741 | 7,047,634 | (13,654,602) | 3,579,075 |
| Fund balance at beginning of year, restated | 25,714,894 | - | - | 25,098,945 | 50,813,839 |
| Fund balance at end of year | \$ 28,342,196 | \$ 7,558,741 | \$ 7,047,634 | \$ 11,444,343 | \$ 54,392,914 |

The notes to the financial statements are an integral part of this statements.

CITY OF MARGATE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of activities (Page 24) are different because:

| | |
|--|--------------|
| Net change in fund balances - total government funds (Page 27) | \$ 3,579,075 |
|--|--------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

| | |
|---|-------------|
| Expenditures for capital assets | 1,096,637 |
| Less: current year provision for depreciation | (4,637,940) |

| | |
|--|-------------|
| The effect of a change in estimate in capital assets. Conversely, governmental funds do not report capital assets. | (3,418,343) |
|--|-------------|

Bond proceeds are reported as financing sources in governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayments of principal is an expenditure in the governmental funds financial statements, but reduces the liability in the statement of net position.

Principal repayments

| | | |
|-------------------------------|----------------|-----------|
| General Obligation Bonds | 1,012,622 | |
| Community Redevelopment Bonds | 1,472,042 | |
| Capital Leases | <u>116,155</u> | 2,600,819 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|---|-----------------|-----------|
| Accrued compensated absences | (553,626) | |
| Decrease in accrued interest payable on bonds | 11,893 | |
| Amortization of deferred bond issuance costs | <u>(12,618)</u> | (554,351) |

| | |
|---|-------------|
| Contributions to the retiree benefits do not use current financial resources and are not recorded in full as expenditures in the governmental funds, however these disbursements increase the net OPEB obligation in the statement of activities. | (2,065,522) |
|---|-------------|

| | |
|---|--------------------|
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities in the internal service fund is reported with governmental activities. | <u>(2,417,130)</u> |
|---|--------------------|

| | |
|---|------------------------------|
| Change in net position of governmental activities (Page 24) | <u><u>\$ (5,816,755)</u></u> |
|---|------------------------------|

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2014

| | <u>Business- type activities Enterprise Funds</u> | | | <u>Governmental Activities</u> |
|--|---|--------------------------------|---------------|---|
| | <u>Major Fund</u> | <u>Nonmajor Fund</u> | | <u>Internal Service Fund - General Insurance Fund</u> |
| <u>ASSETS</u> | <u>Water and Wastewater Fund</u> | <u>Stormwater Utility Fund</u> | <u>Total</u> | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 35,032,062 | \$ - | \$ 35,032,062 | \$ 2,993,835 |
| Investments | 11,157,680 | - | 11,157,680 | - |
| Accounts receivable, net | 3,308,373 | 103,583 | 3,411,956 | - |
| Inventories | 459,274 | - | 459,274 | - |
| Due from other funds | 49,483 | 1,248,270 | 1,297,753 | 2,520,000 |
| Total unrestricted current assets | 50,006,872 | 1,351,853 | 51,358,725 | 5,513,835 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 1,448,059 | - | 1,448,059 | - |
| Total current assets | 51,454,931 | 1,351,853 | 52,806,784 | 5,513,835 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Infrastructure | 86,694,540 | 2,828,069 | 89,522,609 | - |
| Building | 24,572,822 | - | 24,572,822 | - |
| Machinery and equipment | 5,544,705 | 1,413,840 | 6,958,545 | - |
| Construction in progress | 2,959,384 | - | 2,959,384 | - |
| Total capital assets | 119,771,451 | 4,241,909 | 124,013,360 | - |
| Less accumulated depreciation | (76,220,292) | (1,040,516) | (77,260,808) | - |
| Total capital assets, net | 43,551,159 | 3,201,393 | 46,752,552 | - |
| Total noncurrent assets | 43,551,159 | 3,201,393 | 46,752,552 | - |
| Total assets | 95,006,090 | 4,553,246 | 99,559,336 | 5,513,835 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred charges on refunding | 225,854 | - | 225,854 | - |
| Total deferred outflows of resources | 225,854 | - | 225,854 | - |
| <u>LIABILITIES</u> | | | | |
| Current liabilities : | | | | |
| Accounts payable | 2,571,245 | 32,227 | 2,603,472 | 97,839 |
| Accrued expenses | 282,828 | 12,614 | 295,442 | - |
| Customer deposits | 4,965 | - | 4,965 | - |
| Estimated insurance claims payable | - | - | - | 559,686 |
| Compensated absences payable | 40,831 | - | 40,831 | - |
| Due to other funds | 8,653,581 | 293,750 | 8,947,331 | - |
| Bonds payable | 920,000 | - | 920,000 | - |
| Payable from restricted assets: | | | | |
| Customer deposits | 1,448,059 | - | 1,448,059 | - |
| Total current liabilities | 13,921,509 | 338,591 | 14,260,100 | 657,525 |
| Noncurrent liabilities: | | | | |
| Net OPEB obligation | 2,115,361 | 87,060 | 2,202,421 | - |
| Estimated insurance claims payable | - | - | - | 2,074,125 |
| Compensated absences payable | 1,304,738 | 130,284 | 1,435,022 | - |
| Bonds payable | 5,155,000 | - | 5,155,000 | - |
| Total noncurrent liabilities | 8,575,099 | 217,344 | 8,792,443 | 2,074,125 |
| Total liabilities | 22,496,608 | 555,935 | 23,052,543 | 2,731,650 |
| <u>NET POSITION</u> | | | | |
| Net investments in capital assets | 37,702,013 | 3,201,393 | 40,903,406 | - |
| Restricted for renewal and replacement | 500,000 | - | 500,000 | - |
| Unrestricted | 34,533,323 | 795,918 | 35,329,241 | 2,782,185 |
| Total net position | \$ 72,735,336 | \$ 3,997,311 | \$ 76,732,647 | \$ 2,782,185 |

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities</u> |
|---|--|----------------------|----------------------|--------------------------------|
| | <u>Major Fund</u> | <u>Nonmajor Fund</u> | | <u>Internal</u> |
| | <u>Water and</u> | <u>Stormwater</u> | | <u>Service Fund -</u> |
| | <u>Wastewater</u> | <u>Utility</u> | | <u>General</u> |
| | <u>Utilities</u> | <u>Fund</u> | <u>Total</u> | <u>Insurance Fund</u> |
| Operating revenues: | | | | |
| Charges for services | | | | |
| Residential | \$ 10,210,778 | \$ 522,314 | \$ 10,733,092 | \$ - |
| Commercial and multiple | 11,548,099 | 726,040 | 12,274,139 | - |
| Costs billed to other funds | - | - | - | 1,760,000 |
| Other services | 973,373 | - | 973,373 | 30,523 |
| Total operating revenues | <u>22,732,250</u> | <u>1,248,354</u> | <u>23,980,604</u> | <u>1,790,523</u> |
| Operating and administrative expenses: | | | | |
| Costs of sales, maintenance, and services | 12,483,338 | 775,415 | 13,258,753 | 611,503 |
| Depreciation and amortization | 3,614,189 | 155,538 | 3,769,727 | - |
| Administrative | 2,209,000 | 105,000 | 2,314,000 | 316,529 |
| Legal services | - | - | - | 32,078 |
| Claims expense | - | - | - | 3,247,543 |
| Total operating and administrative expenses | <u>18,306,527</u> | <u>1,035,953</u> | <u>19,342,480</u> | <u>4,207,653</u> |
| Operating income (loss) | <u>4,425,723</u> | <u>212,401</u> | <u>4,638,124</u> | <u>(2,417,130)</u> |
| Nonoperating revenues (expenses): | | | | |
| Interest income | 259,292 | - | 259,292 | - |
| Gain on disposal of capital assets | 29,944 | - | 29,944 | - |
| Net realized and unrealized loss on investments | (109,022) | - | (109,022) | - |
| Interest expense | (278,400) | - | (278,400) | - |
| Total nonoperating expenses | <u>(98,186)</u> | <u>-</u> | <u>(98,186)</u> | <u>-</u> |
| Income before transfers and contributions | 4,327,537 | 212,401 | 4,539,938 | (2,417,130) |
| Contributions and transfers: | | | | |
| Capital contributions - connection charges | 318,930 | - | 318,930 | - |
| Transfers out | (1,746,163) | - | (1,746,163) | - |
| Total contributions and transfers | <u>(1,427,233)</u> | <u>-</u> | <u>(1,427,233)</u> | <u>-</u> |
| Change in net position | 2,900,304 | 212,401 | 3,112,705 | (2,417,130) |
| Total net position, October 1, restated | <u>69,835,032</u> | <u>3,784,910</u> | <u>73,619,942</u> | <u>5,199,315</u> |
| Total net position, September 30 | <u>\$ 72,735,336</u> | <u>\$ 3,997,311</u> | <u>\$ 76,732,647</u> | <u>\$ 2,782,185</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|--|--------------------------------|---------------|---|
| | Major Fund | Non-Major Fund | | Internal Service Fund - General Insurance Fund |
| | Water and Wastewater Fund | Stormwater Utility Fund | Total | |
| Cash flows from operating activities: | | | | |
| Receipts from customers, users and other | \$ 22,712,358 | \$ 1,248,269 | \$ 23,960,627 | \$ 1,790,523 |
| Payments for interfund services used | (2,209,000) | (105,000) | (2,314,000) | 682,464 |
| Payments to suppliers for goods and services | (4,789,554) | (244,107) | (5,033,661) | (3,798,924) |
| Payments to employees | (5,741,981) | (477,641) | (6,219,622) | - |
| Receipts from interfund services used | 6,104,717 | (326,548) | 5,778,169 | - |
| Net cash provided by (used in) operating activities | 16,076,540 | 94,973 | 16,171,513 | (1,325,937) |
| Cash flows from noncapital financing activities: | | | | |
| Transfer to other funds | (1,746,163) | - | (1,746,163) | - |
| Net cash (used in) noncapital financing activities | (1,746,163) | - | (1,746,163) | - |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | (2,069,923) | (94,973) | (2,164,896) | - |
| Capital contributions | 318,930 | - | 318,930 | - |
| Proceeds from sale of capital assets | 29,944 | - | 29,944 | - |
| Principal paid on capital debt | (885,000) | - | (885,000) | - |
| Interest paid on capital debt | (171,544) | - | (171,544) | - |
| Net cash (used in) capital and related financing activities | (2,777,593) | (94,973) | (2,872,566) | - |
| Cash flows from investing activities: | | | | |
| Proceeds from sales and maturities of investments | 270,789 | - | 270,789 | - |
| Purchase of investment | (491,241) | - | (491,241) | - |
| Interest received | 259,292 | - | 259,292 | - |
| Net cash provided by investing activities | 38,840 | - | 38,840 | - |
| Net increase (decrease) in cash and cash equivalents | 11,591,624 | - | 11,591,624 | (1,325,937) |
| Cash and cash equivalents at beginning of year | 24,888,497 | - | 24,888,497 | 4,319,772 |
| Cash and cash equivalents at end of year | \$ 36,480,121 | \$ - | \$ 36,480,121 | \$ 2,993,835 |
| Pooled cash and cash equivalents per statement of net assets: | | | | |
| Unrestricted | \$ 35,032,062 | \$ - | \$ 35,032,062 | \$ 2,993,835 |
| Restricted | 1,448,059 | - | 1,448,059 | - |
| Total, September 30 | \$ 36,480,121 | \$ - | \$ 36,480,121 | \$ 2,993,835 |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 4,425,723 | \$ 212,401 | \$ 4,638,124 | \$ (2,417,130) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 3,614,189 | 155,538 | 3,769,727 | - |
| Changes in assets and liabilities: | | | | |
| (Increase) in accounts receivable | (51,967) | (85) | (52,052) | - |
| (Increase) in due from other funds | (20,000) | (620,298) | (640,298) | (1,192,318) |
| (Increase) in inventories | (86,598) | - | (86,598) | - |
| Increase in accounts payable | 1,532,992 | 32,227 | 1,565,219 | 92,200 |
| (Decrease) Increase in accrued liabilities | (17,732) | (108,844) | (126,576) | 2,191,311 |
| Increase in due to other funds | 6,124,717 | 293,750 | 6,418,467 | - |
| Increase in compensated absences | 232,677 | 130,284 | 362,961 | - |
| Increase in net OPEB obligation | 290,464 | - | 290,464 | - |
| Increase in customer deposits | 32,075 | - | 32,075 | - |
| Total adjustments | 11,650,817 | (117,428) | 11,533,389 | 1,091,193 |
| Net cash provided by (used in) operating activities | \$ 16,076,540 | \$ 94,973 | \$ 16,171,513 | \$ (1,325,937) |
| Non-cash investing, capital and financing activities: | | | | |
| Decrease in fair value of investments | \$ (109,022) | \$ - | \$ (109,022) | \$ - |

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PERFORMANCE BOND AGENCY FUND
SEPTEMBER 30, 2014

Assets

| | |
|----------------------|------------|
| Due from other funds | \$ 316,783 |
|----------------------|------------|

| | |
|--------------|-------------------|
| Total assets | <u>\$ 316,783</u> |
|--------------|-------------------|

Liabilities

| | |
|---------------------------|------------|
| Performance bonds payable | \$ 316,783 |
|---------------------------|------------|

| | |
|-------------------|-------------------|
| Total liabilities | <u>\$ 316,783</u> |
|-------------------|-------------------|

The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Margate, (the "City"), in Broward County, was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. On June 22, 1961, the Town of Margate was incorporated as a City, and is governed by its present Charter dated March 15, 1979. It is located in the western portion of Broward County, Florida and has a population of approximately 55,000 living within an area of approximately 9 square miles. The City operates under the commission/city manager form of government. It provides the following services: general government, public safety, physical environment, transportation, economic environment, and culture and recreation. The City also operates two enterprise funds which provide water/wastewater services and stormwater services. In addition, an internal service fund is maintained for insurance.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In November 2010, the Governmental Accounting Standards Board ("GASB") issued Statement No. 61, which modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. The Statement provides that a component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances: (a) the component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit or burden relationship between the primary government and the component unit or (2) management of the primary government has operational responsibility for the component unit; (b) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively or almost exclusively, benefits the primary government even though it does not provide services directly to it; or (c) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. Based on these requirements, the City maintains two blended component units.

Blended component units. The Margate Community Redevelopment Agency (the "CRA") was established by the City of Margate, Florida (the "City") under authority granted by Florida Statute 163, Section III. The City determined that the CRA was necessary in order to establish the means by which debilitating blight can be arrested and erased and in order to proceed with a redevelopment and revitalization plan for the redevelopment area. The purpose was to deter blight and deterioration; protect and enhance property values; encourage and foster revitalization and economic growth; and to improve the quality of life for residents working or living within or adjacent to the redevelopment area. The CRA is a legally separate entity established by ordinance number 96-15 of the City of Margate Commission on October 2, 1996. It is governed by a Board of Commissioners (the "Board"), which is composed of five members appointed by the Commission of the City of Margate, Florida. The Board exercises all powers granted to the Agency pursuant to Chapter 163, Section III of the Florida Statutes. Currently, the CRA Board is made up of the Margate City Commission. Management of the City has operational responsibility of the CRA. As a tax increment district, the CRA receives operating revenues from taxing jurisdictions within Broward County. Funds are also provided by fees collected, interest income, and the unexpended fund balance from the previous year. The CRA includes the following Community Redevelopment Agency funds: Special Revenue Fund, Sinking Fund Debt Service Fund, Escrow Account Debt Service Fund, Capital Improvement Capital Projects Fund, and Loan Proceeds Capital Projects Fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Northwest Focal Point Senior Center, the ("Center"), is a special district located in Margate, providing services to the elderly residing within the City, as well as Broward County. The Center funds its operations through grants from various governmental and charitable agencies, as well as in-kind services from the City. On August 19, 2009, the City of Margate passed Ordinance 2009-11 making the Center a dependent special district and a separate governmental body from the City of Margate. The Board of Commissioners is composed of the elected officials of the City. The City provides various support services to the Center for a nominal fee and subsidizes some of the Center's program costs. In addition, the Center subleases the building where it is located from the Areawide Council on Aging of Broward County, Inc., the ("Council") for \$1 per year under a 99-year lease term. The Council rents the building from the City under the same terms and conditions. The City's elected officials are financially accountable for the Center since they have the power to approve, disapprove or modify contracts with the Center's various grantors. In April 2014, the Board, through resolution, delegated to the City of Margate City Manager the hiring and all employment related matters as to the Project Director and day-to-day oversight of the Project Director and operations of the Center. Additionally, the City advances the Center its operating funds which are repaid when reimbursement is received from grantors. The Center is reported as a nonmajor special revenue fund using the blended method.

Separate financial statements are not required or prepared for any of the blended component units. Financial information related to these units is included as a separate column in the financial statements.

The City of Margate Recreation Foundation (the "Foundation") was created in June 2010 under the laws of the State of Florida for the purpose of soliciting funds from private citizens and enterprises to finance specific City programs and/or City capital projects, as determined by the Board of Directors. The Foundation is a separate legal entity and is governed by the Board of Directors, which is composed of five voting members appointed by the Commission of the City of Margate, Florida. Currently, the members of the City Commission serve as the Foundation's Board. The Foundation is considered a component unit and has not been included in the financial statements of the City, since the financial activities of the Foundation as of, and for the year ended September 30, 2014, are not considered material to the financial statements of the City.

B. Government-wide and Fund Financial Statements

The financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. GASB is the standard-setting body for governmental accounting and financial reporting.

Effective for fiscal year end September 30, 2014, the City implemented four new GASB statements of financial accounting standards.

Statement No. 65, Items Previously Reported as Assets and Liabilities, was issued March 2012. The Statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement specifically addresses the calculation of a deferred outflow or inflow for the refunding of debt. The Statement also requires that debt issuance costs be expensed in the period in which the debt was issued. In addition, the Statement requires tax and lease revenues received prior to the period in which they related to be classified as unavailable revenue (deferred inflow). The beginning net position was restated to reflect the implementation of the Statement.

Statement No. 66, Technical Corrections – 2012, an Amendment of GASB Statements No. 10 and No. 62, was issued in March 2012. The Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2014. Statement No. 66 had no impact on the City's financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25, was issued June 2012. The Statement improves accounting and financial reporting by state and local governments for pensions. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2014. The required disclosures have been included in this report and had no impact on the City's financial statements.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, was issued in April 2013. This Statement enhances comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement will also enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees, as well as augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2014. Statement No. 70 had no impact on the City's financial statements.

Pronouncements Issued But Not Yet Adopted – The City's management has not yet determined the effect these statements will have on the City's financial statements.

Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was issued June 2012. The Statement improves accounting and financial reporting by state and local governments for pensions. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2015.

Statement No. 69, Government Combinations and Disposals of Government Operations, was issued January 2012. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2015.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, was issued in November 2013. The Statement relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions for this Statement are to be applied simultaneously with the provisions of Statement No. 68 and are effective beginning with fiscal year ending September 30, 2015.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Fiduciary funds have been excluded from this presentation since these resources are not available for general government funding purposes. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those expenses that are clearly identifiable within a specific function or segment. *Program revenues* include 1) charges to customers for goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the governmental fund financial statements to the governmental activities of the government-wide presentations.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus is used to describe types of transactions and events reported in a fund's operating statement. Basis of accounting is when revenues and expenditures/expenses are recognized in accounts and reported in the financial statements. Basis is also related to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Measurable is the amount of the transaction that can be determined and available is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgment, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, utility taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, revenues are recognized when all eligibility requirements are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The financial transactions of the City are recorded in individual funds. The operations of each fund are accounted for using a separate set of self-balancing accounts. These accounts consist of assets, liabilities, deferred outflows/inflows of resources, fund equities, revenues, and expenditures/expenses. Fund accounting is used to demonstrate legal compliance and to assist financial management by segregating transactions related to certain government functions or activities.

Generally accepted accounting principles establish minimum criteria to determine major funds. These criteria consist of a percentage of the assets, liabilities, deferred outflows/inflows of resources, revenues, and expenditures/expenses of the applicable fund category and the governmental and enterprise funds combined. Nonmajor funds are presented in the single column in the respective fund statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

The *General Fund* is the main operating fund of the City. It accounts for all financial resources of the general government except those required to be accounted for in a separate fund, due to legal or other requirements. Revenue is derived primarily from property taxes, utility taxes, franchise taxes, licenses and permits, intergovernmental, and charges for services. General operating expenditures, fixed charges, and capital outlay costs that are not paid through other funds are paid from the General Fund.

The *Margate Community Redevelopment Agency Capital Improvement Capital Projects Fund* accounts for the capital projects of the Agency and redevelopment of the designated redevelopment areas.

The *Margate Community Redevelopment Agency Loan Proceeds Capital Projects Fund* accounts for the capital projects financed by loan proceeds of the Agency for the financing and redevelopment of the designated redevelopment areas.

The City reports the following major proprietary fund:

The *Water and Wastewater Fund* accounts for the operation of the City's water and wastewater system.

Additionally, the City reports the following fund types, which are a summary of all the nonmajor governmental funds.

The *Special Revenue Funds* are used to account for resources legally restricted for the financing of particular activities or projects.

The *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The *Capital Projects Funds* are used to account for and report financial resources that are committed or assigned to expenditures for capital outlay, including acquisition or construction of major capital projects.

In addition, the City maintains the following fiduciary and nonmajor proprietary funds.

The *Agency Fund* accounts for performance bond monies deposited by certain vendors and individuals which the City holds in an agency capacity. Agency Funds are custodial in nature and do not involve the measurement of net income. Agency Funds use the accrual basis of accounting. The City's Performance Bond Fund accounts for the receipt and disbursement of cash performance bonds required in connection with regulatory activities.

The *Stormwater Utility Fund* accounts for the operation of the City's stormwater management utility which includes collection, disposal and treatment of stormwater.

The *Internal Service General Insurance Fund* accounts for the financing of the general insurance coverage provided to other departments or agencies of the City on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of payment-in-lieu of taxes and administrative expenses between the Water and Wastewater Fund and the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for those sectors.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts reported as *program revenues* in the government-wide financial statements include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All revenues that are not program revenue are general revenue, and include all taxes, as well as grants, contributions, and investment earnings that are not restricted to a particular program. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish *operating revenues and expenses* from nonoperating items. *Operating revenues and expenses* generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance. Unassigned fund balance is used last.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three (3) months or less from the date of acquisition.

State statutes require all deposits of the City, including demand deposit accounts, time deposit accounts and money market accounts be held in institutions designated by the Treasurer of the State of Florida as "qualified depositories" and accordingly, are covered by a collateral pool as required by that statute.

Investments are reported at fair value. However, money market investments, including short-term, highly liquid investments with a remaining maturity at time of purchase of one year or less, are reported at amortized cost. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in the City's investment pool. Income earned from this pool is allocated to the respective funds based on average monthly balances.

2. Receivables and payables:

During the course of operations, the City has numerous transactions between funds to provide goods or render services. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the fiscal year end are referred to as "due to/from other funds" or "advances to/from other funds". Any residual outstanding balances between the governmental activities and business-type activities at year end are reported in the government-wide financial statements as "internal balances".

All trade and other receivables are shown net of allowance for uncollectible. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectible, a general allowance is calculated based on the City's historic bad-debt experience.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

3. Inventory and prepaid items:

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased (purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in the governmental fund financial statements are classified as nonspendable fund balance. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted assets:

Assets of the City are reported as restricted due to requirements of externally imposed constraints or by legislation. Certain assets of the governmental funds have been classified as restricted because their use is restricted by a loan agreement for the City's debt service requirements. Restricted assets in the enterprise funds include funds restricted for customer deposits.

5. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, infrastructure, machinery and equipment, intangibles, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. The government defines capital assets as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of enterprise funds is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| <u>Capital Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Machinery and equipment | 4 - 15 |
| Buildings | 40 - 50 |
| Infrastructure | 20 - 40 |
| Improvements other than buildings | 6 - 20 |

Contributions of funds from federal, state, or local services for the purpose of purchasing property, plant, and equipment, as well as connection fees intended to recover the cost of connecting new customers to the system are recorded as capital contributions on the proprietary statement of revenues, expenses, and changes in net position.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

6. Deferred outflows/inflows of resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and in the statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated absences:

It is the City's policy to permit eligible employees to accumulate earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from City service if certain criteria are met. The accumulated compensated absences and associated employee-related costs are accrued when incurred in the government-wide and proprietary fund financial statements. The current portion is the amount estimated to be used in the following fiscal year. Expenditures for accumulated compensated absences have been reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences for governmental funds represent a reconciling item between the funds and government-wide presentations. In the proprietary fund financial statements, vested or accumulated vacation and sick leave, both current and non-current, is recorded as an expense and liability of the relevant proprietary fund as the benefits accrue to employees.

8. Unearned revenue:

Unearned revenue represents resources that have been received, but not yet earned.

9. Long-term Obligations:

In the government-wide financial statements, and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt.

In the fund financial statements, the face amount of debt issued is reported as other financing resources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

10. Property taxes:

The State of Florida permits the City to levy property taxes up to 10 mills of assessed property valuation for the General Fund except for special benefits and debt service obligations which may be issued with the approval of those taxpayers subject to ad valorem taxes. The operating millage rate levied by the City and budgeted for the 2013-2014 fiscal year was 7.3300 mills and the debt service millage was .2293 mills. On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held during 2007 and became effective October 1, 2008. Amendment 1 increased the current \$ 25,000 homestead exemption by an additional \$ 25,000 (by exempting the assessed value between \$ 50,000 and \$ 75,000), except for school district taxes. Amendment 1 also provided "portability", allowing property owners to transfer up to \$ 500,000 of the "Save Our Homes" benefits to their next homestead when they move. "Save Our Homes" became effective in 1995 and limits (caps) the annual increase in assessed value for homesteaded property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. In addition, Amendment 1 also provided a \$ 25,000 exemption for tangible personal property and a ten percent (10%) cap on increases in the annual assessment of non-homesteaded properties. Current tax collections for the year ended September 30, 2014 were approximately 99.3% of the total tax levy, net of discounts allowed.

Property taxes based on assessed values at January 1 are levied on November 1 of each year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes and assessments are auctioned beginning June 1 of each year.

Property tax revenue is recorded when it becomes available. Available means due and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City Commission establishes the tax levy of the City. The adoption of the final millage rate for fiscal year 2013-2014 occurred on September 18, 2013. Under Florida law, the assessment of all properties and the collection of all county, municipal, special district and school board property taxes are provided by Broward County's Property Appraiser and Tax Collector, who are elected County officials.

The property tax calendar for the revenues billed and received for the fiscal year ended September 30, 2014 is shown as follows:

- Lien date – January 1, 2013
- Levy date, tax bills mailed – November 1, 2013
- Last date for 4% discount on taxes paid – November 30, 2013
- Last date for 3% discount on taxes paid – December 31, 2013
- Last date for 2% discount on taxes paid – January 31, 2014
- Last date for 1% discount on taxes paid – February 28, 2014
- Final due date of payment of taxes – March 31, 2014
- First date for auctioning tax certificates on delinquent accounts – June 1, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

11. Net position/fund balance:

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position of the government-wide and proprietary funds are categorized as (a) net investments in capital assets, (b) restricted or (c) unrestricted. The first category represents net investments in capital assets reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended debt proceeds. The restricted category represents the balance of assets restricted by requirements of debt covenants and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the two other components.

In the fund financial statements, governmental funds report five categories of fund balances: non-spendable, restricted, committed, assigned, and unassigned. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balances are amounts constrained for specific purposes by external parties (creditors, grantors, contributors), law, or enabling legislation legally enforceable by external parties. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission (highest level of decision making authority) through an ordinance or resolution are classified as committed fund balances. The limitation imposed by the ordinance remains in place until similar action is taken (adoption of another ordinance or resolution) to remove or revise the limitation. Assigned fund balances are amounts without formal constraints, but are intended to be used for specific purposes. This intent can be expressed by the City Commission or through the Commission delegating this responsibility to City management. The authority of the City Manager to make these designations is provided for through the City's Charter. Unassigned fund balance 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. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance.

12. Use of Estimates:

The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

13. Deficit fund balances

At September 30, 2014, the City had a deficit fund balance in the CDBG Special Revenue Fund of \$25,005. In the opinion of management, future grant reimbursements will eliminate the deficit; however, if grant reimbursements do not come to fruition, the deficit would be covered by the General Fund.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits and investments are reflected in the accompanying statements of net position, balance sheet – governmental funds and statement of net position – proprietary funds, in the following accounts.

| | |
|---------------------------|-----------------------|
| Cash and cash equivalents | \$ 81,445,061 |
| Investments | <u>19,019,911</u> |
| | <u>\$ 100,464,972</u> |

Deposits

At year-end, the City's carrying amount of deposits was \$81,445,061 including petty cash fund and cash on hand totaling \$16,170 as of September 30, 2014.

Custodian Credit Risk. Custodian credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the City's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposit Act". Under this Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

Investments

The City has no formal investment policy and falls under investment guidance as provided by Section 218.415 of the Florida Statutes. The statute authorizes the City and its component units to invest in local government surplus trust fund (SBA), Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality ratings from a nationally recognized rating company, savings accounts and certificates of deposit in state-certified qualified public depositories, direct obligations of the U.S. treasury, and securities issued by federal agencies and instrumentalities.

As of September 30, 2014, the City had the following investments and maturities:

| | <u>Credit Quality Ratings</u> | <u>Fair Value</u> | <u>Maturities (in Years)</u> <u>Less than 1 Year</u> |
|--------------|-------------------------------|-------------------|---|
| Mutual Funds | No rating* | \$ 19,019,911 | \$ 19,019,911 |

*No rating is available from a nationally recognized statistical rating organization.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments (Continued)

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to decline in fair value by limiting its investment portfolio with maturities of less than one year.

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The state limits investments in commercial papers and corporate bonds to the highest rating from a nationally recognized rating agency.

Concentration of credit risk. At September 30, 2014, the City has no investment in any single issuer exceeding 5% or more of the total investments.

Custodial Credit Risk. Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All City investments are being held by a third party commercial trust bank and are fully insured and collateralized under the name of the City or its agent.

B. Receivables

Receivables as of September 30, 2014 for the City's individual funds in the aggregate, including the allowances for uncollectible receivables are as follows:

| | <u>General</u> | <u>Water and Wastewater</u> | <u>Nonmajor Governmental and other funds</u> | <u>Nonmajor Storm water Fund</u> | <u>Total</u> |
|---------------------------------------|---------------------|---------------------------------|--|--|---------------------|
| Intergovernmental | \$ 465,096 | \$ - | \$ 206,379 | \$ - | \$ 671,475 |
| Accounts | 274,464 | 3,293,403 | - | 103,583 | 3,671,450 |
| Taxes | 1,133,890 | - | 79,581 | - | 1,213,471 |
| Others | <u>3,287,306</u> | <u>24,970</u> | <u>-</u> | <u>-</u> | <u>3,312,276</u> |
| Gross Receivables | 5,160,756 | 3,318,373 | 285,960 | 103,583 | 8,868,672 |
| Less: allowance for uncollectibles | <u>(2,708,657)</u> | <u>(10,000)</u> | <u>-</u> | <u>-</u> | <u>(2,718,657)</u> |
| Net total receivables | <u>\$ 2,452,099</u> | <u>\$ 3,308,373</u> | <u>\$ 285,960</u> | <u>\$ 103,583</u> | <u>\$ 6,150,015</u> |

As of September 30, 2014, the City had a due from other non-profit entity in the amount of \$389,211 for funds advance paid by the City for Alzheimer's Family Center, a nonprofit entity located in the City.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund balances and transfers

Interfund balances at September 30, 2014, consisted of the following:

| Due from: | | | | | |
|---------------------------------------|---------------------|---------------------------|--------------------------|---------------------------------------|---------------------|
| Due to: | General Fund | Water and Wastewater Fund | Nonmajor Stormwater Fund | Nonmajor Governmental and other Funds | Total |
| General Fund | \$ - | \$ - | \$ - | \$ 1,192,588 | \$ 1,192,588 |
| Water and Wastewater Fund | 5,509,987 | - | 1,248,270 | 1,895,324 | 8,653,581 |
| Nonmajor Governmental and other Funds | 1,133,181 | 29,483 | - | 1,632,378 | 2,795,042 |
| Nonmajor Storm - water Fund | <u>273,750</u> | <u>20,000</u> | <u>-</u> | <u>-</u> | <u>293,750</u> |
| Total | <u>\$ 6,916,918</u> | <u>\$ 49,483</u> | <u>\$ 1,248,270</u> | <u>\$ 4,720,290</u> | <u>\$12,934,961</u> |

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made.

| Interfund transfers: | | Transfers In: | | | |
|-----------------------------|-------------------|---|---|-----------------------|----------------------|
| Transfers out: | General Fund | Margate Community Redevelopment Agency Capital Improvement Fund | Margate Community Redevelopment Agency Loan Proceeds Fund | Nonmajor Governmental | Total |
| General Fund | \$ - | \$ - | \$ - | \$ 759,664 | \$ 759,664 |
| Nonmajor Governmental Funds | 281,622 | 7,558,741 | 7,046,450 | 3,110,554 | 17,997,367 |
| Water and Wastewater Fund | - | - | - | 1,746,163 | 1,746,163 |
| Total | <u>\$ 281,622</u> | <u>\$ 7,558,741</u> | <u>\$ 7,046,450</u> | <u>\$ 5,616,381</u> | <u>\$ 20,503,194</u> |

- Confiscated Properties Fund transferred \$275,534 to the General Fund during the fiscal year to fund school resource officers.
- General Fund transferred \$757,664 to General Capital Projects Fund to finance various ongoing capital projects of the City.
- The Margate Community Redevelopment Agency Operating Fund transferred \$17,473,644 to the Margate Community Redevelopment Agency's Capital Improvement Fund, Loan Proceeds Fund, Sinking Fund, and Escrow Fund to separate funds designated for those purposes.
- Water and Wastewater Fund transferred \$1,746,163 to the Debt Service Fund for payments of principal and interest due during the fiscal year 2014.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital assets activity for the year ended September 30, 2014, was as follows:

| Governmental Activities: | Restated Balance, October 1, 2013 | <u>Increases/ Transfers</u> | <u>Deletions/ Transfers</u> | Balance, September 30, 2014 |
|--|--|--|--|--|
| Capital assets, not being depreciated | | | | |
| Land | \$ 28,262,637 | \$ - | \$ - | \$ 28,262,637 |
| Intangibles | 4,568,440 | - | (3,418,343) | 1,150,097 |
| Construction in progress | <u>84,581</u> | <u>12,755</u> | <u>(59,184)</u> | <u>38,152</u> |
| Total capital assets, not being depreciated | <u>32,915,658</u> | <u>12,755</u> | <u>(3,477,527)</u> | <u>29,450,886</u> |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 20,451,500 | 724,107 | (104,854) | 21,070,753 |
| Buildings | 15,564,900 | - | - | 15,564,900 |
| Infrastructure | 88,963,441 | - | - | 88,963,441 |
| Improvements other than buildings | <u>7,032,089</u> | <u>418,958</u> | <u>-</u> | <u>7,451,047</u> |
| Total capital assets, being depreciated | <u>132,011,930</u> | <u>1,143,065</u> | <u>(104,854)</u> | <u>133,050,141</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (16,047,304) | (1,236,874) | 104,854 | (17,179,324) |
| Buildings | (5,030,058) | (310,491) | - | (5,340,549) |
| Infrastructure | (41,484,462) | (2,800,977) | - | (44,285,439) |
| Improvements other than buildings | <u>(4,529,990)</u> | <u>(289,598)</u> | <u>-</u> | <u>(4,819,588)</u> |
| Total accumulated depreciation | <u>(67,091,814)</u> | <u>(4,637,940)</u> | <u>104,854</u> | <u>(71,624,900)</u> |
| Total capital assets, being depreciated, net | <u>64,920,116</u> | <u>(3,494,875)</u> | <u>-</u> | <u>61,425,241</u> |
| Governmental activities capital assets, net | <u>\$ 97,835,774</u> | <u>\$ (3,482,120)</u> | <u>\$ (3,477,527)</u> | <u>\$ 90,876,127</u> |

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

| Business-type Activities: | Balance, October 1, 2013 | Increases | Deletions | Balance, September 30, 2014 |
|--|---|-----------------------|------------------|--|
| Capital assets, not being depreciated | | | | |
| Construction in progress | \$ 1,430,047 | \$ 1,529,337 | \$ - | \$ 2,959,384 |
| Total capital assets, not being depreciated | <u>1,430,047</u> | <u>1,529,337</u> | <u>-</u> | <u>2,959,384</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 89,434,399 | 88,210 | - | 89,522,609 |
| Buildings | 24,499,069 | 73,753 | - | 24,572,822 |
| Machinery and equipment | <u>6,830,771</u> | <u>470,674</u> | <u>(342,900)</u> | <u>6,958,545</u> |
| Total capital assets, being depreciated | <u>120,764,239</u> | <u>632,637</u> | <u>(342,900)</u> | <u>121,053,976</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (51,241,087) | (1,844,957) | - | (53,086,044) |
| Buildings | (17,292,389) | (1,317,287) | - | (18,609,676) |
| Machinery and equipment | <u>(5,348,035)</u> | <u>(559,953)</u> | <u>342,900</u> | <u>(5,565,088)</u> |
| Total accumulated depreciation | <u>(73,881,511)</u> | <u>(3,722,197)</u> | <u>342,900</u> | <u>(77,260,808)</u> |
| Total capital assets, being depreciated, net | <u>46,882,728</u> | <u>(3,089,560)</u> | <u>-</u> | <u>43,793,168</u> |
| Business-type activities capital assets, net | \$ <u>48,312,775</u> | \$ <u>(1,560,223)</u> | \$ <u>-</u> | \$ <u>46,752,552</u> |

Provision for depreciation was charged to functions of the City as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| Public safety | \$ 1,132,417 |
| Public works | 2,383,725 |
| General government | 186,846 |
| Economic and physical environment | 376,673 |
| Culture and recreation | <u>558,279</u> |
| Total provision for depreciation – governmental activities | <u>\$ 4,637,940</u> |
| Business-type activities: | |
| Water and wastewater | \$ 3,566,659 |
| Stormwater | <u>155,538</u> |
| Total provision for depreciation - business-type activities: | <u>\$ 3,722,197</u> |

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments

The City has the following active construction commitments with contractors at September 30, 2014:

| <u>Projects</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|----------------------------------|----------------------|---------------------------------|
| Sanitary Force Main Installation | \$ 867,232 | \$ 537,020 |
| Sodium Hypo Chlorinate System | 281,430 | 48,300 |
| Lift Station 21 | - | 408,981 |
| Kaye Stevens Park | 140,796 | 2,300 |
| Coconut Creek Parkway Median | 22,691 | 64,384 |
| | <u>\$ 1,312,149</u> | <u>\$ 1,060,985</u> |

E. Long-term Debt

Governmental Activities

Bonds Payable

\$4,611,287 General Obligation Refunding Bond, Series 2004 – In May 2004, the City issued General Obligation Refunding Bonds, Series 2004. The bond was issued to provide resources to purchase United States Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$4,640,000 General Obligation Refunding Bonds, Series 1995. The bond will mature on July 1, 2016 with principal payments beginning July 2004. The 2004 Series bears interest at a fixed rate of 3.662% payable in January and July. The bonds will be repaid from property taxes earmarked for debt service. The bonds are subject to optional redemption prior to their maturity without a premium charge.

\$ 862,270

\$27,070,000 General Obligation Bonds, Series 2007 – In July 2007, the City issued General Obligation Bonds, Series 2007. The bond was issued to finance various projects consisting of repavement, repair and installation of streets, sidewalks and bridges within the City. The bond issue contained \$16,880,000 serial bonds and \$10,190,000 term bonds. The bond will mature on July 1, 2037 with principal payments beginning July 2007. The serial bonds bear a variable interest rate ranging from 4.000% to 4.625% while term bonds bear a fixed interest rate of 4.750%. The bonds will be payable from ad valorem taxes assessed, levied and collected without limitation as to rate or amount, on all taxable property within the corporate limits of the City. The serial bonds maturing on July 1, 2016 and thereafter are subject to redemption at the option of the City on or after July 1, 2015 in whole at any time or in part from time-to-time. The term bonds are subject to mandatory sinking fund redemption beginning in 2031.

24,305,000

\$ 25,167,270

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

The annual debt service requirements until maturity for the General Obligation Bonds outstanding at September 30, 2014, are as follows:

| Year Ending September 30 | <u>Series 2004</u> | | <u>Series 2007</u> | | <u>Total</u> |
|-----------------------------|--------------------|------------------|----------------------|----------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2015 | \$ 423,531 | \$ 31,573 | \$ 625,000 | \$ 1,121,163 | \$ 2,201,267 |
| 2016 | 438,739 | 16,065 | 655,000 | 1,091,475 | 2,201,279 |
| 2017 | - | - | 680,000 | 1,064,456 | 1,744,456 |
| 2018 | - | - | 710,000 | 1,036,406 | 1,746,406 |
| 2019 | - | - | 740,000 | 1,006,231 | 1,746,231 |
| 2020-2024 | - | - | 4,220,000 | 4,506,356 | 8,726,356 |
| 2025-2029 | - | - | 5,280,000 | 3,453,350 | 8,733,350 |
| 2030-2034 | - | - | 6,620,000 | 2,105,119 | 8,725,119 |
| 2035-2037 | - | - | 4,775,000 | 460,513 | 5,235,513 |
| | <u>\$ 862,270</u> | <u>\$ 47,638</u> | <u>\$ 24,305,000</u> | <u>\$ 15,845,069</u> | <u>\$ 41,059,977</u> |

Redevelopment Bond Loan and Line of Credit Bond

\$12,010,560 Redevelopment Refunding Revenue Bond, Series 2012A (Taxable)

– In December 2012, the Margate CRA entered into a Margate Community Redevelopment Refunding Revenue Bond, Series 2012A Loan Agreement with a local bank to refinance the outstanding balance of the Series 2006 Community Redevelopment Revolving Line of Credit Agreement and reduce the interest rate on such debt. The Series 2012A is secured by a loan agreement which bears an interest rate of 3.470%, subject to adjustments based on occurrence of a determination of taxability event and by margin rate factor as calculated by lender. The Series 2012A is payable in January and July of each year through 2022 with the first principal payment due January 2013. The loan is secured by the Margate CRA's tax increment revenues. The Series 2012A will be special obligations of the Agency and will not constitute a general debt, liability, or obligation of the Agency or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. The bonds shall not constitute a lien upon any property of the Agency except the Pledged Revenues. The bonds may be prepaid by the Agency in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

\$ 9,797,602

\$3,548,737 Redevelopment Refunding Revenue Bond, Series 2012B - In December 2012, the Margate CRA entered into a Margate Community Redevelopment Refunding Revenue Bond, Series 2012B Loan Agreement with a local bank to refinance the outstanding balance of the Series 2006 Community Redevelopment Bonds and reduce the interest rate on such debt. The Series 2012B is secured by a loan agreement which bears an interest rate of 2.270%, subject to adjustments based on occurrence of a determination of taxability event and by margin rate factor as calculated by lender. The Series 2012B is payable in January and July of each year through 2022 with the first principal payment due January 2013. The loan is secured by the Margate CRA's tax increment revenues. The Series 2012B will be special obligations of the Agency and will not constitute a general debt, liability, or obligation of the Agency or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. The bonds shall not constitute a lien upon any property of the Agency except the Pledged Revenues. The bonds may be prepaid by the Agency in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

2,863,525

\$ 12,661,127

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

The annual debt service requirements until maturity for Redevelopment Refunding Revenue Bond, Series 2012 outstanding at September 30, 2014, are as follows:

| <u>Year Ending</u> <u>September 30</u> | <u>Series 2012A</u> | | <u>Series 2012B</u> | | <u>Total</u> |
|---|---------------------|---------------------|---------------------|-------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2015 | \$ 1,164,966 | \$ 329,954 | \$ 354,381 | \$ 63,002 | \$ 1,912,303 |
| 2016 | 1,205,741 | 289,179 | 362,472 | 54,912 | 1,912,304 |
| 2017 | 1,247,943 | 246,976 | 370,746 | 46,637 | 1,912,302 |
| 2018 | 1,291,622 | 203,297 | 379,210 | 38,174 | 1,912,303 |
| 2019 | 1,336,830 | 158,089 | 387,867 | 29,517 | 1,912,303 |
| 2020-2022 | <u>3,550,500</u> | <u>186,916</u> | <u>1,008,849</u> | <u>34,610</u> | <u>4,780,875</u> |
| | <u>\$ 9,797,602</u> | <u>\$ 1,414,411</u> | <u>\$ 2,863,525</u> | <u>\$ 266,852</u> | <u>\$ 14,342,390</u> |

Business-type Activities

Revenue Bonds

\$11,925,000 Water and Sewer Refunding Revenue Bond, Series 2007 - In May, 2007, the City issued Water and Sewer Refunding Revenue Bond, Series 2007. The bond was issued to advance refund 1999 bonds and provide resources to purchase United States Treasury obligations that were placed in an irrevocable trust for the purpose of generating resources for all future debt payments of the \$11,895,000 Water and Sewer Bonds, Series 1999. The bonds will mature on October 1, 2020 with principal payments beginning October 2007. The 2007 Series bears interest at a fixed rate of 4.000% payable in April and October each fiscal year. The bonds will be repaid from pledged future water and sewer customer revenues, net of specified operating expenses. The 1999 Revenue Bonds were issued for the expansion and required upgrading of the City's water and wastewater system, including the replacement of the emergency generator system, expansion of the administration building, and the purchase of various items of heavy equipment. The 2007 Bonds are not subject to optional or mandatory redemption prior to maturity.

\$ 6,075,000

The annual debt service requirements to maturity for the outstanding Revenue Bonds are as follows:

| <u>Year Ending</u> <u>September 30</u> | <u>Series 2007</u> | | <u>Total</u> |
|---|---------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2015 | \$ 920,000 | \$ 243,000 | \$ 1,163,000 |
| 2016 | 950,000 | 206,200 | 1,156,200 |
| 2017 | 990,000 | 168,200 | 1,158,200 |
| 2018 | 1,030,000 | 128,600 | 1,158,600 |
| 2019 | 1,070,000 | 87,400 | 1,157,400 |
| 2020 | <u>1,115,000</u> | <u>44,600</u> | <u>1,159,600</u> |
| | <u>\$ 6,075,000</u> | <u>\$ 878,000</u> | <u>\$ 6,953,000</u> |

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

Debt Coverage – Water and Wastewater Revenue Bonds

The trust indentures establish a rate covenant of 1.15 to 1. The rate coverage for the year ended September 30, 2014 was 7.13 to 1. The maximum annual debt service was \$1,163,000 at September 30, 2014.

Additionally, the trust indentures require the City to maintain a sinking fund reserve account equal to maximum annual debt service, or provide the bondholders with an insurance policy guaranteeing the equivalent dollar amount. The City has purchased such insurance policies, replacing the requirement to maintain a fully-funded sinking fund reserve account.

The bond coverage computation follows:

| | |
|--|---------------------|
| Operating income | \$ 4,425,723 |
| Additions: | |
| Interest income which qualifies as operating revenue for coverage purposes | 259,292 |
| Provision for depreciation and amortization | 3,614,189 |
| Total additions | <u>3,873,481</u> |
| Subtractions: | |
| Nonqualifying revenues: | |
| Meter fees | <u>5,015</u> |
| Income available for debt service | <u>\$ 8,294,189</u> |
| Maximum annual debt service | <u>\$ 1,163,000</u> |
| Coverage | <u>7.13:1</u> |
| Coverage required by bond indentures | <u>1.15:1</u> |

Bonds Authorized, but un-issued

In February 2009, the City passed an ordinance authorizing the issuance of Water and Sewer Revenue Bonds, Series 2009 in the aggregate principal not to exceed \$12,190,000 to finance all or a portion of the cost of constructing, acquiring and equipping certain improvements to the water and sewer system of the City. The bonds are in parity with the Outstanding Series 2007 Water and Sewer Refunding Revenue Bonds. As of September 30, 2014, the City has not issued the 2009 Series of Water and Sewer Revenue Bonds.

Arbitrage

The City has performed the required arbitrage liability computation in accordance with the Internal Revenue Service (IRS) arbitrage regulations. As of September 30, 2014, there are no rebatable arbitrage liabilities for the outstanding bond issues.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

| Governmental Activities: | Balance, October 1, 2013 | Increases | Deletions | Balance, September 30, 2014 | Due within One Year |
|---|--------------------------------|---------------------|---------------------|-----------------------------------|------------------------|
| Bonds payable and capital lease | | | | | |
| General Obligation, Series 2004 | \$ 1,274,892 | \$ - | \$ 412,622 | \$ 862,270 | \$ 423,531 |
| General Obligation, Series 2007 | 24,905,000 | - | 600,000 | 24,305,000 | 625,000 |
| CRA Redevelopment Refunding Revenue Bond, Series 2012A | 10,923,172 | - | 1,125,570 | 9,797,602 | 1,164,966 |
| CRA Redevelopment Refunding Revenue Bond, Series 2012B | 3,209,997 | - | 346,472 | 2,863,525 | 354,381 |
| Capital lease | <u>741,601</u> | <u>-</u> | <u>116,155</u> | <u>625,446</u> | <u>119,037</u> |
| Total bonds payable and capital lease | <u>41,054,662</u> | <u>-</u> | <u>2,600,819</u> | <u>38,453,843</u> | <u>2,686,915</u> |
| Other long-term liabilities | | | | | |
| Compensated absences payable | 7,760,126 | 1,160,188 | 606,562 | 8,313,752 | 345,195 |
| Claims and judgments | 442,500 | 3,250,354 | 1,059,043 | 2,633,811 | 559,686 |
| Net OPEB Obligation | <u>11,139,700</u> | <u>3,021,634</u> | <u>956,112</u> | <u>13,205,222</u> | <u>-</u> |
| Total other long-term liabilities | <u>19,342,326</u> | <u>7,432,176</u> | <u>2,621,717</u> | <u>24,152,785</u> | <u>904,881</u> |
| Governmental activity Long-term liabilities | <u>\$ 60,396,988</u> | <u>\$ 7,432,176</u> | <u>\$ 5,222,536</u> | <u>\$ 62,606,628</u> | <u>\$ 3,591,796</u> |
| Business-type Activities | | | | | |
| Revenue Bond, Series 2007 | <u>\$ 6,960,000</u> | <u>\$ -</u> | <u>\$ 885,000</u> | <u>\$ 6,075,000</u> | <u>\$ 920,000</u> |
| Other long-term liabilities | | | | | |
| Compensated absences payable | 1,112,892 | 371,319 | 8,358 | 1,475,853 | 40,831 |
| Net OPEB Obligation | <u>1,911,957</u> | <u>424,917</u> | <u>134,453</u> | <u>2,202,421</u> | <u>-</u> |
| Total other long-term liabilities | <u>3,024,849</u> | <u>796,236</u> | <u>142,811</u> | <u>3,678,274</u> | <u>40,831</u> |
| Business-type activity Long-term liabilities | <u>\$ 9,984,849</u> | <u>\$ 796,236</u> | <u>\$ 1,027,811</u> | <u>\$ 9,753,274</u> | <u>\$ 960,831</u> |
| Total long-term liabilities | <u>\$ 70,381,837</u> | <u>\$ 8,228,412</u> | <u>\$ 6,250,347</u> | <u>\$ 72,359,902</u> | <u>\$ 4,552,627</u> |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. Also, for governmental activities, claims and judgments, compensated absences and net OPEB obligation are generally liquidated by the general fund. For business-type activities, compensated absences and net OPEB obligation are generally liquidated by either the appropriate fund of water and wastewater or stormwater funds.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

Pledged Revenues

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the aggregate amount of \$11.9 million in water and sewer revenue bonds issued in 2007. Proceeds from these bonds provided financing for the refunding of previously issued revenue bonds. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2020. At fiscal year ended September 30, 2014, the maximum annual debt service is at 14% of the net revenues. The total principal and interest remaining to be paid on the bonds is approximately \$6.95 million. Principal and interest paid and total customer net revenues for the current year were \$1,163,400 and \$8,294,189, respectively.

Also, the City has pledged a portion of the future tax increment revenues collected by the Margate Community Redevelopment Agency (CRA) to repay the \$15.6 million redevelopment revenue refunding bonds entered into in December 2012 to refund the 2006 Series bonds which was used to finance the acquisition of various properties for redevelopment purposes. The long-term debts are payable solely from the tax increment revenues and are payable through 2022. At September 30, 2014, the maximum annual debt service is at 44% of the tax increment revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$14.3 million. Principal and interest paid and tax increment revenues for the current year were \$1,912,303 and \$4,326,277, respectively.

F. Capital Lease

In November 2012, the City entered into a lease agreement as lessee for financing the acquisition of public safety vehicles valued in the aggregate amount of approximately \$860,000. The vehicles have six (6) years estimated useful life. In fiscal year 2014, approximately \$143,313 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

| Year ending September 30, | |
|--|-------------------|
| 2015 | \$ 134,548 |
| 2016 | 134,548 |
| 2017 | 134,548 |
| 2018 | 134,548 |
| 2019 | <u>134,548</u> |
| Total minimum lease payment | 672,740 |
| Less: amount representing interest | <u>(47,294)</u> |
| Present value of minimum lease payment | <u>\$ 625,446</u> |

III. OTHER INFORMATION

A. Florida Retirement System

Employees of the City who are employed in a full-time or part-time regularly established position participate in the statewide Florida Retirement System (FRS), a multiple-employer, cost-sharing defined benefit plan. The City previously made an irrevocable election to participate in the FRS, a state-administered retirement system. All rates, benefits and amendments are established by the State of Florida through its legislative body.

The FRS has various classes of memberships. City employees fall under four of the classes, which are as follows:

Special Risk Class – All certified law enforcement officers, certified firefighters/paramedics and certified firefighters/EMTs of the City are covered by this class.

Senior Management Service Class – The City Manager and certain senior management employees (department directors) are included in this class.

Regular Class – This class covers all City employees who do not qualify for membership in the special risk or the senior management service classes.

Elected Officers' Class – City Commissioners are covered under this class.

Creditable Service – Members receive one month of service credit for each month in which any salary is reported for work performed up to their work period during the plan year. Members may also purchase additional credit to increase their retirement benefits under the Florida Retirement System Pension Plan. Credit may be purchased for past service, prior service (including refunded service credit), certain military service (up to four years), approved leaves of absence (up to two years), out-of-state public service (including federal service), non-Florida Retirement System public service and non-public service in certain schools or colleges in Florida (up to five years total, including both in-state and out-of-state service), and in some cases credit for periods of disability retirement.

Vesting – Since July 1, 2001, the FRS has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service.

Normal retirement requirements for members initially enrolled before July 1, 2011 are as follows:

Special Risk Class – Vested with six years of special risk service and age 55; or the age after 55 that the member become vested; or 25 years of service, consisting of both special risk service and up to four years of wartime military service, and age 52; or 25 years of special risk service, regardless of age; or 30 years of any creditable service, regardless of age.

Regular Class, Elected Officer's Class and Senior Management Service Class – Vested with six years of service and age 62; or the age after 62 that the member become vested; or 30 years of service, regardless of age.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Normal retirement requirements for members initially enrolled on or after July 1, 2011 are as follows:

Special Risk Class – Vested with eight years of special risk service and age 60; or the age after 60 that the member become vested; or 30 years of special risk service, regardless of age; or 33 years of any creditable service, regardless of age.

Regular Class, Elected Officer's Class and Senior Management Service Class – Vested with eight years of service and age 65; or the age after 65 that the member become vested; or 33 years of service, regardless of age.

Benefit Calculation – Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

The following chart shows the percentage values for each year of service credit earned:

| | |
|--|-------|
| Special Risk Class | |
| Service from December 1, 1970 through September 30, 1974 | 2.00% |
| Service on or after October 1, 1974 | 3.00% |
| Senior Management Service Class | |
| | 2.00% |
| Regular Class (members initially enrolled before July 1, 2011): | |
| Retirement up to age 62 or 30 years of service | 1.60% |
| Retirement at age 63 or 31 years of service | 1.63% |
| Retirement at age 64 or 32 years of service | 1.65% |
| Retirement at age 65 or 33 years of service | 1.68% |
| Regular Class (members initially enrolled on or after July 1, 2011): | |
| Retirement up to age 65 or 33 years of service | 1.60% |
| Retirement at age 66 or 34 years of service | 1.63% |
| Retirement at age 67 or 35 years of service | 1.65% |
| Retirement at age 68 or 36 years of service | 1.68% |
| Elected Officers' Class: | |
| Judges and Justices | 3.33% |
| All others | 3.00% |

State law provides for all eligible FRS members to elect to participate in the Deferred Retirement Option Program (DROP). The DROP allows an employee to retire and defer his or her monthly retirement benefit to an interest-bearing account, for up to a maximum of sixty months, and to continue employment with the City. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of the FRS monthly retirement benefit.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

The FRS Investment Plan, an optional defined contribution program, was implemented under the FRS in 2002. This plan is available to the general membership and allows members to establish individual retirement investment accounts under the provisions of Section 401(a), Internal Revenue Code, in lieu of the FRS Pension Plan.

Contributions to the FRS are calculated as a percentage of covered payrolls. Prior to July 1, 2011, such contributions were totally at the City's expense. Effective July 1, 2011, however, members of the FRS are now required to make 3 percent pre-tax employee contributions, with the exception of those members participating in the DROP. At year-end, the City had 507 employees participating in the FRS, and 34 employees participating in the DROP.

The required contribution rates in effect at year end were:

| | Employee Contribution <u>Rate</u> | Employer Contribution <u>Rate</u> | Total Contribution <u>Rate</u> |
|---------------------------------|---|---|--------------------------------------|
| Special Risk Class | 3% | 19.82% | 22.82% |
| Senior Management Service Class | 3% | 21.14% | 24.14% |
| Regular Class | 3% | 7.37% | 10.37% |
| Elected Officer's Class | 3% | 43.24% | 46.24% |
| DROP from FRS | - | 12.28% | 12.28% |

The contribution requirements of covered payroll and actual contributions made for fiscal year 2014 and the two preceding years were as follows:

| | <u>FY 2014</u> | <u>FY 2013</u> | <u>FY 2012</u> |
|---|----------------|----------------|----------------|
| Contributions requirements: | | | |
| Employer | \$ 4,794,850 | \$ 4,034,044 | \$ 3,192,336 |
| Employee | <u>908,508</u> | <u>916,086</u> | <u>879,881</u> |
| | \$ 5,703,358 | \$ 4,950,130 | \$ 4,072,217 |
| Contributions made (100%) | \$ 5,703,358 | \$ 4,950,130 | \$ 4,072,217 |
| Total covered payroll | \$ 33,593,442 | \$ 34,378,623 | \$ 33,945,578 |
| Percent of contributions to total covered payroll | 16.98% | 14.40% | 12.00% |

The FRS issues an annual report including a statement of financial condition, historical and statistical information and an actuarial report. The FRS adopted GASB Statement No. 67, Financial Reporting for Pension Plans in its separately issued annual report. A copy can be obtained from the State of Florida, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

III. OTHER INFORMATION (CONTINUED)

B. Risk Management

The City is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illness of and injuries to employees; and natural disasters.

The City has established one self-insurance fund, the City General Insurance Program Fund, which provides funds for expenses incurred in the insurance programs of workers' compensation and automobile liability. The City purchases commercial insurance for employee health care coverage, general liability, property, boiler and machinery, public officials' liability, police professional liability, law enforcement officer and firefighter insurance, and accidental death and dismemberment.

The self-insurance fund is accounted for as an Internal Service Fund in which assets are set aside for claim settlements. All self-funded insurance program premiums are charged to the General Fund, the Stormwater and Water/Wastewater Funds, as applicable. The total charge allocated to each fund is determined by trending actual claims experience. Funding for expenses incurred from unexpected and unusual claims are accounted for through a reserve established for such purposes.

The City recorded an estimated liability for indemnity of workers' compensation claims and general insurance claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claims adjustment expense) and an estimate for claims incurred but not reported, based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation.

The following represents the changes in approximate aggregate liabilities for the City from October 1, 2012 to September 30, 2014:

| | City General Insurance Program Fund |
|--|--|
| Liability balance, October 1, 2012 | \$ 442,500 |
| Claims and changes in estimates | 521,225 |
| Claim payments | <u>(521,225)</u> |
| Liability balances, September 30, 2013 | 442,500 |
| Claims and changes in estimates | 3,247,543 |
| Claim payments | <u>(1,056,232)</u> |
| Liability balances, September 30, 2014 | <u>\$ 2,633,811</u> |
| Claims and judgments due within one year | <u>\$ 559,686</u> |
| Assets available to pay claims at September 30, 2014 | <u>\$ 2,782,185</u> |

The City has not had a significant reduction in insurance coverage. For each of the past three years, major categories of risk, and settled claims have not exceeded the City's retention and excess coverage in force.

C. Contingencies

The City is currently the defendant in a number of litigation issues and claims that arose in the normal course of operations. City management intends to defend such matters. In the opinion of management, the ultimate outcome of these claims and issues will not have a material effect on the activities or net position of the City.

III. OTHER INFORMATION (CONTINUED)

C. Contingencies (continued)

During the year, the Margate Community Redevelopment Agency (the "CRA") was audited by the Broward Office of the Inspector General (the "OIG"). The OIG audit determined that the CRA failed to comply with the requirements of the Florida Statutes for the allocation and disposition of TIF funds of approximately \$2.7 million. The management of the CRA and legal counsel responded in a letter that they believe that they are in compliance with TIF funds. As of September 30, 2014, the CRA has not received an update from the OIG with regard to the audit results during the fiscal year 2014. The financial statements do not reflect any adjustments that might result from this uncertainty.

D. Other Post-employment Benefits

The City offers to retiring employees a one-time opportunity to participate in the City's employee group health and life insurance program pursuant to Section 112.081, Florida Statutes. This required participation of retirees and their eligible dependents in the health and life insurance program of the City is at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. A retiring member who rejects this initial opportunity to continue to participate in the health and life insurance program will not be entitled to another opportunity to renew participation at any time in the future. The coverage provided under this program is supplemental and/or secondary to coverage under any and all other health insurance plans or programs that are provided to or carried by the retiring member from any other source. As of September 30, 2014, there were 73 participants receiving these post-employment benefits. The City has no formal plan and it does not issue separate financial statements for its post-employment health and life insurance benefit program.

Based on GASB issuance of Statements No. 43 and 45 which set forth the guidelines and future implementation timetable for reporting and disclosure of Other Post-Employment Benefits (OPEB), the City had an actuary calculate future funding requirements during fiscal year 2014. The actuary's estimate, using the projected unit credit cost method, included other actuarial assumptions as classified below.

Funding Policy

The City currently pays for post employment healthcare and life insurance benefits program on a pay-as-you go basis. As of September 30, 2014, the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB requirements. The contribution requirements are provided for in the collective bargaining agreements negotiated with various unions representing the employees. The monthly health insurance premium rate for retirees for fiscal year 2014 ranged from \$491 to \$608 for single coverage and from \$600 to \$650 for family coverage. Life insurance coverage for retiree and spouse is 100% retiree paid.

III. OTHER INFORMATION (CONTINUED)

D. Other Post-employment Benefits (Continued)

Annual OPEB Cost and Net OPEB obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost, the estimated amount contributed to the plan, and the changes in the City's estimated net OPEB obligation for the year ended September 30, 2014 were as follows:

| | |
|--|----------------------|
| Annual required contribution | \$ 3,521,133 |
| Interest on net OPEB obligation | 391,550 |
| Adjustment to annual required contribution | <u>(466,131)</u> |
| Annual OPEB cost | 3,446,552 |
| Estimated employer contribution | <u>(1,090,566)</u> |
| Change in net OPEB obligation | 2,355,986 |
| Estimated net OPEB obligation, beginning of year | <u>13,051,657</u> |
| Estimated net OPEB obligation, end of year | <u>\$ 15,407,643</u> |

Funded Status and Funding Progress

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net obligation for fiscal year ended September 30, 2014 and two preceding years are presented below:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Actual Contribution</u> | <u>% of Estimated OPEB Cost Contributed</u> | <u>Estimated Net OPEB Obligation</u> |
|------------------------------|-----------------------------|--------------------------------|---|--|
| 2012 | \$ 3,043,893 | \$ 707,060 | 23% | \$ 10,790,780 |
| 2013 | 3,286,761 | 1,025,885 | 31% | 13,051,657 |
| 2014 | 3,446,552 | 1,090,566 | 32% | 15,407,643 |

Methods and Assumptions

Funded status and funding progress:

For the actuarial valuation date of October 1, 2012, the actuarial accrued liability for benefits was \$37,158,655, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability of \$37,158,655. The funded ratio, which is the actuarial value of assets divided by the actuarial accrued liability, is 0%. The covered payroll (annual payroll for active participating employees) was \$ 28,131,491 for that period, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 132.09%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

III. OTHER INFORMATION (CONTINUED)

D. Other Post-employment Benefits (Continued)

Actuarial Methods and Assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funding status of benefits and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Following are the actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the current year:

| | |
|--------------------------------|--|
| Measurement date: | October 1, 2012 |
| Actuarial cost method: | Entry age |
| Amortization method: | Level percent, closed |
| Remaining amortization period: | 28 years |
| Asset valuation method: | Unfunded |
| Investment rate of return: | 3.0% |
| Projected salary increases: | 4.5% - 8.73% |
| Payroll growth rate: | 3% |
| Inflation rate: | 2.25% |
| Healthcare cost trend rate: | 1% first year; 3.3% second year; 7.5% third year; 4.62% ultimate per capita cost trend; 10/12 years until ultimate trend; trend rates expected to reach 4.25% in 2022 and increase to ultimate level of 4.62% in 2024. |

E. Interlocal agreement

In 2005, the City entered into an interlocal agreement with the City of Coconut Creek to provide emergency medical and fire protection services. Such agreement was renewed during fiscal year 2011, with an expiration date of September 30, 2014. In September 2014, the contract was extended for one additional year. In accordance with the terms of the contract, the City of Margate received \$7.2 million in fiscal year 2014, with such amount to be increased by 2% increase for fiscal year 2015.

F. Deferred Compensation Plan

The City offers its employees an optional deferred compensation plan in accordance with Internal Revenue Code Section 457. The Plan available to all full-time employees permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability or fiduciary responsibility for the Plan; therefore, it is not included in the City's financial statements.

III. OTHER INFORMATION (CONTINUED)

G. Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by vendors in the next year were as follows:

| | |
|----------------------|---------------------|
| Governmental Fund | |
| General Fund | \$ 65,437 |
| Nonmajor Funds | <u>349,652</u> |
| | <u>415,089</u> |
| Business-Type Fund | |
| Water and wastewater | 1,548,628 |
| Nonmajor Fund | <u>157,908</u> |
| | <u>1,706,536</u> |
| Total | <u>\$ 2,121,625</u> |

H. Operating Lease

The Margate CRA currently has various lease arrangements for two shopping complexes it owns located along Margate Boulevard. The properties have aggregate costs of approximately \$3.1 million and \$4.3 million in land and building, respectively. The buildings have a total carrying value of \$3.6 million at September 30, 2014. Depreciation expense for the year was approximately \$376,674. Total rental revenues from these properties during the fiscal year amounted to \$568,145.

I. Restated Net Position / Fund Balance

The following discloses the restatements of the Governmental Activities, Business-type Activities, Governmental Funds, and Water and Wastewater Funds as of the beginning of the fiscal year:

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> | Governmental <u>Funds</u> | Water and Wastewater <u>Fund</u> |
|---|-----------------------------------|------------------------------------|------------------------------|--|
| Net position/fund balance, beginning of the year, previously stated: | \$ 93,089,358 | \$ 73,679,268 | \$ 50,060,665 | \$ 69,894,358 |
| Decrease due to implementation of GASB 65, write off of deferred debt issuance costs | (138,614) | (59,326) | - | (59,326) |
| Increase due to inclusion of Northwest Focal Point Senior Center as a blended component unit | <u>757,096</u> | <u>-</u> | <u>753,174</u> | <u>-</u> |
| Net position/fund balance, beginning of the year, restated | <u>\$ 93,707,840</u> | <u>\$ 73,619,942</u> | <u>\$ 50,813,839</u> | <u>\$ 69,835,032</u> |

J. Date of Management review

The City's management has evaluated subsequent events through March 4, 2015, the date which the financial statements were available for issue.

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**Required Supplementary Information
(Other than MD&A)**

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CITY OF MARGATE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR YEAR ENDED SEPTEMBER 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|-------------------------------|-------------------------|-------------------|-----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 14,735,500 | \$ 14,735,500 | \$ 14,750,396 | \$ 14,896 |
| Franchise fees | 3,887,000 | 3,887,000 | 4,062,878 | 175,878 |
| Utility service taxes | 6,450,000 | 6,450,000 | 6,573,919 | 123,919 |
| Licenses and permits | 1,407,000 | 1,407,000 | 1,877,792 | 470,792 |
| Intergovernmental revenues | 5,013,200 | 5,030,145 | 5,366,393 | 336,248 |
| Investment income | 100,000 | 100,000 | 75,965 | (24,035) |
| Charges for services | 16,389,295 | 16,389,295 | 16,759,632 | 370,337 |
| Fines and forfeitures | 795,000 | 795,000 | 942,450 | 147,450 |
| Miscellaneous | 2,830,652 | 2,830,652 | 1,190,083 | (1,640,569) |
| Appropriation from prior year | 1,300,708 | 1,614,294 | - | (1,614,294) |
| Total revenues | <u>52,908,355</u> | <u>53,238,886</u> | <u>51,599,508</u> | <u>(1,639,378)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| City commission | 392,949 | 390,949 | 358,607 | 32,342 |
| City manager | 847,666 | 848,288 | 848,288 | - |
| Finance | 1,876,412 | 1,151,952 | 1,151,952 | - |
| Non-departmental | 6,167,538 | 5,600,789 | 4,753,818 | 846,971 |
| Human resources | 620,223 | 413,838 | 413,838 | - |
| Economic development | 577,358 | 577,358 | 531,484 | 45,874 |
| City clerk | 711,419 | 724,338 | 672,018 | 52,320 |
| City attorney | 391,153 | 391,153 | 371,817 | 19,336 |
| Information technology | 753,919 | 582,264 | 581,326 | 938 |
| Total general government | <u>12,338,637</u> | <u>10,680,929</u> | <u>9,683,148</u> | <u>997,781</u> |
| Public safety: | | | | |
| Police | 16,483,375 | 16,565,839 | 15,936,990 | 628,849 |
| Fire | 15,034,399 | 15,409,181 | 15,288,518 | 120,663 |
| Building | 1,166,417 | 1,166,417 | 1,055,896 | 110,521 |
| Total public safety | <u>32,684,191</u> | <u>33,141,437</u> | <u>32,281,404</u> | <u>860,033</u> |
| Culture and recreation: | | | | |
| Administration | 622,384 | 622,384 | 567,061 | 55,323 |
| Parks and grounds | 2,089,886 | 2,095,333 | 1,798,173 | 297,160 |
| Aquatics | 683,750 | 683,750 | 629,743 | 54,007 |
| Total culture and recreation | <u>3,396,020</u> | <u>3,401,467</u> | <u>2,994,977</u> | <u>406,490</u> |

See the accompanying Notes to Budgetary Comparison Schedules.

(Continued)

CITY OF MARGATE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(continued)
FOR YEAR ENDED SEPTEMBER 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|----------------------|-----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Public works: | | | | |
| Administration | 694,511 | 609,511 | 566,187 | 43,324 |
| Buildings | 1,415,342 | 1,480,680 | 1,419,599 | 61,081 |
| City garage | 1,883,030 | 1,907,238 | 1,548,849 | 358,389 |
| Total public works | <u>3,992,883</u> | <u>3,997,429</u> | <u>3,534,635</u> | <u>462,794</u> |
| Total expenditures | <u>52,411,731</u> | <u>51,221,262</u> | <u>48,494,164</u> | <u>2,727,098</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>496,624</u> | <u>2,017,624</u> | <u>3,105,344</u> | <u>1,087,720</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 261,040 | 261,040 | 281,622 | 20,582 |
| Transfers out | <u>(757,664)</u> | <u>(759,664)</u> | <u>(759,664)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(496,624)</u> | <u>(498,624)</u> | <u>(478,042)</u> | <u>20,582</u> |
| Net change in fund balance | - | 1,519,000 | 2,627,302 | 1,108,302 |
| Fund balances, October 1 | <u>25,714,894</u> | <u>25,714,894</u> | <u>25,714,894</u> | <u>-</u> |
| Fund balances, September 30 | <u>\$ 25,714,894</u> | <u>\$ 27,233,894</u> | <u>\$ 28,342,196</u> | <u>\$ 1,108,302</u> |

See the accompanying Notes to Budgetary Comparison Schedules.

CITY OF MARGATE, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE FISCAL YEAR ENDED SEPTEMBER 30, 2014

A. Budgetary Information

The following procedures are used to establish the budgetary data reflected in the financial statements:

Annual appropriated budgets are adopted for all governmental funds except for three (3) special revenue funds: Confiscated Properties, Police Officers Training, and Paramedic Fund. Budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All annual appropriations lapse at fiscal year-end.

1. Prior to August 15 of each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them. The City Commission holds budget workshops and two public hearings to solicit comments and suggestions from the citizens.
2. Prior to October 1, a final budget is legally adopted by City Ordinance. The appropriated budget is prepared by fund, function and department. The City Manager may approve transfers of appropriations within a department; transfers of appropriations between departments, however, require approval of the City Commission. Accordingly, the legal level of budgetary control is at the department level, except for the Margate CRA and Northwest Focal Point Senior Center where budgetary control is at the Agency level.
3. Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as a component of either restricted or committed fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

CITY OF MARGATE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS OTHER POST EMPLOYMENT BENEFITS (OPEB) SEPTEMBER 30, 2014

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | UAAL as % of Covered Payroll |
|--------------------------------|--|--|---|-----------------|--------------------|---------------------------------------|
| 10/1/2008 | \$ - | \$ 38,204,001 | \$ 38,204,001 | 0% | N/A | N/A |
| 10/1/2010 | - | 34,674,392 | 34,674,392 | 0% | N/A | N/A |
| 10/1/2012 | - | 37,158,655 | 37,158,655 | 0% | \$ 28,131,491 | 132.09% |

Schedule of Employer Contributions

| Fiscal Year | Annual Required Contribution | Percentage Contributed |
|-------------|---------------------------------|---------------------------|
| 2009 | \$ 3,655,240 | 17% |
| 2010 | 3,655,240 | 18% |
| 2011 | 3,161,662 | 20% |
| 2012 | 3,161,662 | 23% |
| 2013 | 3,348,423 | 31% |
| 2014 | 3,521,133 | 32% |

Note: GASB 45 was implemented in fiscal year 2009 and actuarial valuation is performed biennially.

Combining and Individual Fund Financial Statements and Schedules

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for resources legally restricted for the financing of particular activities or projects.

Road Fund – To account for the receipt and disbursement of the City's portion of the state revenue sharing of the gasoline tax and local option gas tax.

Special Activities Fund - To account for the revenues and expenditures of resources generated by various recreation services provided by the Parks and Recreation Department.

Police Officers Training Fund – To account for the receipt and disbursement of funds derived from court costs assessed for the purpose of law enforcement education expenditures.

Confiscated Properties Fund - To account for revenues generated by Police Department confiscations and investigative reimbursements.

Paramedic Fund - To account for the receipt and disbursement of cash donations for the purchase of equipment required for paramedic emergency medical services provided by the City.

State Housing Initiatives Partnership (SHIP) Fund - To account for State funds received from the Florida Housing Finance Agency. These funds are used for minor home repair, weatherization, roof replacement program, emergency repair program, home buyer assistance and administration.

Community Development Block Grant (CDBG) Fund – To account for Federal funds received from the United States Department of Housing and Urban Development. These funds are used for home repairs, home ownership assistance, park rehabilitation, landscaping of blighted areas, commercial revitalization, and administration.

Recreation Trust Fund - To account for the revenues generated from cell phone towers. The funds are used for the development and improvement of recreation facilities.

Northwest Focal Point Senior Center Fund - To account for the revenues and expenditures of the special district that provides services to the elderly.

Margate Community Redevelopment Agency Operating Fund - To account for the redevelopment of certain designated areas.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Margate Community Redevelopment Agency Sinking Fund – To account for the accumulation of monies in a Sinking Fund for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

Margate Community Redevelopment Agency Escrow Fund – To account for the accumulation of monies for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

General Obligation Debt Service Fund - To account for and report financial resources that are restricted for principal and interest on general long-term debt, for the General Obligation Bonds, Series 2007 and the General Obligation Refunding Bonds, Series 2004.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for and report financial resources that are committed, or assigned to expenditures for capital outlay including acquisition or construction of major capital projects.

General Capital Projects Fund - To account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations and road bond construction fund.

Road Bond Construction Fund – To account for the proceeds of the \$27 million General Obligation Bond, Series 2007 designated to provide funds for repavement, repair and installation of streets, sidewalks and bridges.

CITY OF MARGATE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

| | | Debt Service Funds | | | Capital Projects Funds | | Total |
|-------------------------------------|----------------------|--------------------|------------------------|--------------------|------------------------|--------------|----------------------|
| | Special | Margate Community | Margate Community | General Obligation | General | Road Bond | Nonmajor |
| | Revenue | Redevelopment | Redevelopment | Debt Service | Capital Projects | Construction | Governmental |
| | Funds | Agency -Sinking | Agency -Escrow Account | Fund | Fund | Fund | Funds |
| | | Fund | Fund | | | | |
| <u>ASSETS</u> | | | | | | | |
| Cash and cash equivalents | \$ 10,389,989 | \$ - | \$ 956,163 | \$ - | \$ - | \$ - | \$ 11,346,152 |
| Investments | 1,042,473 | - | - | - | - | - | 1,042,473 |
| Accounts receivable - net | 285,960 | - | - | - | - | - | 285,960 |
| Prepays | 51,961 | - | - | - | - | - | 51,961 |
| Due from other funds | 98,295 | - | - | 45,325 | 2,056,670 | - | 2,200,290 |
| Total assets | <u>\$ 11,868,678</u> | <u>\$ -</u> | <u>\$ 956,163</u> | <u>\$ 45,325</u> | <u>\$ 2,056,670</u> | <u>\$ -</u> | <u>\$ 14,926,836</u> |
| <u>LIABILITIES</u> | | | | | | | |
| Accounts payable | \$ 483,053 | \$ - | \$ - | \$ - | \$ 42,728 | \$ - | \$ 525,781 |
| Accrued expenses | 20,664 | - | - | - | - | - | 20,664 |
| Customer deposits | 52,931 | - | - | - | - | - | 52,931 |
| Due to other funds | 2,795,042 | - | - | - | - | - | 2,795,042 |
| Unearned revenues | 88,075 | - | - | - | - | - | 88,075 |
| Total liabilities | <u>3,439,765</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,728</u> | <u>-</u> | <u>3,482,493</u> |
| <u>FUND BALANCES</u> | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepays and other assets | 51,961 | - | - | - | - | - | 51,961 |
| Restricted for: | | | | | | | |
| Public safety | 1,252,255 | - | - | - | - | - | 1,252,255 |
| Transportation | 4,981,803 | - | - | - | - | - | 4,981,803 |
| Culture and recreation | 2,067,919 | - | - | - | - | - | 2,067,919 |
| Debt service | - | - | 956,163 | 45,325 | - | - | 1,001,488 |
| Economic development | 99,980 | - | - | - | - | - | 99,980 |
| Street Lights Maintenance | | | | | 84,000 | | 84,000 |
| Assigned for: | | | | | | | |
| Capital projects | - | - | - | - | 1,929,942 | - | 1,929,942 |
| Unassigned | (25,005) | - | - | - | - | - | (25,005) |
| Total fund balances | <u>8,428,913</u> | <u>-</u> | <u>956,163</u> | <u>45,325</u> | <u>2,013,942</u> | <u>-</u> | <u>11,444,343</u> |
| Total liabilities and fund balances | <u>\$ 11,868,678</u> | <u>\$ -</u> | <u>\$ 956,163</u> | <u>\$ 45,325</u> | <u>\$ 2,056,670</u> | <u>\$ -</u> | <u>\$ 14,926,836</u> |

CITY OF MARGATE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | | Debt Service Funds | | | Capital Projects Funds | | Total |
|---|---------------------|--------------------|------------------------|--------------------|------------------------|------------------|----------------------|
| | Special | Margate Community | Margate Community | General Obligation | General | Road Bond | Nonmajor |
| | Revenue | Redevelopment | Redevelopment | Debt Service | Capital | Construction | Governmental |
| | Funds | Agency -Sinking | Agency -Escrow Account | Fund | Projects | Fund | Funds |
| | | Fund | Fund | | Fund | | |
| REVENUES: | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 461,258 | \$ - | \$ - | \$ 461,258 |
| Tax incremental | 4,326,277 | - | - | - | - | - | 4,326,277 |
| Intergovernmental | 3,354,236 | - | - | - | 75,000 | - | 3,429,236 |
| Interest income | 71,034 | - | 12 | - | - | 4,376 | 75,422 |
| Charges for services | 213,264 | - | - | - | - | - | 213,264 |
| Rental income | 568,145 | - | - | - | - | - | 568,145 |
| Fines and forfeitures | 106,998 | - | - | - | - | - | 106,998 |
| Miscellaneous | 498,935 | - | - | - | - | - | 498,935 |
| Total revenues | <u>9,138,889</u> | <u>-</u> | <u>12</u> | <u>461,258</u> | <u>75,000</u> | <u>4,376</u> | <u>9,679,535</u> |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| Public safety | 389,533 | - | - | - | - | - | 389,533 |
| Economic and physical environment | 2,247,114 | - | - | - | - | - | 2,247,114 |
| Culture and recreation | 1,157,628 | - | - | - | - | - | 1,157,628 |
| Redevelopment projects | 1,064,790 | - | - | - | - | - | 1,064,790 |
| Public works | 1,163,919 | - | - | - | - | - | 1,163,919 |
| Debt service: | | | | | | | |
| Principal retirement | - | 1,472,042 | - | 1,012,622 | - | - | 2,484,664 |
| Interest and other | - | 440,261 | - | 1,192,451 | - | - | 1,632,712 |
| Capital outlay | - | - | - | - | 432,979 | 379,812 | 812,791 |
| Total expenditures | <u>6,022,984</u> | <u>1,912,303</u> | <u>-</u> | <u>2,205,073</u> | <u>432,979</u> | <u>379,812</u> | <u>10,953,151</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,115,905</u> | <u>(1,912,303)</u> | <u>12</u> | <u>(1,743,815)</u> | <u>(357,979)</u> | <u>(375,436)</u> | <u>(1,273,616)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | 2,000 | 1,912,303 | 956,151 | 1,746,163 | 999,764 | - | 5,616,381 |
| Transfers out | (17,997,367) | - | - | - | - | - | (17,997,367) |
| Total other financing sources (uses) | <u>(17,995,367)</u> | <u>1,912,303</u> | <u>956,151</u> | <u>1,746,163</u> | <u>999,764</u> | <u>-</u> | <u>(12,380,986)</u> |
| Net change in fund balances | (14,879,462) | - | 956,163 | 2,348 | 641,785 | (375,436) | (13,654,602) |
| Fund balances - beginning, restated | <u>23,308,375</u> | <u>-</u> | <u>-</u> | <u>42,977</u> | <u>1,372,157</u> | <u>375,436</u> | <u>25,098,945</u> |
| Fund balances - ending | <u>\$ 8,428,913</u> | <u>\$ -</u> | <u>\$ 956,163</u> | <u>\$ 45,325</u> | <u>\$ 2,013,942</u> | <u>\$ -</u> | <u>\$ 11,444,343</u> |

CITY OF MARGATE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2014

| | Road Fund | Special Activities Fund | Police Officers Training Fund | Confiscated Properties Fund | Paramedic Fund | State Housing Initiatives Partnership (SHIP) Fund | Community Development Block Grant (CDBG) Fund | Recreation Trust Fund | Northwest Focal Point Senior Center Fund | Margate Community Redevelopment Agency Fund | Total |
|--|---------------------|-------------------------------|--|-----------------------------------|-------------------|--|---|-----------------------------|---|---|----------------------|
| <u>ASSETS</u> | | | | | | | | | | | |
| Cash and cash equivalents | \$ 5,157,106 | \$ 895,430 | \$ 97,029 | \$ 476,221 | \$ - | \$ 151,976 | \$ 345,336 | \$ 1,564,888 | \$ 576,553 | \$ 1,125,450 | \$ 10,389,989 |
| Investments | - | - | - | 1,042,473 | - | - | - | - | - | - | 1,042,473 |
| Accounts receivable - net | 79,581 | - | - | - | - | - | 82,990 | - | 123,389 | - | 285,960 |
| Prepays | - | - | - | - | - | - | - | - | 49,821 | 2,140 | 51,961 |
| Due from other funds | - | 59,600 | - | - | - | - | 17 | - | 38,678 | - | 98,295 |
| Total assets | <u>\$ 5,236,687</u> | <u>\$ 955,030</u> | <u>\$ 97,029</u> | <u>\$ 1,518,694</u> | <u>\$ -</u> | <u>\$ 151,976</u> | <u>\$ 428,343</u> | <u>\$ 1,564,888</u> | <u>\$ 788,441</u> | <u>\$ 1,127,590</u> | <u>\$ 11,868,678</u> |
| <u>LIABILITIES</u> | | | | | | | | | | | |
| Accounts payable | \$ 250,194 | \$ 600 | \$ - | \$ 67,463 | \$ - | \$ 16,200 | \$ 11,190 | \$ - | \$ 53,642 | \$ 83,764 | \$ 483,053 |
| Accrued expenses | 4,690 | - | - | - | - | - | - | - | 15,974 | - | 20,664 |
| Customer deposits | - | 6,265 | - | - | - | - | - | - | - | 46,666 | 52,931 |
| Due to other funds | - | 565,000 | - | 296,005 | - | - | 442,158 | 1,028,700 | 66,696 | 396,483 | 2,795,042 |
| Unearned revenues | - | - | - | - | - | 35,796 | - | - | - | 52,279 | 88,075 |
| Total liabilities | <u>254,884</u> | <u>571,865</u> | <u>-</u> | <u>363,468</u> | <u>-</u> | <u>51,996</u> | <u>453,348</u> | <u>1,028,700</u> | <u>136,312</u> | <u>579,192</u> | <u>3,439,765</u> |
| <u>FUND BALANCES</u> | | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | | |
| Prepays and other assets | - | - | - | - | - | - | - | - | 49,821 | 2,140 | 51,961 |
| Restricted for: | | | | | | | | | | | |
| Public safety | - | - | 97,029 | 1,155,226 | - | - | - | - | - | - | 1,252,255 |
| Transportation | 4,981,803 | - | - | - | - | - | - | - | - | - | 4,981,803 |
| Culture and recreation | - | 383,165 | - | - | - | - | - | 536,188 | 602,308 | 546,258 | 2,067,919 |
| Economic development | - | - | - | - | - | 99,980 | - | - | - | - | 99,980 |
| Unassigned: | - | - | - | - | - | - | (25,005) | - | - | - | (25,005) |
| Total fund balances | <u>4,981,803</u> | <u>383,165</u> | <u>97,029</u> | <u>1,155,226</u> | <u>-</u> | <u>99,980</u> | <u>(25,005)</u> | <u>536,188</u> | <u>652,129</u> | <u>548,398</u> | <u>8,428,913</u> |
| Total liabilities and fund balances | <u>\$ 5,236,687</u> | <u>\$ 955,030</u> | <u>\$ 97,029</u> | <u>\$ 1,518,694</u> | <u>\$ -</u> | <u>\$ 151,976</u> | <u>\$ 428,343</u> | <u>\$ 1,564,888</u> | <u>\$ 788,441</u> | <u>\$ 1,127,590</u> | <u>\$ 11,868,678</u> |

CITY OF MARGATE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Road Fund</u> | <u>Special Activities Fund</u> | <u>Police Officers Training Fund</u> | <u>Confiscated Properties Fund</u> | <u>Paramedic Fund</u> | <u>State Housing Initiatives Partnership (SHIP) Fund</u> | <u>Community Development Block Grant (CDBG) Fund</u> | <u>Recreation Trust Fund</u> | <u>Northwest Focal Point Senior Center Fund</u> | <u>Margate Community Redevelopment Agency Fund</u> | <u>Total</u> |
|--|----------------------|--|--|--|---------------------------|--|--|--------------------------------------|---|--|---------------------|
| REVENUES: | | | | | | | | | | | |
| Tax incremental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,326,277 | \$ 4,326,277 |
| Intergovernmental | 1,450,727 | - | - | - | - | 34,044 | 927,482 | - | 941,983 | - | 3,354,236 |
| Interest income | - | - | - | 21,705 | - | - | - | - | - | 49,329 | 71,034 |
| Charges for services | - | 213,264 | - | - | - | - | - | - | - | - | 213,264 |
| Rental income | - | - | - | - | - | - | - | - | - | 568,145 | 568,145 |
| Fines and forfeitures | - | - | 9,910 | 97,088 | - | - | - | - | - | - | 106,998 |
| Miscellaneous | - | 5,000 | - | 19,750 | - | - | - | 393,408 | - | 80,777 | 498,935 |
| Total revenues | <u>1,450,727</u> | <u>218,264</u> | <u>9,910</u> | <u>138,543</u> | <u>-</u> | <u>34,044</u> | <u>927,482</u> | <u>393,408</u> | <u>941,983</u> | <u>5,024,528</u> | <u>9,138,889</u> |
| EXPENDITURES: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| Public safety | - | - | 15,200 | 374,333 | - | - | - | - | - | - | 389,533 |
| Economic and physical environment | - | - | - | - | - | 82,963 | 1,521,096 | - | - | 643,055 | 2,247,114 |
| Culture and recreation | - | 114,600 | - | - | - | - | - | - | 1,043,028 | - | 1,157,628 |
| Redevelopment projects | - | - | - | - | - | - | - | - | - | 1,064,790 | 1,064,790 |
| Public works | <u>1,163,919</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,163,919</u> |
| Total expenditures | <u>1,163,919</u> | <u>114,600</u> | <u>15,200</u> | <u>374,333</u> | <u>-</u> | <u>82,963</u> | <u>1,521,096</u> | <u>-</u> | <u>1,043,028</u> | <u>1,707,845</u> | <u>6,022,984</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>286,808</u> | <u>103,664</u> | <u>(5,290)</u> | <u>(235,790)</u> | <u>-</u> | <u>(48,919)</u> | <u>(593,614)</u> | <u>393,408</u> | <u>(101,045)</u> | <u>3,316,683</u> | <u>3,115,905</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | |
| Transfers in | - | 2,000 | - | - | - | - | - | - | - | - | 2,000 |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>(275,534)</u> | <u>(6,089)</u> | <u>-</u> | <u>-</u> | <u>(242,100)</u> | <u>-</u> | <u>(17,473,644)</u> | <u>(17,997,367)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>2,000</u> | <u>-</u> | <u>(275,534)</u> | <u>(6,089)</u> | <u>-</u> | <u>-</u> | <u>(242,100)</u> | <u>-</u> | <u>(17,473,644)</u> | <u>(17,995,367)</u> |
| Net change in fund balances | 286,808 | 105,664 | (5,290) | (511,324) | (6,089) | (48,919) | (593,614) | 151,308 | (101,045) | (14,156,961) | (14,879,462) |
| Fund balances - beginning, restated | <u>4,694,995</u> | <u>277,501</u> | <u>102,319</u> | <u>1,666,550</u> | <u>6,089</u> | <u>148,899</u> | <u>568,609</u> | <u>384,880</u> | <u>753,174</u> | <u>14,705,359</u> | <u>23,308,375</u> |
| Fund balances - ending | <u>\$ 4,981,803</u> | <u>\$ 383,165</u> | <u>\$ 97,029</u> | <u>\$ 1,155,226</u> | <u>\$ -</u> | <u>\$ 99,980</u> | <u>\$ (25,005)</u> | <u>\$ 536,188</u> | <u>\$ 652,129</u> | <u>\$ 548,398</u> | <u>\$ 8,428,913</u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - ROAD SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|--|----------------------------------|--|
| Revenues: | | | |
| Intergovernmental | <u>\$ 1,322,000</u> | <u>\$ 1,450,727</u> | <u>\$ 128,727</u> |
| Expenditures: | | | |
| Public works | <u>1,322,000</u> | <u>1,163,919</u> | <u>158,081</u> |
| Excess of revenues over expenditures | - | 286,808 | 286,808 |
| Fund balance at beginning of year | <u>4,694,995</u> | <u>4,694,995</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 4,694,995</u></u> | <u><u>\$ 4,981,803</u></u> | <u><u>\$ 286,808</u></u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - SPECIAL ACTIVITIES SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 169,900 | \$ 213,264 | \$ 43,364 |
| Miscellaneous | - | 5,000 | 5,000 |
| Total revenues | <u>169,900</u> | <u>218,264</u> | <u>48,364</u> |
| Expenditures: | | | |
| Culture and recreation | <u>171,900</u> | <u>114,600</u> | <u>57,300</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,000) | 103,664 | 105,664 |
| Other financing sources: | | | |
| Transfers in | <u>2,000</u> | <u>2,000</u> | <u>-</u> |
| Net change in fund balance | - | 105,664 | 105,664 |
| Fund balance at beginning of year | <u>277,501</u> | <u>277,501</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 277,501</u> | <u>\$ 383,165</u> | <u>\$ 105,664</u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - STATE HOUSING INITIATIVE PARTNERSHIP (SHIP) SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ - | \$ 34,044 | \$ 34,044 |
| Appropriation from prior year's fund balance | <u>148,899</u> | <u>-</u> | <u>(148,899)</u> |
| Total revenues | <u>148,899</u> | <u>34,044</u> | <u>(114,855)</u> |
| Expenditures: | | | |
| Economic and physical environment | <u>148,899</u> | <u>82,963</u> | <u>65,936</u> |
| Deficiency of revenues under expenditures | - | (48,919) | (48,919) |
| Fund balance at beginning of year | <u>148,899</u> | <u>148,899</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 148,899</u></u> | <u><u>\$ 99,980</u></u> | <u><u>\$ (48,919)</u></u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|--|----------------------------------|--|
| Revenues: | | | |
| Intergovernmental | \$ 1,119,663 | \$ 927,482 | \$ (192,181) |
| Appropriation from prior year's fund balance | <u>559,669</u> | <u>-</u> | <u>(559,669)</u> |
| Total revenues | <u>1,679,332</u> | <u>927,482</u> | <u>(751,850)</u> |
| Expenditures: | | | |
| Economic and physical environment | <u>1,679,332</u> | <u>1,521,096</u> | <u>158,236</u> |
| Deficiency of revenues under expenditures | - | (593,614) | (593,614) |
| Fund balance at beginning of year | <u>568,609</u> | <u>568,609</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 568,609</u> | <u>\$ (25,005)</u> | <u>\$ (593,614)</u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - RECREATION TRUST SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|--|----------------------------------|--|
| Revenues: | | | |
| Miscellaneous | \$ - | \$ 393,408 | \$ 393,408 |
| Appropriation from prior year's fund balance | <u>242,100</u> | <u>-</u> | <u>(242,100)</u> |
| Total revenues | <u>242,100</u> | <u>393,408</u> | <u>151,308</u> |
| Other financing uses: | | | |
| Transfers out | <u>(242,100)</u> | <u>(242,100)</u> | <u>-</u> |
| Net change in fund balance | - | 151,308 | 151,308 |
| Fund balance at beginning of year | <u>384,880</u> | <u>384,880</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 384,880</u> | <u>\$ 536,188</u> | <u>\$ 151,308</u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - NORTHWEST FOCAL POINT SENIOR CENTER SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 940,021 | \$ 941,983 | \$ 1,962 |
| Appropriation from prior year's fund balance | <u>104,645</u> | <u>-</u> | <u>(104,645)</u> |
| Total revenues | <u>1,044,666</u> | <u>941,983</u> | <u>(102,683)</u> |
| Expenditures: | | | |
| Culture and recreation | <u>1,044,666</u> | <u>1,043,028</u> | <u>1,638</u> |
| Deficiency of revenues under expenditures | - | (101,045) | (101,045) |
| Fund balance at beginning of year | <u>753,174</u> | <u>753,174</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 753,174</u> | <u>\$ 652,129</u> | <u>\$ (101,045)</u> |

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Tax incremental | \$ 4,326,277 | \$ 4,326,277 | \$ - |
| Interest income | 25,000 | 49,329 | 24,329 |
| Rental income | 606,000 | 568,145 | (37,855) |
| Miscellaneous | 17,500 | 80,777 | 63,277 |
| Appropriation from prior year's fund balance | 16,286,739 | - | (16,286,739) |
| Total revenues | <u>21,261,516</u> | <u>5,024,528</u> | <u>(16,236,988)</u> |
| Expenditures: | | | |
| Economic and physical environment | 1,714,372 | 643,055 | 1,071,317 |
| Redevelopment projects: | <u>2,073,500</u> | <u>1,064,790</u> | <u>1,008,710</u> |
| Total expenditures | <u>3,787,872</u> | <u>1,707,845</u> | <u>2,080,027</u> |
| Excess (deficiency) of revenues over (under) expenditures | 17,473,644 | 3,316,683 | (14,156,961) |
| Other financing uses: | | | |
| Transfers out | <u>(17,473,644)</u> | <u>(17,473,644)</u> | <u>-</u> |
| Net change in fund balance | - | (14,156,961) | (14,156,961) |
| Fund balance at beginning of year | <u>14,705,359</u> | <u>14,705,359</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 14,705,359</u> | <u>\$ 548,398</u> | <u>\$ (14,156,961)</u> |

CITY OF MARGATE, FLORIDA

DEBT SERVICE FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY SINKING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-----------------------------------|---------------------------|---------------------------------------|
| Expenditures: | | | |
| Debt service: | | | |
| Principal retirement | \$ 1,472,042 | \$ 1,472,042 | \$ - |
| Interest and other | <u>440,261</u> | <u>440,261</u> | <u>-</u> |
| Total expenditures | <u>1,912,303</u> | <u>1,912,303</u> | <u>-</u> |
| Deficiency of revenues under expenditures | (1,912,303) | (1,912,303) | - |
| Other financing sources: | | | |
| Transfers in | <u>1,912,303</u> | <u>1,912,303</u> | <u>-</u> |
| Net change in fund balance | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF MARGATE, FLORIDA

DEBT SERVICE FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY ESCROW SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Interest income | \$ - | \$ 12 | \$ 12 |
| Excess of revenues over expenditures | - | 12 | 12 |
| Other financing sources: | | | |
| Transfers in | <u>956,151</u> | <u>956,151</u> | <u>-</u> |
| Net change in fund balance | 956,151 | 956,163 | 12 |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 956,151</u> | <u>\$ 956,163</u> | <u>\$ 12</u> |

CITY OF MARGATE, FLORIDA

DEBT SERVICE FUND - GENERAL OBLIGATION DEBT SERVICE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Property taxes | \$ 459,304 | \$ 461,258 | \$ 1,954 |
| Expenditures: | | | |
| Debt service | | | |
| Principal retirement | 1,012,622 | 1,012,622 | - |
| Interest and other | <u>1,192,845</u> | <u>1,192,451</u> | <u>394</u> |
| Total expenditures | <u>2,205,467</u> | <u>2,205,073</u> | <u>394</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,746,163) | (1,743,815) | 2,348 |
| Other financing sources: | | | |
| Transfers in | <u>1,746,163</u> | <u>1,746,163</u> | <u>-</u> |
| Net change in fund balance | - | 2,348 | 2,348 |
| Fund balance at beginning of year | <u>42,977</u> | <u>42,977</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 42,977</u> | <u>\$ 45,325</u> | <u>\$ 2,348</u> |

CITY OF MARGATE, FLORIDA

CAPITAL PROJECTS FUND - GENERAL CAPITAL PROJECT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 150,000 | \$ 75,000 | \$ (75,000) |
| Appropriation from prior year's fund balance | <u>369,206</u> | <u>-</u> | <u>(369,206)</u> |
| Total revenues | <u>519,206</u> | <u>75,000</u> | <u>(444,206)</u> |
| Expenditures: | | | |
| Capital outlay | <u>1,518,970</u> | <u>432,979</u> | <u>1,085,991</u> |
| Deficiency of revenues under expenditures | (999,764) | (357,979) | (641,785) |
| Other financing sources: | | | |
| Transfers in | <u>999,764</u> | <u>999,764</u> | <u>-</u> |
| Net change in fund balance | - | 641,785 | 641,785 |
| Fund balance at beginning of year | <u>1,372,157</u> | <u>1,372,157</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 1,372,157</u> | <u>\$ 2,013,942</u> | <u>\$ 641,785</u> |

CITY OF MARGATE, FLORIDA
CAPITAL PROJECTS FUND - ROAD BOND CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Interest income | \$ 4,376 | \$ 4,376 | \$ - |
| Appropriation from prior year's fund balance | <u>375,436</u> | <u>-</u> | <u>(375,436)</u> |
| Total revenues | <u>379,812</u> | <u>4,376</u> | <u>(375,436)</u> |
| Expenditures: | | | |
| Capital Outlay | <u>379,812</u> | <u>379,812</u> | <u>-</u> |
| Deficiency of revenues under expenditures | - | (375,436) | (375,436) |
| Fund balance at beginning of year | <u>375,436</u> | <u>375,436</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 375,436</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (375,436)</u></u> |

CITY OF MARGATE, FLORIDA

CAPITAL PROJECTS FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY CAPITAL IMPROVEMENT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|--|----------------------------------|--|
| Other financing sources: | | | |
| Transfers in | \$ 7,558,741 | \$ 7,558,741 | \$ - |
| Net change in fund balance | 7,558,741 | 7,558,741 | - |
| Fund balance at beginning of year | - | - | - |
| Fund balance at end of year | \$ 7,558,741 | \$ 7,558,741 | \$ - |

CITY OF MARGATE, FLORIDA

CAPITAL PROJECTS FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY LOAN PROCEEDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| Revenues: | | | |
| Interest income | \$ - | \$ 1,184 | \$ 1,184 |
| Excess of revenues over expenditures | - | 1,184 | 1,184 |
| Other financing sources: | | | |
| Transfers in | <u>7,046,450</u> | <u>7,046,450</u> | <u>-</u> |
| Net change in fund balance | 7,046,450 | 7,047,634 | 1,184 |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 7,046,450</u> | <u>\$ 7,047,634</u> | <u>\$ 1,184</u> |

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FIDUCIARY FUND

PERFORMANCE BOND AGENCY FUND

The City's Performance Bond Fund accounts for the receipt and disbursement of cash performance bonds required in connection with regulatory activities.

CITY OF MARGATE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PERFORMANCE BOND AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Balance October 1, <u>2013</u> | <u>Additions</u> | <u>Deletions</u> | Balance September 30, <u>2014</u> |
|--------------------------|--------------------------------------|------------------|-------------------|---|
| Assets | | | | |
| Due From other Funds | \$ 371,083 | \$ 82,527 | \$ 136,827 | \$ 316,783 |
| Total assets | <u>\$ 371,083</u> | <u>\$ 82,527</u> | <u>\$ 136,827</u> | <u>\$ 316,783</u> |
| Liabilities | | | | |
| Performance bond payable | \$ 371,083 | \$ 82,527 | \$ 136,827 | \$ 316,783 |
| Total liabilities | <u>\$ 371,083</u> | <u>\$ 82,527</u> | <u>\$ 136,827</u> | <u>\$ 316,783</u> |

CITY OF MARGATE, FLORIDA

WATER AND WASTEWATER ENTERPRISE FUND
DEBT SERVICE - 2007 WATER AND SEWER REFUNDING REVENUE BONDS
SEPTEMBER 30, 2014

| Year Ending September 30 | Principal Due October 1 | Interest Due October 1 | Interest Due April 1 | Total |
|---|------------------------------------|-----------------------------------|---------------------------------|---------------------|
| 2015 | \$ 920,000 | \$ 121,500 | \$ 121,500 | \$ 1,163,000 |
| 2016 | 950,000 | 103,100 | 103,100 | 1,156,200 |
| 2017 | 990,000 | 84,100 | 84,100 | 1,158,200 |
| 2018 | 1,030,000 | 64,300 | 64,300 | 1,158,600 |
| 2019 | 1,070,000 | 43,700 | 43,700 | 1,157,400 |
| 2020 | 1,115,000 | 22,300 | 22,300 | 1,159,600 |
| | <u>\$ 6,075,000</u> | <u>\$ 439,000</u> | <u>\$ 439,000</u> | <u>\$ 6,953,000</u> |

Statistical Section

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Content

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

86-91

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

92-95

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

96-99

Demographic and Economical Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

100-101

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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TABLE 1
CITY OF MARGATE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011 *</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 25,465,972 | \$ 51,105,678 | \$ 57,746,883 | \$ 63,555,399 | \$ 63,469,602 | \$ 60,748,215 | \$ 59,236,569 | \$ 60,008,760 | \$ 57,513,624 | \$ 59,679,684 |
| Restricted | 6,981,029 | 9,665,533 | 6,576,125 | 10,537,977 | 9,771,015 | 10,899,393 | 9,840,289 | 9,793,414 | 24,103,414 | 25,349,566 |
| Unrestricted | 10,169,953 | 9,757,788 | 9,105,738 | 5,840,625 | 8,442,805 | 16,900,014 | 19,724,171 | 22,746,251 | 11,472,320 | 2,861,835 |
| Total governmental activities net position | <u>\$ 42,616,954</u> | <u>\$ 70,528,999</u> | <u>\$ 73,428,746</u> | <u>\$ 79,934,001</u> | <u>\$ 81,683,422</u> | <u>\$ 88,547,622</u> | <u>\$ 88,801,029</u> | <u>\$ 92,548,425</u> | <u>\$ 93,089,358</u> | <u>\$ 87,891,085</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 29,413,462 | \$ 31,692,750 | \$ 34,436,581 | \$ 37,244,297 | \$ 39,888,342 | \$ 40,996,634 | \$ 41,905,219 | \$ 42,398,535 | \$ 41,685,485 | \$ 40,903,406 |
| Restricted | 9,216,696 | 8,995,506 | 9,211,605 | 8,682,305 | 8,188,313 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Unrestricted | 15,239,770 | 15,686,004 | 14,234,286 | 11,636,867 | 11,725,181 | 19,965,778 | 22,591,075 | 26,673,721 | 31,493,783 | 35,329,241 |
| Total business-type activities net position | <u>\$ 53,869,928</u> | <u>\$ 56,374,260</u> | <u>\$ 57,882,472</u> | <u>\$ 57,563,469</u> | <u>\$ 59,801,836</u> | <u>\$ 61,462,412</u> | <u>\$ 64,996,294</u> | <u>\$ 69,572,256</u> | <u>\$ 73,679,268</u> | <u>\$ 76,732,647</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 54,879,434 | \$ 82,798,428 | \$ 92,183,464 | \$ 100,799,696 | \$ 103,357,944 | \$ 101,744,849 | \$ 101,141,788 | \$ 102,407,295 | \$ 99,199,109 | \$ 100,583,090 |
| Restricted | 16,197,725 | 18,661,039 | 15,787,730 | 19,220,282 | 17,959,328 | 11,399,393 | 10,340,289 | 10,293,414 | 24,603,414 | 25,849,566 |
| Unrestricted | 25,409,723 | 25,443,792 | 23,340,024 | 17,477,492 | 20,167,986 | 36,865,792 | 42,315,246 | 49,419,972 | 42,966,103 | 38,191,076 |
| Total primary government net position | <u>\$ 96,486,882</u> | <u>\$ 126,903,259</u> | <u>\$ 131,311,218</u> | <u>\$ 137,497,470</u> | <u>\$ 141,485,258</u> | <u>\$ 150,010,034</u> | <u>\$ 153,797,323</u> | <u>\$ 162,120,681</u> | <u>\$ 166,768,626</u> | <u>\$ 164,623,732</u> |

* Governmental activities were re-stated for fiscal year 2011 by a decrease in expenditures in the amount of \$1,006,741 for interest on long-term debt.

TABLE 2
CITY OF MARGATE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011 *</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 7,529,470 | \$ 8,821,141 | \$ 10,268,652 | \$ 9,634,020 | \$ 9,685,303 | \$ 9,892,537 | \$ 8,082,190 | \$ 9,422,672 | \$ 9,242,469 | \$ 11,010,723 |
| Public safety | 28,150,711 | 30,832,588 | 35,106,864 | 35,009,043 | 35,599,215 | 35,460,818 | 34,906,406 | 34,524,960 | 35,380,426 | 37,593,750 |
| Economic and physical development | 2,300,396 | 1,129,413 | 2,939,372 | 4,157,341 | 5,005,091 | 3,475,742 | 2,592,179 | 2,442,984 | 3,550,866 | 2,623,786 |
| Culture and recreation | 3,575,553 | 4,440,255 | 5,160,341 | 4,767,627 | 4,077,221 | 3,785,437 | 3,641,131 | 3,256,597 | 4,160,376 | 4,981,341 |
| Public works | 5,072,851 | 15,607,104 | 7,513,607 | 7,574,304 | 6,682,336 | 7,321,527 | 8,171,353 | 6,409,320 | 7,311,453 | 10,981,715 |
| Interest on long-term debt | 124,737 | 161,468 | 966,035 | 1,834,783 | 1,780,246 | 2,611,907 | 1,637,523 | 1,992,924 | 1,730,543 | 1,651,830 |
| Total governmental activities | 46,753,718 | 60,991,969 | 61,954,871 | 62,977,118 | 62,829,412 | 62,547,968 | 59,030,782 | 58,049,457 | 61,376,133 | 68,843,145 |
| Business-type activities: | | | | | | | | | | |
| Water and wastewater | 14,360,063 | 15,734,765 | 16,167,225 | 16,895,327 | 17,896,733 | 17,865,819 | 17,267,605 | 17,544,105 | 18,673,006 | 18,693,949 |
| Stormwater utility | 909,082 | 739,871 | 593,768 | 891,962 | 886,905 | 1,018,322 | 1,083,531 | 953,271 | 1,083,291 | 1,035,953 |
| Total business-type activities | 15,269,145 | 16,474,636 | 16,760,993 | 17,787,289 | 18,783,638 | 18,884,141 | 18,351,136 | 18,497,376 | 19,756,297 | 19,729,902 |
| Total expenses | \$ 62,022,863 | \$ 77,466,605 | \$ 78,715,864 | \$ 80,764,407 | \$ 81,613,050 | \$ 81,432,109 | \$ 77,381,918 | \$ 76,546,833 | \$ 81,132,430 | \$ 88,573,047 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 1,829,214 | \$ 1,905,761 | \$ 1,994,167 | \$ 1,751,138 | \$ 675,000 | \$ 675,000 | \$ 910,386 | \$ 931,193 | \$ 874,971 | \$ 886,109 |
| Public safety | 10,165,526 | 13,262,595 | 12,254,959 | 18,343,939 | 14,290,780 | 15,023,691 | 15,150,035 | 18,385,589 | 18,383,201 | 18,469,940 |
| Economic and physical environment | 607,863 | - | - | 51,932 | 72,588 | 79,092 | - | - | 542,850 | 568,145 |
| Culture and recreation | 541,235 | 517,447 | 597,017 | 520,052 | 453,120 | 459,054 | 475,564 | 455,773 | 452,487 | 511,007 |
| Public works | 249,960 | 11,466 | 12,270 | 12,505 | 40,176 | 87,866 | - | - | 27,863 | 23,209 |
| Operating grants and contributions | 3,097,635 | 11,304,046 | 4,422,611 | 4,101,252 | 3,935,458 | 3,087,643 | 2,611,494 | 2,495,450 | 3,095,508 | 2,158,337 |
| Capital grants and contributions | 2,018,750 | 180,000 | 20,000 | - | - | - | 215,748 | 526,111 | - | - |
| Total governmental activities | 18,510,183 | 27,181,315 | 19,301,024 | 24,780,818 | 19,467,122 | 19,412,346 | 19,363,227 | 22,794,116 | 23,376,880 | 22,616,747 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and wastewater | 17,118,132 | 17,502,217 | 16,701,899 | 15,776,859 | 19,448,397 | 20,659,032 | 21,862,498 | 22,313,454 | 22,693,640 | 22,732,250 |
| Stormwater utility | 923,852 | 922,657 | 1,695,707 | 923,869 | 1,156,091 | 1,231,258 | 1,252,815 | 1,253,182 | 1,249,716 | 1,248,354 |
| Operating grants and contributions | - | - | - | - | - | - | 104,263 | 12,722 | - | - |
| Capital grants and contributions | 437,450 | - | - | - | - | - | 135,346 | 962,251 | 1,317,929 | 318,930 |
| Total business-type activities | 18,479,434 | 18,424,874 | 18,397,606 | 16,700,728 | 20,604,488 | 21,890,290 | 23,354,922 | 24,541,609 | 25,261,285 | 24,299,534 |
| Total program revenues | \$ 36,989,617 | \$ 45,606,189 | \$ 37,698,630 | \$ 41,481,546 | \$ 40,071,610 | \$ 41,302,636 | \$ 42,718,149 | \$ 47,335,725 | \$ 48,638,165 | \$ 46,916,281 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (28,243,535) | \$ (33,810,654) | \$ (42,653,847) | \$ (38,196,300) | \$ (43,362,290) | \$ (43,135,622) | \$ (39,667,555) | \$ (35,255,341) | \$ (37,999,253) | \$ (46,226,398) |
| Business-type activities | 3,210,289 | 1,950,238 | 1,636,613 | (1,086,561) | 1,820,850 | 3,006,149 | 5,003,786 | 6,044,233 | 5,504,988 | 4,569,632 |
| Total net expense | \$ (25,033,246) | \$ (31,860,416) | \$ (41,017,234) | \$ (39,282,861) | \$ (41,541,440) | \$ (40,129,473) | \$ (34,663,769) | \$ (29,211,108) | \$ (32,494,265) | \$ (41,656,766) |

* Governmental activities were re-stated for fiscal year 2011 by a decrease in expenditures in the amount of \$1,006,741 for interest on long-term debt.

TABLE 2
CITY OF MARGATE, FLORIDA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 * | 2012 | 2013 | 2014 |
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 14,217,695 | \$ 16,504,867 | \$ 19,330,205 | \$ 18,369,864 | \$ 19,917,843 | \$ 19,822,680 | \$ 15,816,304 | \$ 15,360,612 | \$ 14,920,830 | \$ 15,211,654 |
| Franchise taxes | 4,264,095 | 4,143,247 | 4,212,632 | 4,164,306 | 4,163,741 | 3,945,916 | 3,901,966 | 3,845,702 | 3,799,673 | 4,062,878 |
| Utility service taxes | 6,229,152 | 6,288,254 | 6,133,115 | 6,080,705 | 6,413,933 | 6,398,925 | 6,307,503 | 6,311,257 | 6,541,179 | 6,573,918 |
| Sales tax | 4,616,162 | 6,775,333 | 4,758,170 | 4,473,092 | 3,996,063 | 3,836,884 | 3,997,337 | 4,155,678 | 4,446,926 | 4,817,410 |
| Gas taxes | 1,629,603 | 1,961,837 | 1,527,310 | 1,482,316 | 1,435,609 | 1,394,143 | 1,406,512 | 1,385,513 | 1,385,386 | 1,450,728 |
| Tax incremental revenue | 3,402,593 | 4,011,541 | 5,202,314 | 5,949,939 | 6,430,395 | 6,164,507 | 4,266,914 | 3,686,138 | 3,604,128 | 4,326,277 |
| Intergovernmental not restricted to specific program | - | 456,536 | 246,850 | 247,201 | 162,534 | 138,318 | 148,025 | 232,758 | 134,625 | 174,228 |
| Investment income | 538,797 | 1,077,643 | 2,024,156 | 2,010,753 | 591,770 | 462,470 | 224,645 | 341,950 | (116,184) | 152,571 |
| Miscellaneous | 272,177 | 1,262,329 | 1,055,464 | 1,877,484 | 1,840,809 | 1,772,299 | 2,105,331 | 1,902,327 | 2,022,200 | 1,893,816 |
| Gain on disposal of capital assets | - | - | 85,238 | 45,895 | 159,014 | - | - | 32,564 | 54,385 | - |
| Transfers | 85,476 | (61,000) | 978,140 | - | - | 1,744,150 | 1,746,425 | 1,748,238 | 1,747,038 | 1,746,163 |
| Total general revenue and transfers | 35,255,750 | 42,420,587 | 45,553,594 | 44,701,555 | 45,111,711 | 45,680,292 | 39,920,962 | 39,002,737 | 38,540,186 | 40,409,643 |
| Business-type activities: | | | | | | | | | | |
| Intergovernmental not restricted to specific program | - | - | - | 100,000 | - | - | - | - | - | - |
| Investment income | 217,775 | 489,576 | 836,168 | 658,652 | 413,199 | 398,577 | 239,740 | 213,458 | 284,897 | 259,292 |
| Miscellaneous | 9,391 | 3,518 | - | - | - | - | - | - | - | - |
| Gain on disposal of capital assets | - | - | 13,571 | 8,906 | 4,318 | - | 36,781 | 66,509 | 64,165 | 29,944 |
| Transfers | (85,476) | 61,000 | (978,140) | - | - | (1,744,150) | (1,746,425) | (1,748,238) | (1,747,038) | (1,746,163) |
| Total business-type activities | 141,690 | 554,094 | (128,401) | 767,558 | 417,517 | (1,345,573) | (1,469,904) | (1,468,271) | (1,397,976) | (1,456,927) |
| Total primary government | \$ 35,397,440 | \$ 42,974,681 | \$ 45,425,193 | \$ 45,469,113 | \$ 45,529,228 | \$ 44,334,719 | \$ 38,451,058 | \$ 37,534,466 | \$ 37,142,210 | \$ 38,952,716 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 7,012,215 | \$ 6,711,985 | \$ 2,899,747 | \$ 6,505,255 | \$ 1,749,421 | \$ 2,544,670 | \$ 253,407 | \$ 3,747,396 | \$ 540,933 | \$ (5,816,755) |
| Business-type activities | 3,351,979 | 2,504,332 | 1,508,212 | (319,003) | 2,238,367 | 1,660,576 | 3,533,882 | 4,575,962 | 4,107,012 | 3,112,705 |
| Total change in net position | \$ 10,364,194 | \$ 9,216,317 | \$ 4,407,959 | \$ 6,186,252 | \$ 3,987,788 | \$ 4,205,246 | \$ 3,787,289 | \$ 8,323,358 | \$ 4,647,945 | \$ (2,704,050) |

* Governmental activities were re-stated for fiscal year 2011 by a decrease in expenditures in the amount of \$1,006,741 for Interest on long-term debt.

TABLE 3
CITY OF MARGATE, FLORIDA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands of dollars)

| Fiscal Year | | Property Tax | | Franchise Tax | | Utility Service Tax | | Sales Tax | | Gas Tax | | Tax Incremental Revenue | | Total |
|--------------------|----|---------------------|----|----------------------|----|--------------------------------|----|------------------|----|----------------|----|------------------------------------|----|--------------|
| 2005 | \$ | 14,218 | \$ | 4,264 | \$ | 6,229 | \$ | 4,616 | \$ | 1,630 | \$ | 3,403 | \$ | 34,360 |
| 2006 | | 16,505 | | 4,143 | | 6,288 | | 4,877 | | 1,962 | | 4,012 | | 37,787 |
| 2007 | | 19,330 | | 4,213 | | 6,133 | | 4,758 | | 1,527 | | 5,202 | | 41,163 |
| 2008 | | 18,370 | | 4,164 | | 6,081 | | 4,473 | | 1,482 | | 5,950 | | 40,520 |
| 2009 | | 19,918 | | 4,164 | | 6,414 | | 3,996 | | 1,436 | | 6,430 | | 42,358 |
| 2010 | | 19,823 | | 3,946 | | 6,399 | | 3,837 | | 1,394 | | 6,165 | | 41,564 |
| 2011 | | 15,816 | | 3,902 | | 6,308 | | 3,997 | | 1,407 | | 4,267 | | 35,697 |
| 2012 | | 15,361 | | 3,846 | | 6,311 | | 4,156 | | 1,386 | | 3,686 | | 34,745 |
| 2013 | | 14,921 | | 3,800 | | 6,541 | | 4,447 | | 1,385 | | 3,604 | | 34,698 |
| 2014 | | 15,212 | | 4,063 | | 6,574 | | 4,817 | | 1,451 | | 4,326 | | 36,443 |

TABLE 4
CITY OF MARGATE, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved (1) | \$ 232,041 | \$ 260,739 | \$ 535,535 | \$ 384,721 | \$ 46,149 | \$ 64,851 | \$ - | \$ - | \$ - | \$ - |
| Unreserved (1) | 10,083,603 | 9,836,308 | 12,040,070 | 9,410,121 | 13,421,509 | 16,650,440 | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | 16,447 |
| Restricted | - | - | - | - | - | - | 905,230 | 1,024,314 | 1,223,945 | 1,498,012 |
| Committed | - | - | - | - | - | - | 311,642 | 108,947 | 313,585 | - |
| Assigned | - | - | - | - | - | - | 7,829,551 | 7,173,003 | 6,913,495 | 19,076,067 |
| Unassigned | - | - | - | - | - | - | 11,222,721 | 14,033,380 | 17,263,869 | 7,751,670 |
| Total general fund | <u>\$10,315,644</u> | <u>\$10,097,047</u> | <u>\$12,575,605</u> | <u>\$ 9,794,842</u> | <u>\$13,467,658</u> | <u>\$16,715,291</u> | <u>\$20,269,144</u> | <u>\$22,339,644</u> | <u>\$25,714,894</u> | <u>\$28,342,196</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved (1) | \$ 296,309 | \$ 319,630 | \$ 489,457 | \$ 9,630,093 | \$ 649,361 | \$ 669,963 | \$ - | \$ - | \$ - | \$ - |
| Unreserved (1), reported in: | | | | | | | | | | |
| Special revenue funds | 9,356,107 | 14,542,731 | 32,884,918 | 20,036,324 | 20,531,648 | 22,696,917 | - | - | - | - |
| Capital projects funds | 1,650,019 | 2,331,676 | 1,569,573 | 1,139,931 | 1,220,319 | 1,058,802 | - | - | - | - |
| Nonspendable, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | 33,891 | 452,140 | 484,751 | 51,961 |
| Restricted, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | 21,236,254 | 22,114,987 | 22,563,427 | 8,401,957 |
| Debt service funds | - | - | - | - | - | - | - | - | - | 1,001,488 |
| Capital projects funds | - | - | - | - | - | - | 665,427 | 580,680 | 375,436 | 14,690,375 |
| Committed, reported in: | | | | | | | | | | |
| Capital projects funds | - | - | - | - | - | - | 273,822 | 179,723 | 132,581 | - |
| Assigned, reported in: | | | | | | | | | | |
| Capital projects funds | - | - | - | - | - | - | 555,598 | 848,904 | 789,576 | 1,929,942 |
| Unassigned, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | - | - | (25,005) |
| Total all other governmental funds | <u>\$11,302,435</u> | <u>\$17,194,037</u> | <u>\$34,943,948</u> | <u>\$30,806,348</u> | <u>\$22,401,328</u> | <u>\$24,425,682</u> | <u>\$22,764,992</u> | <u>\$24,176,434</u> | <u>\$24,345,771</u> | <u>\$26,050,718</u> |

(1) Information for fiscal years 2005-2010 has not been restated for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.
For additional information on fund balance classifications, see Note 3, Fund Balance Classifications.

TABLE 5
CITY OF MARGATE, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|----------------|-----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 14,217,695 | \$ 16,504,867 | \$ 19,330,205 | \$ 18,369,864 | \$ 19,917,843 | \$ 19,822,680 | \$ 15,816,304 | \$ 15,360,612 | \$ 14,920,830 | \$ 15,211,654 |
| Franchise fees | 4,264,095 | 4,143,247 | 4,212,632 | 4,164,306 | 4,163,741 | 3,945,916 | 3,901,966 | 3,845,702 | 3,799,673 | 4,062,878 |
| Utility service taxes | 6,229,152 | 6,288,254 | 6,133,115 | 6,080,705 | 6,413,933 | 6,398,925 | 6,307,503 | 6,311,257 | 6,541,179 | 6,573,918 |
| Tax incremental revenues | 3,402,593 | 4,011,541 | 5,202,314 | 5,949,939 | 6,430,395 | 6,164,507 | 4,266,914 | 3,686,138 | 3,604,128 | 4,326,277 |
| Licenses and permits | 1,701,081 | 2,423,285 | 2,025,410 | 1,862,200 | 1,626,161 | 2,013,158 | 1,730,177 | 1,722,747 | 1,642,538 | 1,877,792 |
| Intergovernmental revenues | 11,076,594 | 18,779,804 | 10,974,941 | 10,303,860 | 9,529,664 | 8,407,819 | 8,329,483 | 8,795,510 | 9,062,446 | 8,795,630 |
| Investment income (losses) | 538,797 | 1,075,031 | 2,024,155 | 2,010,754 | 591,770 | 462,470 | 224,645 | 341,950 | (116,184) | 152,571 |
| Charges for services | 9,070,479 | 10,465,668 | 10,693,044 | 12,815,976 | 13,251,853 | 13,681,562 | 14,259,912 | 16,389,096 | 17,150,655 | 16,972,896 |
| Rental income | - | - | - | - | - | - | 495,172 | 526,848 | 542,850 | 568,145 |
| Fines and forfeitures | 1,410,573 | 1,579,785 | 820,791 | 4,700,253 | 653,650 | 679,152 | 595,526 | 1,660,712 | 945,328 | 1,049,448 |
| Miscellaneous | 1,769,398 | 1,059,513 | 1,140,699 | 1,923,380 | 1,923,962 | 1,772,299 | 1,610,158 | 1,408,042 | 2,076,585 | 1,689,018 |
| Total revenues | 53,680,457 | 66,330,995 | 62,557,306 | 68,181,237 | 64,502,972 | 63,348,488 | 57,537,760 | 60,048,614 | 60,170,028 | 61,280,227 |
| Expenditures | | | | | | | | | | |
| General government | 7,324,680 | 8,571,266 | 10,355,089 | 9,675,177 | 9,265,980 | 9,630,576 | 7,768,338 | 8,868,487 | 8,864,648 | 9,683,148 |
| Public safety | 27,691,205 | 30,253,698 | 32,913,726 | 34,801,890 | 32,744,809 | 33,750,328 | 34,350,220 | 35,252,351 | 35,758,857 | 32,536,389 |
| Economic and physical environment | 2,300,396 | 1,853,969 | 28,828,135 | 6,461,806 | 6,391,763 | 5,440,320 | 1,502,861 | 1,304,565 | 1,487,821 | 2,247,114 |
| Culture and recreation | 3,214,583 | 3,883,647 | 4,332,196 | 3,947,529 | 3,235,489 | 8,746,442 | 2,909,365 | 2,969,257 | 3,046,418 | 4,152,605 |
| Redevelopment projects | - | - | - | - | - | - | 956,582 | 703,925 | 700,110 | 1,064,790 |
| Public works | 4,834,284 | 15,776,635 | 5,324,777 | 6,199,981 | 4,746,267 | 4,650,345 | 4,555,188 | 4,158,225 | 4,411,430 | 4,698,554 |
| Debt service | | | | | | | | | | |
| Principal retirement | 697,102 | 657,596 | 937,804 | 1,175,048 | 1,071,985 | 2,310,528 | 2,130,207 | 2,224,025 | 2,510,383 | 2,600,937 |
| Interest | 178,338 | 172,663 | 756,655 | 1,936,706 | 1,736,832 | 2,086,760 | 2,096,703 | 2,004,483 | 1,814,940 | 1,650,987 |
| Capital outlay | 4,881,142 | 428,590 | 28,303,088 | 14,119,142 | 13,783,746 | 205,352 | 2,031,111 | 829,592 | 829,592 | 812,791 |
| Total expenditures | 51,121,730 | 61,598,064 | 111,751,470 | 78,317,279 | 72,976,871 | 66,820,651 | 58,300,575 | 58,314,910 | 59,424,199 | 59,447,315 |
| Excess (Deficiency) of Revenues over Expenditures | 2,558,727 | 4,732,931 | (49,194,164) | (10,136,042) | (8,473,899) | (3,472,163) | (762,815) | 1,733,704 | 745,829 | 1,832,912 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital leases | 429,500 | 942,369 | 437,792 | - | - | - | - | - | - | - |
| Proceeds from issuance of debt | - | - | 40,070,000 | - | - | 7,000,000 | - | - | 15,559,414 | - |
| Payment to refunded bonds escrow agent | - | - | - | - | - | - | - | - | (15,559,414) | - |
| Discount on general obligation debt | - | - | (99,125) | - | - | - | - | - | - | - |
| Proceeds from insurance recoveries | - | - | 554,988 | - | - | - | - | - | - | - |
| Proceeds from sale of fixed assets | - | - | - | - | - | - | - | - | - | - |
| Capital leases | - | - | - | - | - | - | - | - | 859,878 | - |
| Transfers in | 1,760,000 | 1,725,300 | 1,284,568 | 1,889,330 | 1,492,150 | 2,460,660 | 2,231,126 | 3,077,044 | 2,312,152 | 20,503,194 |
| Transfers out | (1,760,000) | (1,786,300) | (306,428) | (1,889,330) | (1,492,150) | (716,510) | (484,701) | (1,328,806) | (565,114) | (18,757,031) |
| Total other financing sources (uses) | 429,500 | 881,369 | 41,941,795 | - | - | 8,744,150 | 1,746,425 | 1,748,238 | 2,606,916 | 1,746,163 |
| Net change in fund balance | \$ 2,988,227 | \$ 5,614,300 | \$ (7,252,369) | \$ (10,136,042) | \$ (8,473,899) | \$ 5,271,987 | \$ 983,610 | \$ 3,481,942 | \$ 3,352,745 | \$ 3,579,075 |
| Debt service as a percentage of noncapital expenditures (restated) | 1.9% | 1.4% | 2.0% | 4.8% | 3.8% | 5.8% | 7.2% | 6.8% | 7.8% | 7.7% |

TABLE 6
CITY OF MARGATE, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

| Real Property | | | | | | | | | | | | | | | | | |
|---------------|----------|----|----------------------|----|---------------------|----|---------------------|----|-----------|---------------------------|------------------------------|-----------------------|--------------------------------------|--|----|-----------|--------|
| | | | Residential Property | | Commercial Property | | Industrial Property | | Other (1) | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Total Estimated Actual Taxable Value | Assessed Value as a Percentage of Estimated Actual Value | | | |
| Fiscal Year | Tax Year | | | | | | | | | | | | | | | | |
| 2006 | 2005 | \$ | 2,189,203 | \$ | 392,374 | \$ | 93,542 | \$ | 159,266 | \$ | 523,705 | \$ | 2,310,680 | 6.9503 | \$ | 3,599,332 | 64.20% |
| 2007 | 2006 | | 2,640,658 | | 435,027 | | 104,678 | | 190,798 | | 558,165 | | 2,812,996 | 6.7214 | | 4,629,740 | 60.76% |
| 2008 | 2007 | | 2,911,471 | | 506,115 | | 112,827 | | 236,264 | | 591,765 | | 3,174,912 | 5.6997 | | 5,145,452 | 61.70% |
| 2009 | 2008 | | 2,855,449 | | 520,489 | | 132,605 | | 248,250 | | 904,798 | | 2,851,995 | 6.9076 | | 4,710,762 | 60.54% |
| 2010 | 2009 | | 2,350,548 | | 606,720 | | 128,210 | | 249,626 | | 870,700 | | 2,464,404 | 7.9335 | | 3,723,456 | 66.19% |
| 2011 | 2010 | | 1,837,455 | | 569,867 | | 112,032 | | 248,199 | | 821,675 | | 1,945,878 | 7.9788 | | 2,849,840 | 68.28% |
| 2012 | 2011 | | 1,793,921 | | 508,834 | | 94,923 | | 258,868 | | 797,049 | | 1,859,497 | 7.9892 | | 2,775,866 | 66.99% |
| 2013 | 2012 | | 1,817,033 | | 510,425 | | 95,243 | | 248,543 | | 782,366 | | 1,888,878 | 7.7365 | | 2,831,583 | 66.71% |
| 2014 | 2013 | | 1,894,929 | | 503,368 | | 100,647 | | 264,324 | | 1,109,296 | | 1,977,635 | 7.5593 | | 2,984,185 | 66.27% |
| 2015 | 2014 | | 2,015,025 | | 509,434 | | 106,087 | | 275,250 | | 1,222,792 | | 2,113,563 | 7.3093 | | 3,389,842 | 62.35% |

Source: Broward County Property Appraiser

Notes: Tax rates are per \$1,000 assessed value.

(1) "Other" value includes Agricultural, Institutional, Government, and Miscellaneous.

TABLE 7
CITY OF MARGATE, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

| Fiscal Year | City of Margate | | | Overlapping Rates* | | | | | | |
|-------------|-------------------|----------------------|-------------------|--------------------------------|----------------|---|---------------------------|---------------------------------|--------------------------------------|----------------------------------|
| | Operating Millage | Debt Service Millage | Total Direct Rate | Broward County School District | Broward County | South Florida Water Management District | Children Services Council | North Broward Hospital District | Florida Inland Navigational District | Total Direct & Overlapping Rates |
| 2005 | 6.7611 | 0.2189 | 6.9800 | 8.2695 | 7.0230 | 0.6970 | 0.4231 | 2.4803 | 0.0385 | 25.9114 |
| 2006 | 6.7611 | 0.1892 | 6.9503 | 8.0623 | 6.7830 | 0.6970 | 0.4231 | 2.1746 | 0.0385 | 25.1288 |
| 2007 | 6.5611 | 0.1603 | 6.7214 | 7.8687 | 6.0661 | 0.6970 | 0.4073 | 1.8317 | 0.0385 | 23.6307 |
| 2008 | 5.5591 | 0.1406 | 5.6997 | 7.6484 | 5.2868 | 0.6240 | 0.3572 | 1.6255 | 0.0345 | 21.2761 |
| 2009 | 6.7500 | 0.1576 | 6.9076 | 7.4170 | 5.3145 | 0.6240 | 0.3754 | 1.7059 | 0.0345 | 22.3789 |
| 2010 | 7.7500 | 0.1835 | 7.9335 | 7.4310 | 5.3889 | 0.6240 | 0.4243 | 1.7059 | 0.0345 | 23.5421 |
| 2011 | 7.7500 | 0.2288 | 7.9788 | 7.6310 | 5.5530 | 0.6240 | 0.4696 | 1.8750 | 0.0345 | 24.1659 |
| 2012 | 7.7500 | 0.2392 | 7.9892 | 7.4180 | 5.5530 | 0.4363 | 0.4789 | 1.8750 | 0.0345 | 23.7849 |
| 2013 | 7.5000 | 0.2365 | 7.7365 | 7.4560 | 5.5530 | 0.4289 | 0.4902 | 1.8564 | 0.0345 | 23.5555 |
| 2014 | 7.3300 | 0.2293 | 7.5593 | 7.4800 | 5.7230 | 0.4110 | 0.4882 | 1.7554 | 0.0345 | 23.4514 |

Source: Broward County Property Appraiser.

Notes: The city's basic property tax rate may be increased only by a majority vote of the city's commissioners. Rates for debt service are set based on each year's requirements.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Margate.

TABLE 8
CITY OF MARGATE, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

| | 2014 | | | 2005 | | |
|----------------------------------|--------------------------------------|--------------------|--|--------------------------------------|--------------------|--|
| <u>Taxpayer</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Assessed Value</u> |
| Florida Power & Light Company | \$ 37,575,177 | 1 | 1.90% | \$ 23,510,804 | 3 | 1.11% |
| Northwest Regional Hosp Inc. | 37,096,540 | 2 | 1.88% | 36,728,900 | 1 | 1.74% |
| Morguard Blue Isle LLC | 35,200,920 | 3 | 1.78% | | | - |
| Kimco Realty Corporation | 29,580,120 | 4 | 1.50% | 22,671,030 | 5 | 1.07% |
| MHC Coral Cay Plantation LLC | 27,690,000 | 5 | 1.40% | | | - |
| Behringer Harvard Margate LLC | 22,462,060 | 6 | 1.14% | | | - |
| JM Auto Inc. | 21,561,350 | 7 | 1.09% | | | 0.90% |
| Mullinax Ford South Inc. | 18,300,250 | 8 | 0.93% | 18,900,590 | 7 | - |
| Lakewood Retail LLC | 18,190,850 | 9 | 0.92% | | | - |
| Fairfield Fairways Carolina LLC | 17,639,050 | 10 | 0.89% | | | - |
| Snowbirdland Vistas Inc. | - | | - | 22,712,860 | 4 | 1.08% |
| Connecticut General Life Ins | - | | - | 24,501,065 | 2 | 1.16% |
| Florida Cellular Service | - | | - | 19,704,757 | 6 | 0.93% |
| Sanctuary at Margate Invest Inc. | - | | - | 17,836,174 | 8 | 0.84% |
| Broward Associates | - | | - | 17,530,040 | 9 | 0.83% |
| Uniprop Manufactured Housing | - | | - | 15,558,700 | 10 | 0.74% |
| Total | \$ 265,296,317 | | 13.41% | \$ 219,654,920 | | 10.40% |

Source: Broward County Revenue Collector.

TABLE 9
CITY OF MARGATE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollars)

| Fiscal Year Ended September 30, | Taxes Levied for the Fiscal Year | <u>Collected within the Fiscal Year of the Levy</u> | | Collections in Subsequent Years | <u>Total Collections to Date</u> | |
|------------------------------------|-------------------------------------|---|---------------------------|------------------------------------|----------------------------------|---------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2005 | \$ 14,714 | \$ 14,647 | 99.54% | \$ 60 | \$ 14,707 | 99.95% |
| 2006 | 17,079 | 16,981 | 99.43% | 59 | 17,040 | 99.77% |
| 2007 | 19,866 | 19,830 | 99.82% | 36 | 19,866 | 100.00% |
| 2008 | 18,892 | 18,881 | 99.94% | 11 | 18,892 | 100.00% |
| 2009 | 20,581 | 20,472 | 99.47% | 110 | 20,582 | 100.00% |
| 2010 | 20,688 | 20,302 | 98.13% | 55 | 20,357 | 98.40% |
| 2011 | 16,615 | 16,293 | 98.06% | 28 | 16,321 | 98.23% |
| 2012 | 15,921 | 15,889 | 99.80% | (59) | 15,830 | 99.43% |
| 2013 | 15,570 | 15,497 | 99.53% | (126) | 15,371 | 98.72% |
| 2014 | 15,435 | 15,324 | 99.28% | 0 | 15,324 | 99.28% |

Sources: Broward County Revenue Collector (included discounts allowed).

TABLE 10
CITY OF MARGATE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

| Fiscal Year | Governmental Activities | | | Business-type Activities | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|-------------------------------|----------------|--------------------------|----------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Community Redevelopment Bonds | Capital Leases | Water Revenue Bonds | Capital Leases | | | |
| 2005 | \$ 4,027 | \$ - | \$ 754 | \$ 20,545 | \$ - | \$ 25,326 | 2.23% | \$ 453.20 |
| 2006 | 3,734 | - | 1,333 | 18,764 | - | 23,831 | 2.09% | 423.49 |
| 2007 | 30,489 | 12,921 | 1,227 | 16,616 | - | 61,253 | 5.33% | 1,082.26 |
| 2008 | 30,168 | 12,669 | 625 | 15,049 | - | 58,511 | 5.43% | 1,102.88 |
| 2009 | 29,831 | 12,406 | 152 | 11,959 | - | 54,348 | 5.03% | 1,021.44 |
| 2010 | 28,975 | 18,084 | - | 9,405 | - | 56,464 | 5.21% | 1,057.99 |
| 2011 | 28,079 | 16,850 | - | 8,620 | - | 53,549 | 4.21% | 996.93 |
| 2012 | 27,146 | 15,560 | - | 7,805 | - | 50,511 | 3.87% | 916.45 |
| 2013 | 26,180 | 14,133 | 742 | 6,960 | - | 48,015 | 3.91% | 869.13 |
| 2014 | 25,167 | 12,661 | 625 | 6,075 | - | 44,528 | 3.72% | 803.51 |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Demographic and Economic Statistics schedule for personal income and population data.

TABLE 11
CITY OF MARGATE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

| General Bonded Debt Outstanding | | | | | | | | |
|--|-----------------------|-----------|---|---|-------|--------------|---|-----------------------------------|
| Fiscal Year | Assessed Value | | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | | Total | Percentage of Actual Taxable Value of Property | Bonded Debt Per Capita |
| 2005 | \$ | 2,111,115 | \$ | 4,027 | \$ | 4,027 | 0.19% | \$ 72.07 |
| 2006 | | 2,460,923 | | 3,734 | | 3,724 | 0.15% | 66.17 |
| 2007 | | 2,962,239 | | 30,489 | | 30,489 | 1.03% | 538.70 |
| 2008 | | 3,332,350 | | 30,168 | | 30,168 | 0.91% | 568.64 |
| 2009 | | 2,993,631 | | 29,831 | | 29,831 | 1.00% | 560.66 |
| 2010 | | 2,600,805 | | 28,975 | | 28,975 | 1.11% | 542.92 |
| 2011 | | 2,054,599 | | 28,079 | | 28,047 | 1.37% | 522.15 |
| 2012 | | 1,988,707 | | 27,146 | | 27,108 | 1.36% | 491.84 |
| 2013 | | 2,004,118 | | 26,180 | | 26,137 | 1.30% | 473.11 |
| 2014 | | 1,977,635 | | 25,167 | 1,001 | 24,166 | 1.22% | 436.08 |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

TABLE 12
CITY OF MARGATE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014
(dollars in thousands)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Amount Applicable to Primary Government</u> |
|--|-------------------------|--|--|
| Debt repaid with property taxes | | | |
| Broward County School Board | \$ 1,794,131 | 1.50% | \$ 26,896 |
| Broward County | 279,630 | 1.50% | 4,192 |
| Subtotal, overlapping debt | | | <u>31,088</u> |
| City of Margate direct debt | | | <u>38,454</u> |
| Total direct and overlapping debt | | | <u><u>\$ 69,542</u></u> |

Sources: Assessed value data used to estimate applicable percentages provided by the Broward County Revenue Collector.

Notes: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Margate. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

TABLE 13
CITY OF MARGATE, FLORIDA
PLEDGED-REVENUE COVERAGE
WATER AND WASTEWATER ENTERPRISE FUND
LAST TEN FISCAL YEARS
(dollars in thousands)

| Water Revenue Bonds | | | | | | | |
|----------------------------|-------------------------------------|-----------------|---------------------|--|--|--|------|
| Fiscal Year | As Defined by Bond Indenture | | | Income Available for Debt Service | Maximum Annual Debt Service | Coverage-Dollars of Income Available for Each Dollar of Maximum Annual Debt Service | |
| | Revenues | Expenses | Net Revenues | | | | |
| 2005 | \$ 17,023 | \$ 11,057 | \$ 5,966 | \$ 5,966 | \$ 3,094 | | 1.93 |
| 2006 | 17,605 | 11,561 | 6,044 | 6,044 | 2,866 | | 2.11 |
| 2007 | 16,939 | 11,982 | 4,957 | 4,957 | 2,851 | | 1.74 |
| 2008 | 16,010 | 12,710 | 3,300 | 3,300 | 2,792 | | 1.18 |
| 2009 | 19,423 | 13,758 | 5,665 | 5,665 | 2,794 | | 2.03 |
| 2010 | 20,654 | 13,721 | 6,933 | 6,933 | 1,163 | | 5.96 |
| 2011 | 22,031 | 13,156 | 8,875 | 8,875 | 1,163 | | 7.63 |
| 2012 | 22,483 | 13,443 | 9,040 | 9,040 | 1,163 | | 7.77 |
| 2013 | 22,778 | 14,071 | 8,707 | 8,707 | 1,163 | | 7.48 |
| 2014 | 22,987 | 14,693 | 8,294 | 8,294 | 1,163 | | 7.13 |

Note:

Revenues are defined as all rates, fees, charges, assessments, or other income received by the City or accrued to the City from the operation of the Water and Wastewater System, and also includes the earning and investment income deposited in the Operations and Maintenance Fund/Revenue Fund and Sinking Fund accounts derived from the investment and re-investment of moneys on deposit.

Net revenues are defined as revenues remaining after deduction of operating expenses. For purposes of determining compliance with the rate covenant and parity bond provisions, net revenues shall not include nonpledged revenues.

Nonpledged revenues are defined as connection charges, special assessment charges, capacity reservation charges, meter fees, contributions in aid of construction and other capital contributions, and any other non-recurring charges hereafter imposed.

Operating expenses are defined as current expenses, paid or accrued, of operations, maintenance and ordinary current repairs of the Water and Wastewater System and its facilities.

TABLE 14
CITY OF MARGATE, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

| <u>Calendar Year</u> | <u>Population(1)</u> | <u>Personal Income (thousands of dollars)</u> | <u>Per Capita Personal Income (2)</u> | <u>School Enrollment (3)</u> | <u>Broward County Unemployment Rate (4)</u> |
|----------------------|----------------------|---|---|------------------------------|---|
| 2005 | 55,882 | 1,134,852 | 20,308 | 4,077 | 3.50% |
| 2006 | 56,273 | 1,142,792 | 20,308 | 4,331 | 3.10% |
| 2007 | 56,597 | 1,149,372 | 20,308 | 4,093 | 3.80% |
| 2008 | 53,053 | 1,077,400 | 20,308 | 4,023 | 6.10% |
| 2009 | 53,207 | 1,080,528 | 20,308 | 3,893 | 9.80% |
| 2010 | 53,369 | 1,083,818 | 20,308 | 3,922 | 10.60% |
| 2011 | 53,714 | 1,271,303 | 23,668 | 3,920 | 9.30% |
| 2012 | 55,116 | 1,304,485 | 23,668 | 4,048 | 7.50% |
| 2013 | 55,245 | 1,226,936 | 22,209 | 3,759 | 5.60% |
| 2014 | 55,417 | 1,197,783 | 21,614 | 3,957 | 5.20% |

Sources:

(1) University of Florida Bureau of Economic and Business Research

(2) U.S. Census Bureau

(3) School Board of Broward County, Florida

(4) U.S. Department of Labor, Bureau of Labor Statistics

TABLE 15
CITY OF MARGATE, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| <u>Employer</u> | 2014 | | | 2005 | | |
|--------------------------------|----------------------------|--------------------|---|-------------------------|--------------------|---|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Global Response Corp (1) | 1,000 | 1 | 3.29% | - | - | - |
| Northwest Medical Center | 959 | 2 | 3.16% | - | - | - |
| City of Margate, Florida | 527 | 3 | 1.74% | - | - | - |
| JM Lexus | 414 | 4 | 1.36% | - | - | - |
| Broward County Schools | 396 | 5 | 1.30% | - | - | - |
| Walmart | 300 | 6 | 0.99% | - | - | - |
| Penn Dutch | 178 | 7 | 0.59% | - | - | - |
| Nationwide Relocation Services | 145 | 8 | 0.48% | - | - | - |
| Autonation | 140 | 9 | 0.46% | - | - | - |
| Publix | 125 | 10 | 0.41% | - | - | - |
| Total | <u><u>4,184</u></u> | | <u><u>13.78%</u></u> | <u><u>-</u></u> | | <u><u>-</u></u> |

Source: Broward Planning Services Division, City-wide data.com, US Bureau of Labor Statistics, Finance Department survey,

Note: Information for 2005 is unavailable.

TABLE 16
CITY OF MARGATE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| | Full-time Equivalent Employees as of September 30 | | | | | | | | | |
|---|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General government | | | | | | | | | | |
| City commission | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| City manager | 7 | 6 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 7 |
| Economic development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 7 |
| Finance | 23 | 23 | 21 | 20 | 19 | 19 | 19 | 20 | 20 | 20 |
| Human resources | 8 | 8 | 8 | 8 | 7 | 7 | 5 | 6 | 6 | 6 |
| City clerk | 8 | 9 | 9 | 8 | 6 | 6 | 6 | 6 | 7 | 7 |
| City attorney | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Building | 17 | 17 | 18 | 18 | 15 | 15 | 19 | 14 | 13 | 13 |
| Information technology | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 5 |
| Police | | | | | | | | | | |
| Officers | 116 | 120 | 120 | 120 | 111 | 111 | 107 | 107 | 110 | 111 |
| Non-certified personnel | 94 | 94 | 94 | 91 | 83 | 81 | 75 | 75 | 69 | 40 |
| Fire | | | | | | | | | | |
| Firefighter/Paramedics | 103 | 102 | 104 | 105 | 104 | 105 | 108 | 107 | 107 | 108 |
| Firefighters/EMTs | 7 | 7 | 5 | 4 | 3 | 3 | 2 | 2 | 2 | 2 |
| Non-certified personnel | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public works | | | | | | | | | | |
| Administration | 5 | 5 | 5 | 5 | 5 | 4 | 3 | 3 | 3 | 3 |
| Building | 11 | 12 | 12 | 12 | 10 | 10 | 9 | 9 | 9 | 9 |
| Garage | 11 | 12 | 12 | 12 | 10 | 10 | 10 | 10 | 10 | 10 |
| Transportation | 13 | 13 | 13 | 13 | 12 | 11 | 0 | 0 | 0 | 0 |
| Road | 7 | 7 | 6 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| Stormwater utility | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Parks and recreation | 68 | 71 | 77 | 74 | 59 | 57 | 53 | 56 | 46 | 47 |
| Environmental & engineering | | | | | | | | | | |
| Treatment | 39 | 39 | 40 | 39 | 38 | 40 | 40 | 38 | 39 | 38 |
| Transmission, distribution & collection | 28 | 28 | 28 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Administration & engineering | 17 | 16 | 16 | 16 | 16 | 17 | 18 | 15 | 15 | 15 |
| Total | 607 | 614 | 617 | 608 | 561 | 559 | 537 | 536 | 523 | 498 |

Source: City's Finance Department.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2080.

TABLE 17
CITY OF MARGATE, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Government | | | | | | | | | | |
| Building permits issued | 2,334 | 5,744 | 7,355 | 4,909 | 4,537 | 4,893 | 3,922 | 3,998 | 4,371 | 4,441 |
| Lien inquiries | 2,344 | 1,705 | 1,270 | 1,020 | 2,888 | 2,640 | 1,873 | 2,389 | 2,204 | 1,777 |
| Police | | | | | | | | | | |
| Physical arrests | 1,598 | 1,383 | 2,051 | 3,029 | 2,964 | 2,346 | 1,858 | 1,713 | 1,528 | 1,024 |
| Parking citation | 597 | 659 | 694 | 502 | 209 | 124 | 80 | 62 | 63 | 63 |
| Traffic citation | 8,514 | 8,637 | 8,102 | 12,404 | 8,960 | 8,401 | 5,945 | 5,555 | 5,447 | 4,816 |
| Fire | | | | | | | | | | |
| Emergency Responses | 16,535 | 15,657 | 14,915 | 15,158 | 13,892 | 14,155 | 14,062 | 14,450 | 14,585 | 14,950 |
| Inspections | 3,439 | 2,697 | 2,814 | 2,368 | 1,075 | 2,239 | 2,137 | 2,488 | 2,877 | 2,849 |
| Public works | | | | | | | | | | |
| Total route miles - Margate mini buses (1) | 70 | 70 | 70 | 70 | 62 | 62 | 46 | 46 | 46 | 57 |
| Transit passengers - Margate mini buses | 144,015 | 153,412 | 188,119 | 159,483 | 140,822 | 117,037 | 109,996 | 67,935 | 60,560 | 66,198 |
| Culture and Recreation | | | | | | | | | | |
| Pool Admissions (2) | 19,785 | 52,831 | 53,387 | 33,132 | 33,309 | 32,508 | 37,230 | 33,345 | 32,052 | 37,795 |
| Summer Camp Participants | 318 | 341 | 360 | 238 | 185 | 167 | 150 | 191 | 172 | 179 |
| Library circulation | 113,717 | 188,502 | 161,741 | 181,200 | 177,164 | 168,725 | 160,098 | 149,464 | 161,766 | 124,833 |
| Environmental and engineering | | | | | | | | | | |
| Water and wastewater system | | | | | | | | | | |
| Number of billed accounts monthly | 16,431 | 16,611 | 16,657 | 16,738 | 16,776 | 16,781 | 16,770 | 16,775 | 16,771 | 16,779 |
| Average number of gallons of water consumed daily (thousands of gallons) | 8,000 | 8,200 | 7,897 | 7,752 | 7,933 | 7,823 | 7,983 | 7,762 | 6,945 | 7,425 |
| Average number of gallons of wastewater treated daily (thousands of gallons) | 7,500 | 7,313 | 7,053 | 6,900 | 7,125 | 6,551 | 6,808 | 6,940 | 6,900 | 6,602 |

Sources: Various city departments.

Notes:

Pool facility was closed in August 2004 for renovations and reopened June 2005. Pool admissions do not include the city's summer camp participants who use the facility during summer camp.

Library was closed for renovations April 2004 through January 2005.

(1) The Margate mini-buses no longer operate on Saturdays and the hours of operations were shortened

(2) Total admissions for FY 2005 are estimated based on revenue received divided by admission rates.

TABLE 18
CITY OF MARGATE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Government | | | | | | | | | | |
| Number of general government buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Number of police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of police patrol units (marked) | 77 | 84 | 95 | 94 | 91 | 91 | 101 | 112 | 116 | 115 |
| Administrative buildings - Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Number of fire stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of fire engines | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 10 | 10 | 10 |
| Number of rescue transport vehicles | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Public works | | | | | | | | | | |
| Public roads (miles) | 110.51 | 110.51 | 110.49 | 110.49 | 110.49 | 110.71 | 110.71 | 110.71 | 110.71 | 110.71 |
| City roads (miles) | 100.91 | 100.91 | 100.91 | 100.91 | 100.91 | 101.28 | 101.28 | 101.28 | 101.28 | 101.28 |
| Transit-minibuses | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 4 | 4 | 4 |
| Culture and Recreation | | | | | | | | | | |
| Number of parks | 16 | 17 | 18 | 18 | 18 | 18 | 18 | 19 | 19 | 19 |
| Park acreage | 106.38 | 131.90 | 131.90 | 131.90 | 131.90 | 131.90 | 131.90 | 131.90 | 131.90 | 131.90 |
| Conservation land use (acres) | 36.88 | 36.88 | 56.31 | 56.31 | 52.24 | 52.24 | 52.24 | 52.24 | 52.24 | 52.24 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Environmental and engineering | | | | | | | | | | |
| Administrative buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water and Wastewater System | | | | | | | | | | |
| Miles of water mains | 201.36 | 207.12 | 207.77 | 209.69 | 211.33 | 211.46 | 211.51 | 211.51 | 211.51 | 211.27 |
| Miles of wastewater mains | 173.85 | 177.26 | 176.29 | 176.29 | 185.07 | 174.68 | 176.42 | 176.42 | 176.42 | 176.68 |
| Water treatment capacity per day (thousands of gallons) | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |

Sources: Various city departments.

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Compliance Section

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, City Commission and City Manager
City of Margate, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Margate, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida
March 4, 2015



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Honorable Mayor, City Commissioners and City Manager
City of Margate, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Margate, Florida (the "City"), as of and for the year ended September 30, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 4, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in a accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 4, 2015, should be considered in conjunction with this management letter.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

To the Honorable Mayor, City Commissioners and City Manager
City of Margate, Florida

Purpose of this Letter (Continued)

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(i) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the City, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

We wish to thank the City of Margate, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

GLSC & Company, PLLC

March 4, 2015



LETTER TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

NONE

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

NONE

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

1. Unless otherwise required to be reported in the auditors' report on internal control over financial reporting and on compliance and other matters or schedule of finding and questioned costs, the management letter shall include, but not be limited to a statement as to whether or not corrective actions have been taken to address significant findings and recommendations in the preceding annual financial audit report pursuant to Rule 10.557(3)(b)2. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit.
2. The City of Margate complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were no recommendations to improve the City's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2014.
4. There were no violations of provisions of contracts or grant agreements, or abuse that have occurred, or were likely to have occurred, that have an effect on the financial statement that is less than material but which warrants the attention of those charged with governance.
5. The City of Margate, Florida was established as authorized by Chapter 30962, Laws of Florida, Acts of 1955. The City operates under a Commission / City Manager form of government. The City is financially independent as evidenced by the authority to make and approve its own budget, the power to tax, the authority to buy and sell property, and the authority to incur debt. The City has three component units (two blended and one not included since financial activities are not considered material to the financial statements of the City) which are disclosed in the notes to the financial statements.
6. The City of Margate did not meet one or more of the conditions described in Section 218.503(1), Florida Statutes.
7. The annual financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a), Florida Statutes agrees with the September 30, 2014 financial audit report.
8. We applied financial condition assessment procedures pursuant to Section 10.554(1)(i)5.c and Rule 10.556 and no deteriorating financial conditions were noted. It is management's responsibility to monitor the City of Margate's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.
9. Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.



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INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor, City Commission and City Manager
City of Margate, Florida

We have examined the City of Margate's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

Miami, Florida
March 4, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor, City Commissioners and City Manager
City of Margate, Florida

Report on Compliance for Each Major Federal Program

We have audited City of Margate, Florida (the "City")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida
March 4, 2015

CITY OF MARGATE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| <u>Federal Agency, Pass-through Entity Federal Program</u> | <u>CFDA Number</u> | <u>Contract / Grant Number</u> | <u>Award Amount</u> | <u>Expenditures</u> |
|--|------------------------|--|-------------------------|---------------------|
| Primary Government | | | | |
| U.S. Department of Housing and Urban Development | | | | |
| Community Development Block Grant | 14.218 | CDBG 2011-2013 | \$ 611,651 | \$ 412,808 |
| Community Development Block Grant - Neighborhood Stabilization Program 1 | 14.218 | B-08-MN-12-0015 | 2,106,555 | 347,441 |
| Community Development Block Grant - Neighborhood Stabilization Program 3 | 14.218 | B-11-MN-12-0015 | 1,148,877 | 610,285 |
| Subtotal | | | | <u>1,370,534</u> |
| Pass-Through Broward County | | | | |
| Community Development Block Grant - HOME | 14.239 | 14-HFCD-136-HOME | 78,448 | 9,437 |
| | 14.239 | N/A | 73,464 | 73,464 |
| | 14.239 | 11-HFCD-053 | 111,029 | 67,660 |
| Subtotal | | | | <u>150,561</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>1,521,095</u> |
| U.S. Department of Justice | | | | |
| Pass-Through Broward Sheriff's Office | | | | |
| Edward Byrne Memorial Justice Assistance (JAG) Grant Program | 16.738 | 2013-DJ-BX-0369 | 10,696 | - |
| Assistance (JAG) Grant Program | 16.738 | 2012-DJ-BX-0035 | 11,840 | 10,141 |
| Assistance (JAG) Grant Program | 16.738 | 2011-DJ-BX-2512 | 15,627 | 9,112 |
| Subtotal | | | | <u>19,253</u> |
| Pass-Through Florida Office of the Attorney General | | | | |
| Crime Victim Assistance | 16.575 | V13155 | 37,305 | 37,305 |
| Joint Law Enforcement Operations | 16.111 | N/A | 520,957 | 520,957 |
| Bulletproof Vest Partnership Program | 16.607 | N/A | 2,550 | 2,550 |
| State and Local Task Force | 16.xxx | N/A | 21,394 | 21,394 |
| Total U.S. Department of Justice | | | | <u>601,459</u> |
| Executive Office of the President | | | | |
| Pass-Through Broward Sheriff's Office | | | | |
| Narcotics Interdiction Task Force | 95.004 | N/A | 35,389 | 35,389 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS - Primary Government | | | | <u>\$ 2,157,943</u> |

CITY OF MARGATE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Component Unit: Northwest Focal Point Senior Center

| <u>Federal Agency, Pass-through Entity Federal Program</u> | <u>CFDA Number</u> | <u>Contract / Grant Number</u> | <u>Award Amount</u> | <u>Expenditures</u> |
|--|------------------------|--|-------------------------|---------------------|
| U.S. Department of Health and Human Services * | | | | |
| Older Americans Act TIIIB/TIIIE | 93.052 | JA114-08-2014 | \$ 270,107 | \$ 197,430 |
| Older Americans Act TIIIB/TIIIE | 93.044 | JA113-08-2013 | | 73,827 |
| Emergency Home Energy Assistance | 93.568 | JP114-08-2015 | 24,804 | 9,184 |
| Emergency Home Energy Assistance | 93.568 | JP113-08-2014 | 21,781 | 12,525 |
| Total U.S. Department of Energy | | | | <u>292,966</u> |
| State Grants, Pass-through Entity State Program | | | | |
| State of Florida Department of Elder Affairs * | | | | |
| Local Services Programs | 65.009 | JL114-08-2015 | 100,292 | 22,918 |
| Local Services Programs | 65.009 | JL113-08-2014 | | 73,726 |
| State of Florida Department of Elder Affairs ** | | | | |
| Community Care for the Elderly | 65.010 | 15-EVSD-3411-ADC-01 | | 19,799 |
| Community Care for the Elderly | 65.010 | 12-EVSD-3411-ADC-01 | | 50,295 |
| Total State of Florida Department of Elder Affairs | | | | <u>166,738</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE - Component Unit: Northwest Focal Point Senior Center | | | | <u>\$ 459,704</u> |

* Pass-through Areawide Council on Aging of Broward County
** Pass-through Broward County Elderly and Veterans Services
N/A - Not Available

CITY OF MARGATE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NOTE A - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

Federal Awards Programs

All federal grant operations of the City of Margate, Florida, are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement (Revised March 2014, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all Federal awards and other grants with fiscal year 2014 cash and noncash expenditures in excess of \$500,000 that ensure coverage of at least 25 percent of federally granted funds. Actual coverage is approximately 64 percent of total cash and noncash federal program expenditures.

| <u>Major Federal Program Description</u> | <u>Federal CFDA Number</u> | <u>Fiscal 2014 Expenditures</u> |
|---|--------------------------------|-------------------------------------|
| Community Development Block Grants/ Entitlement Grants | 14.218 | \$ 1,370,534 |

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes all Federal grants State financial assistance to the City of Margate, Florida, that had activity during the fiscal year ended September 30, 2014. The schedule is presented on the accrual basis of accounting in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE C - FINDINGS OF NONCOMPLIANCE

NONE

NOTE D - AUDITS PERFORMED BY OTHER ORGANIZATIONS

During the fiscal year ended September 30, 2014, a letter was provided to the City which related to the 2011 audit of the Integrated Disbursement Information System (IDIS) by Office of the Inspector General of the US Department Housing and Urban Development (the "OIG") regarding its Community Development Block Grant. The OIG identified several activities that remained open due to the City's failure to meet the national objective on its remote monitoring report dated December 17, 2013. The City management responded to the letter and agreed with three of the findings. One of the operations was subsequently closed in the IDIS. In addition, the City agreed to reimburse the Line of Credit Control System from the CDBG Line of Credit for \$29,807. Management provided support information in an effort to clear the remaining findings.

CITY OF MARGATE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Margate, Florida.
2. There were no significant deficiencies relating to the audit of the basic financial statements reported in the independent auditors' report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. The audit did not disclose noncompliance that is material to the financial statements.
3. There were no significant deficiencies on internal control over compliance reported in the independent auditors' report on compliance for each major program and on internal control over compliance in accordance with OMB Circular A-133.
4. The auditors' report on compliance for the major federal programs for the City of Margate, Florida expresses an unmodified opinion.
5. Audit findings relative to the major federal programs for the City of Margate, Florida are reported in Parts C and D. of this Schedule.
6. The programs tested as major programs include:

| <u>Major Federal Program Description</u> | <u>Federal CFDA Number</u> | <u>Fiscal 2014 Expenditures</u> |
|--|----------------------------|---------------------------------|
| Community Development Block Grants/ Entitlement Grants | 14.218 | \$ 1,370,534 |
| Dollar threshold to distinguish Type A and Type B Programs | | \$ 300,000 |

7. The City of Margate, Florida, was determined to be a low-risk audit pursuant to OMB Circular A-133.

CITY OF MARGATE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AUDIT

NONE

D. STATUS OF PRIOR YEAR'S FINDINGS ON A MAJOR FEDERAL AWARDS

1. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.
2. No corrective action plan is required because there were no findings required to be reported under the federal Single Audit Act.

