

2015

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2015



CITY OF
MARGATE
Together We Make It Great

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF MARGATE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

Prepared by the
Finance Department

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

ABOUT THE COVER

The photo on the cover is titled “Legacy Park” by Margate resident Pat Goonan. The photo showcases the beauty of the park's gazebo at night. Legacy Park is located at the corner of Margate Boulevard and West River Drive and is a small exhibit of the history of Margate. “Legacy Park” was submitted to the City as part of the Digital Photography Monthly Competition and was Mr. Goonan's second win.

Cover design: Alison Saffold, City Manager’s Office

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Introductory Section

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April 18, 2016

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, 2015. 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, 2015. 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.

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.

City Commission

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

City Manager

Douglas E. Smith

City Attorney

Eugene M. Steinfeld

City Clerk

Joseph J. Kavanagh

Finance Department

5790 Margate Boulevard, Margate, FL 33063 • Phone: (954) 972-6454 • Fax: (954) 935-5258
www.margatefl.com • finance@margatefl.com

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 approximately 55,800. The U.S. Census Bureau lists a median household income of \$42,599.

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 35 and 36 of this report).

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 or funds require approval of the City Commission.

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 approximately twenty miles 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 1,887 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 (954 employees), Global Response Corp (687), JM Lexus (450 employees), Broward County Schools (412 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 4% homeowner vacancy rate and 9% 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 using federal, state, and county grant funding.

The local economy in Margate continues to show positive signs. The City's total taxable assessed value provided by the Broward County Property Appraiser of \$2.1 billion for FY 2015 is an increase of 6.9% from FY 2014. 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 municipal taxable value increased 10% for condominiums and 6% for single family homes between FY 2014 and FY 2015, overall assessed values of residential units in Margate remain below the Broward County average. In conjunction with an improving economy and accompanying increases in property values, there is a continuing decrease in the number of new foreclosures.

Two multi-family residential projects, known as Toscana Villas and Celebration Pointe, which will total 774 apartments units upon completion have continued through construction and the first wave of residents moved into Toscana at the end of 2015. Commercial development has also continued to improve throughout the City.

Construction continued on a number of non-residential projects including a 6,500 square foot retail outparcel building, 6,525 square foot medical office, 3,200 square foot commercial branch bank, two infill development buildings totaling 15,400 square feet, 92,983 square foot self-storage facility, and 27,000 square foot charter school with additional square footage for expansion.

In addition, new approvals were given for the construction of a new 7,500 square foot Dollar General store and accompanying 4,000 square foot retail buildings, as well as a new automated car wash. A previously vacated gasoline service station was given approval to reopen and is currently going through a major makeover.

The business community in the City of Margate continues to show signs of growth, by investing in itself. The City has seen an increase in construction projects aimed at improving the aesthetics and brand image of commercial properties, including major façade renovations, parking lot and landscaping improvements, and signage overhauls. These improvements promote a positive image for the City and assist both the public and private sector in attracting new residents and businesses to Margate.

The CRA continues to move forward with several projects. The Margate City Center is a 36 acre site assembled by the CRA for redevelopment purposes. It is centrally located in northwest Broward County near major regional roadways including State Road 7, Atlantic Boulevard, Coconut Creek Parkway, and the Florida Turnpike. Redevelopment of the site will include a mix of commercial and recreational features, as well as residential options to make Margate a community of choice for its diverse population and employee base. In July 2015, the CRA board considered two proposals for the redevelopment of the site, and selected a development team to partner with for the implementation of the City Center plan. The CRA also approved two \$25,000 grants to improve the facades of commercial buildings located at 2401-2403 N. State Road 7 (Tropical Development) and at 1917 N. State Road 7 (Giant Tire).

Long-term financial planning and relevant financial policies

The City has implemented a comprehensive investment policy to set forth the investment objective and the parameters for the management of public funds of the City. The policy is designed to safeguard the City's funds, ensure the availability of operating and capital funds when needed, and provide for an investment return competitive with comparable funds and financial market indices. The policy was established in accordance with Section 218.415, Florida Statutes which establishes investment plan guidelines for Florida local governments. The policy was approved on December 17, 2014 by resolution of the City Commission.

The investment policy permits investment of City monies in the Florida Local Government Surplus Trust Fund (Florida Prime), United States Government Securities, United States Government Agencies, United States Sponsored Agencies, Interest Bearing Time Deposit of Savings Accounts, Repurchase Agreements, Commercial Paper, Corporate Notes, Asset Backed Securities, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, and Intergovernmental Investment Pools.

All securities are purchased on a delivery-versus-payment basis which requires the City to have possession of the security before releasing funds. Investments securities are only purchased from Qualified Financial Institutions and investment institutions that are designated as Primary Securities Dealers by the Federal Reserve Bank of New York.

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 formally adopted by resolution a fund balance policy in September 2015. The policy defined the various components of fund balance and the City Commission delegated authority to the City Manager to assign fund balances as appropriate. The City Commission also committed \$1,060,302 of fund balance monies to be used for Citizen Project Initiatives which will remain committed until all these monies are spent. The policy also set forth that where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and lastly unassigned.

The City is pursuing long-term economic growth through attracting new business, supporting and encouraging improvements to existing businesses, 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.

As of August 2015, the City's average unemployment rate was 5.1% which was lower than that of the State of Florida at 5.3%. 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. This legislation has impacted the City's current and future property tax revenues and is described in detail in the notes to the financial statements beginning on page 44 of this report.

For fiscal year 2015, the City experienced an additional increase in property valuations as the slow economic recovery continues. The increase was approximately 6.9%, or approximately \$136 million, in municipal taxable property valuations based on total real property. The City's total millage of 7.3093 in FY 2015 decreased 0.25 mills from 7.5593 in FY 2014. 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, one of ten ISO Class 1 rated Fire Departments in Florida, and has won the award for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR) for more than twenty years.

Major Initiatives and transitions

- The City implemented a new performance measurement system, entitled "Measure Up Margate", designed to report on city-wide performance measures on a quarterly basis.
- In an effort to improve communication with residents and businesses in the City, the City launched a mobile application for smart phone devices, and continued enhancements of social media use.
- The City began development of the City of Margate Parks and Recreation Department's Master Plan, which will guide the direction, growth, and delivery of the City's parks and recreation services over the next five years and include a long-range visioning plan.
- Over the past five (5) 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 total millage in fiscal year 2015 by 0.25 mills.

- The City conducted a full cost allocation plan study which identified the cost of indirect services provided by central service departments of the City utilizing actual expenditures for fiscal year 2013/2014. The plan is used to charge non general fund departments for indirect costs. The City also completed a review of return on investment (ROI) utility transfers to the general fund. These transfers are in addition to the cost allocation noted above. The return on investment transfer occurs when investment income is lost as a result of funds being invested in the utility instead of an alternative investment opportunity, as well as from the business or financial risks associated with owning a utility that provides service.
- The City completed various utility billing processing improvements during the year which consisted of utilizing financial services technology to improve efficiency and effectiveness of bill processing to electronically process payments. In addition, a new utility bill format was created providing customers with increased information about accounts and the option to receive bills electronically. Cash customers were also provided the opportunity to pay utility bills in person 24/7 through a third party provider.


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, 2014. This was the twenty-seventh 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, Sherry Walker, Controller, Jacqueline Chin-Kidd, Accounting Supervisor, Jackie Earll, Utility Accounting Manager, Sonja Fuller, Accountant, and Decia Smith-Burke, Budget Manager 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, 2014

Executive Director/CEO

CITY OF MARGATE, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2015

ELECTED OFFICIALS
CITY COMMISSION

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

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

APPOINTED OFFICIALS

CITY MANAGER
Douglas E. Smith

CITY ATTORNEY
Eugene M. Steinfeld

CITY CLERK
Joseph J. Kavanagh

DEPARTMENT DIRECTORS

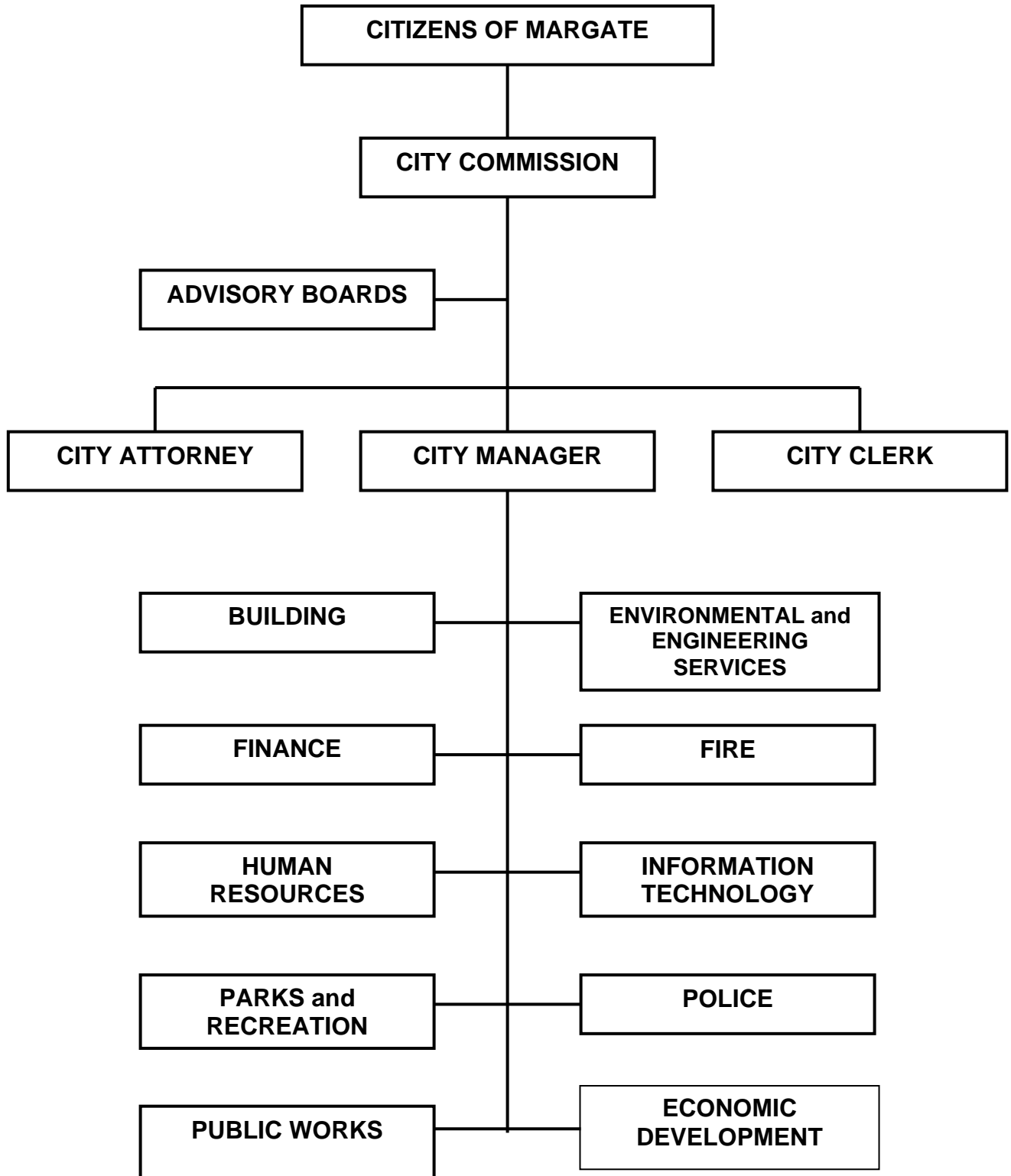
Building, Director
Economic Development, Director
Environmental and Engineering Services, Director
Finance, Director
Fire, Interim Chief
Human Resources, Director

Information Technology, Director
Parks and Recreation, Director
Police, Chief
Public Works, Director
Northwest Focal Point Senior Center, Director
CRA, Director

Mary Langley
Benjamin J. Ziskal, AICP, CECd
Reddy Chitepu, P.E.
Mary Beazley
Dan Booker, MPA, EFO
Jacqueline M. Wehmeyer,
SPHR, IPMA-CP
James Wilbur, CGCIO
Michael A. Jones, CPRP
Dana Watson
Sam A. May, PWLF
Karin Diaz
Diane Colonna

CITY OF MARGATE, FLORIDA

ORGANIZATIONAL CHART



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Financial Section

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6303 Blue Lagoon Drive, Suite 200
Miami, Florida 33126-6025
Ph: (305) 373-0123 • (800) 330-4728
Fax: (305) 374-4415
www.glscpa.com

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, 2015, 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 auditors' 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, 2015, 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 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. As a result of the implementation, the City reported a restatement for the change in accounting principle. Our opinion is not modified in 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 the schedule of funding progress and employer contributions, schedule of the proportionate share of the net pension liability, schedule of contributions and budgetary comparison information on pages 13 through 24 and 73 through 79 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules of revenue, expenditures, and changes in fund balances – budget to actual and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards for the City is presented for purposes of additional analysis as required by U.S. Office of Management and Budget and Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances – budget to actual on pages 80 through 99 and the schedule of expenditures of federal awards on page 128 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, schedule of revenue, expenditures, and changes in fund balance – budget to actual and the schedule of expenditures of federal awards 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.

Honorable Mayor, City Commission, and City Manager
City of Margate, Florida
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2016, 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
April 18, 2016

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Management Discussion & Analysis

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CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

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, 2015. Since the management's discussion and analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the transmittal letter and the City's financial statements.

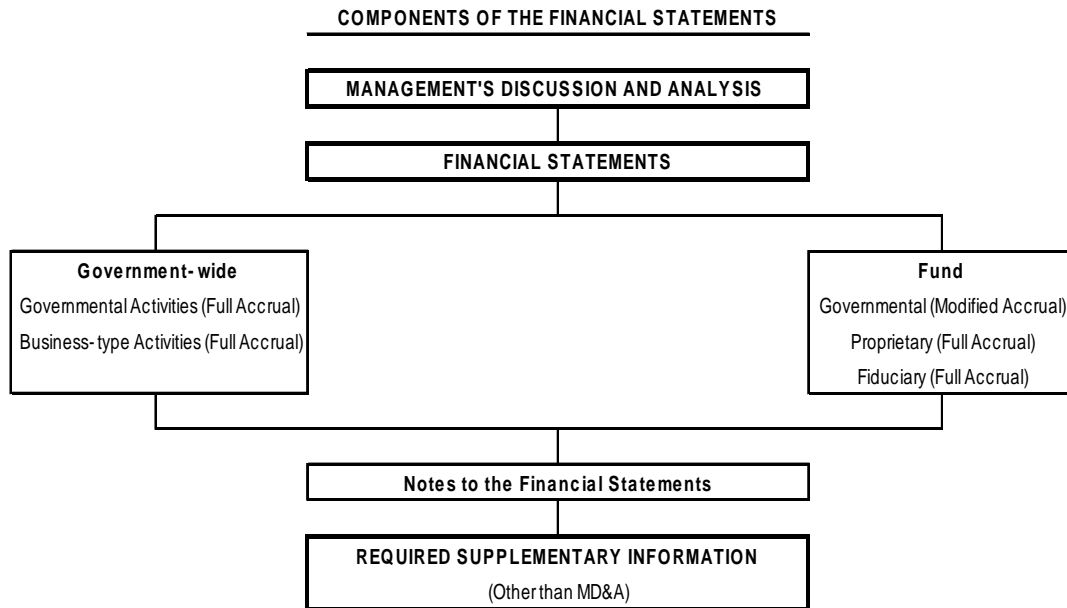
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2015 by \$136.2 million (*net position*). Of this amount, \$5.6 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 net position increased by approximately \$13.1 million in comparison to the restated prior year, which includes an adjustment that reduced beginning net position by approximately \$41.5 million. This adjustment affected governmental activities and business-type activities. The adjustment was the result of the City adopting the provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71. The business-type activities' net position increased by \$7.6 million, while the net position of governmental activities increased by \$5.5 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59.2 million, an increase of \$4.8 million in comparison with the prior year. Approximately 54% of this total amount, or \$32.2 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 \$7.9 million, or 16% of total General Fund expenditures.
- The City's total debt (bonds and capital leases) decreased by \$3.6 million, with debt for governmental activities decreasing by \$2.7 million, and debt for business-type activities decreasing by \$920,000.

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.

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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 function. 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 25 - 26 of this report.

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.

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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 seventeen 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 Trust Fund, Margate Community Redevelopment Agency Capital Improvement Fund, and Margate Community Redevelopment Agency Loan Proceeds Capital Projects 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 27 through 30 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 Utilities 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 31 through 33 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 34 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 35 - 72 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 80 of this report.

CITY OF MARGATE, FLORIDA
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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 and deferred inflows of resources by \$136.2 million at the close of the most recent fiscal year.

Net Position (in thousand dollars)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014 (1)	2015	2014 (1)	2015	2014 (1)
Current and other assets	\$ 67,184	\$ 63,673	\$ 47,804	\$ 43,859	\$ 114,988	\$ 107,532
Capital assets	88,906	90,876	48,738	46,753	137,644	137,629
Total assets	156,090	154,549	96,542	90,612	252,632	245,161
Pension related deferred outflow	5,586	2,595	484	228	6,070	2,823
Deferred charges on refunding	197	209	188	226	385	435
Total deferred outflow of resources	5,783	2,804	672	454	6,455	3,258
Long-term liabilities	58,564	62,607	8,175	9,753	66,739	72,360
Other liabilities	38,296	23,955	7,135	6,058	45,431	30,013
Total liabilities	96,860	86,562	15,310	15,811	112,170	102,373
Pension related deferred inflow	9,832	21,133	852	1,836	10,684	22,969
Net position:						
Net investment in capital assets	60,388	59,680	43,772	40,904	104,160	100,584
Restricted	25,929	25,349	500	500	26,429	25,849
Unrestricted (restated)	(31,135)	(35,371)	36,780	32,016	5,645	(3,355)
Total net position	\$ 55,182	\$ 49,658	\$ 81,052	\$ 73,420	\$ 136,234	\$ 123,078

(1)- 2014 numbers have been restated for unrestricted net position, and pension related deferred inflows and outflows due to the implementation of GASB Statement Nos. 68 and 71, see Note III-A and III-I.

By far the largest portion of the City's net position (77%) reflects its investment in capital assets (for example, land, improvements other than buildings, 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 \$3.6 million during the year which is primarily due to additions to infrastructure in business-type activities.

An additional portion of the City's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5.6 million (4.0%) 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 three categories of net position for the business-type activities and positive balances in two of the three categories of net position (net investment in capital assets and restricted) for the governmental activities.

The City's overall net position increased \$13.1 million, from the prior fiscal year as a direct result of operations.

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Changes in Net Position

The following schedule is a summary of the City's operations for fiscal year 2015 with comparative information for fiscal year 2014.

Changes in Net Position (in thousand dollars)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 20,376	\$ 20,458	\$ 24,369	\$ 23,981	\$ 44,745	\$ 44,439
Operating grants and contributions	2,054	2,158	-	-	2,054	2,158
Capital grants and contributions	-	-	3,575	319	3,575	319
General revenues:						
Ad valorem taxes	15,588	15,212	-	-	15,588	15,212
Tax incremental revenues	4,181	4,326	-	-	4,181	4,326
Other taxes	17,369	16,905	-	-	17,369	16,905
Intergovernmental	176	174	-	-	176	174
Investment earnings	222	153	228	259	450	412
Other	3,118	1,894	33	30	3,151	1,924
Total revenues	<u>63,084</u>	<u>61,280</u>	<u>28,205</u>	<u>24,589</u>	<u>91,289</u>	<u>85,869</u>
Expenses:						
Program Expenses:						
General government	10,238	11,011	-	-	10,238	11,011
Public safety	33,492	37,594	-	-	33,492	37,594
Economic and physical environment	2,332	2,624	-	-	2,332	2,624
Culture and recreation	5,137	4,981	-	-	5,137	4,981
Public works	7,099	10,982	-	-	7,099	10,982
Debt service	1,538	1,651	-	-	1,538	1,651
Water and wastewater utilities	-	-	17,202	18,694	17,202	18,694
Stormwater Utility	-	-	1,095	1,036	1,095	1,036
Total expenses	<u>59,836</u>	<u>68,843</u>	<u>18,297</u>	<u>19,730</u>	<u>78,133</u>	<u>88,573</u>
Increase (decrease) in net position before transfers	3,248	(7,563)	9,908	4,859	13,156	(2,704)
Transfers	<u>2,276</u>	<u>1,746</u>	<u>(2,276)</u>	<u>(1,746)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	5,524	(5,817)	7,632	3,113	13,156	(2,704)
Net position, October 1, as restated	49,658	93,708	73,420	73,619	123,078	167,327
Restatement, Note III-I	-	(38,233)	-	(3,312)	-	(41,545)
Net position, September 30	<u>\$ 55,182</u>	<u>\$ 49,658</u>	<u>\$ 81,052</u>	<u>\$ 73,420</u>	<u>\$ 136,234</u>	<u>\$ 123,078</u>

Revenues

For fiscal year ended September 30, 2015, revenues from governmental activities totaled \$63 million. This was an increase of \$1.8 million, or 3%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

Governmental activities tax incremental revenues decreased by approximately \$145,000, or 3%. 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 approximately \$464,000, or 3%. These taxes are tied to usage by the public so the increase is linked to the continuing recovery of the economy.

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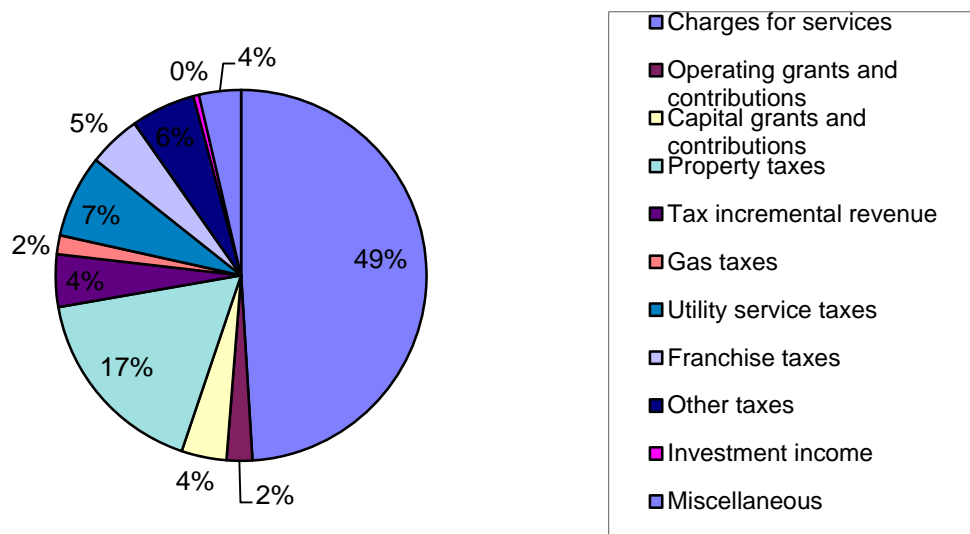
Other changes in governmental activities resulted from the following:

- Charges for services experienced a slight decrease of approximately \$82,000 which was less than .4% over fiscal year 2014.
- The total taxable assessed value increased 6.9% in fiscal year 2015, however the City decreased the operating millage by 0.25 mills. The net increase in ad valorem taxes was only approximately \$376,000, or 3%.
- Intergovernmental revenues increased by 1% which only resulted in approximately an additional \$2,000 for the City.
- Other revenues increased by 65% which resulted in approximately an additional \$1.2 million for the City mainly from a lawsuit settlement from the Resource Recovery Board of \$1.1 million.
- Operating grants and contributions decreased by approximately \$104,000, a 5% 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, as well as decreases from Community Development Block Grants.

For fiscal year ended September 30, 2015, revenues from business-type activities totaled \$28.2 million. This was an increase of \$3.6 million, or 15%, 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 \$388,000 to approximately \$24 million. This increase is less than 2% which shows that water/wastewater utility usage was slightly greater than the prior year.
- Capital grants and contributions increased by approximately \$3.2 million in fiscal year 2015 mainly from capital contributions from developers.

Sources of Revenue: Government-wide for FY 2015



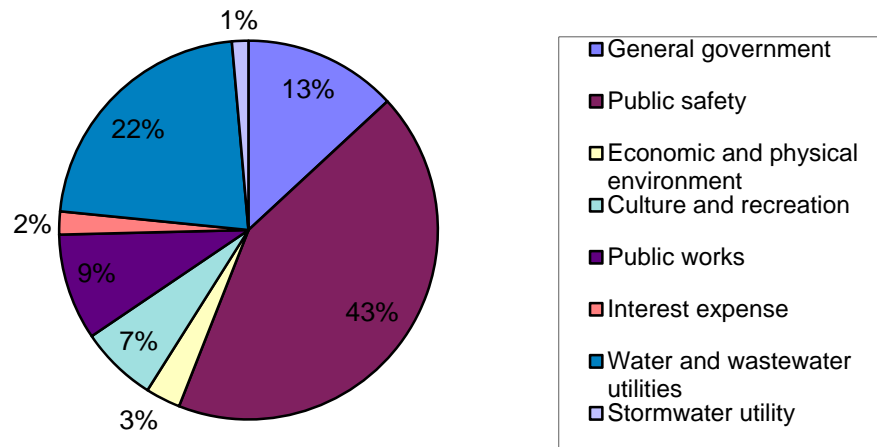
CITY OF MARGATE, FLORIDA
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September 30, 2015

Expenses

For fiscal year ended September 30, 2015, expenses for governmental activities totaled \$59.8 million, which was a decrease of approximately \$9 million from prior year expenses. This decrease was primarily due to reductions in pension expense related to net pension liability for \$2.08 million, as well as decreases in general government, public safety, economic and physical development, debt service, and public works expenditures from various vacant budgeted positions, the completion of the Road Bond Fund project in fiscal year 2014, and cost control measures such as re-negotiated contracts for third party services, totaling approximately \$7.09 million. This decrease was offset by an increase in culture and recreation for approximately \$156,000, mainly as a result of capital purchases and other operating expenses.

For the fiscal year ended September 30, 2015, expenses for business-type activities totaled \$18.3 million or a decrease of \$1.4 million from prior year expenses. This decrease was mainly due to lower expenses in the Water and Wastewater Utilities fund from other cost of sales, maintenance, and services; depreciation and amortization; and administrative expenses. Expenses in the Stormwater Utility fund increased slightly by approximately \$59,000 due to cost of sales, administrative expenses, and capital purchases.

Functional Expenses: Government-wide for FY 2015



CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

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 \$59.2 million in fund balance, including \$7.9 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 \$32.9 million of which \$21,019 is nonspendable, \$1.2 million is restricted, \$1.0 is committed, \$22.6 million is assigned for future obligations, and \$7.9 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 (\$7.9 million) represents 16.2% of total General Fund expenditures, while total fund balance represents 67.0% of that same amount.

The fund balance of the City's General Fund increased by \$4.6 million. The increase was due to an increase in licenses and permits revenue of \$690,000 due to building permits for two multi-family residential projects and a number of non-residential projects. An additional \$1.1 million was received as a result of a lawsuit settlement from the Resource Recovery Board. Total expenditures decreased in the general fund due to various vacant budgeted positions and cost control measures by the City during the year. In addition, due to the decrease in expenditures, the City did not need to use the \$1.1 million from fund balance that was budgeted to balance the fiscal year 2015 budget. The total effect is an increase to fund balance of \$4.6 million.

The following *Margate Community Redevelopment Agency (CRA)* funds were reported as major funds: Capital Improvement Fund, Loan Proceeds fund, and the Agency Trust fund. The Agency Trust fund had a zero fund balance at the end of the current fiscal year end which was the result of a decrease of \$548,000. This was the result of a transfer of funds to the CRA Capital Improvement Fund at year end as required by Florida Statutes. The Capital Improvement Fund had a total fund balance of \$8.9 million at the end of the current fiscal year, all of which is restricted for future redevelopment projects. The increase in the fund balance of the Capital Improvement Fund of \$1.4 million during the current fiscal year was due to the transfer in of funds from the Agency fund and the delay of certain budgeted capital projects. The Loan Proceeds fund had a \$5.9 million fund balance at fiscal year-end, all of which is restricted for future development projects. The fund balance of the Loan Proceeds fund decreased by \$1.1 million during the year due to capital projects initiated during the year. The CRA has selected a development partner to carry out the City's and CRA's goal of creating an active and walkable entertainment, recreation, and commercial district, known as the City Center project. The CRA is currently in the process of negotiating an agreement for the development of this 36 acre 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 Utilities Fund at the end of the year amounted to \$36.2 million and \$544,000 in the Stormwater Utility Fund. The Water and Wastewater Utilities fund experienced a \$7.6 million increase in net position, while the Stormwater Utility Fund reported a \$69,200 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.

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At the end of fiscal year 2015 the City's self-insurance fund, the *General Insurance Fund*, had assets of \$4.6 million and liabilities of approximately \$2.7 million of which approximately \$2.6 million represented estimated claims payable. Ending fund balance was \$1.8 million. This is a decrease of \$935,000 from the prior year mainly due to a decrease in revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there was no significant amendment to the budget for revenues, with an overall decrease in budgeted revenues of approximately \$32,000, mainly in miscellaneous revenue. Overall expenditures including transfers out, decreased approximately \$260,000 with the main movement between the general government and transfers out for \$1.1 million to the Impact Fees fund and streetlights to the Road fund. 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.

Final budget compared to actual results General Fund revenues in total exceeded the final budget in all major revenue categories with the exception of property taxes. The final budget to actual revenues resulted in an increase of approximately \$4.2 million. This was primarily due to increased licenses and permits (\$1.2 million) from the addition of several new apartment complexes, businesses, etc. being constructed throughout the City; miscellaneous revenue from a lawsuit settlement (\$1.1 million); and increased demand for charges for services (\$844,000).

Total General Fund expenditures were less than final budgeted by \$2.4 million. The majority of this favorable budget was recognized in the various operating cost line item expenditures throughout the General Fund due mainly from vacant budgeted positions and cost control measures.

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The following revenues were greater than expected including franchise fees (\$386,000), charges for services (\$844,000), intergovernmental revenues (\$199,000), licenses and permits (\$1.2 million), and miscellaneous (\$1.3 million). 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).

	Original Budget	Final Budget	Actual Amounts
Revenues:			
Property taxes	\$ 13,400,000	\$ 13,400,000	\$ 13,375,604
Permits, fees, and other taxes	11,613,000	11,613,000	13,333,030
Intergovernmental	5,467,188	5,474,928	5,674,169
Charges for services	15,320,041	15,320,041	16,164,814
Other	1,825,300	1,785,300	3,234,911
	<u>47,625,529</u>	<u>47,593,269</u>	<u>51,782,528</u>
Total revenues			
	<u>47,625,529</u>	<u>47,593,269</u>	<u>51,782,528</u>
Total expenditures	<u>52,876,959</u>	<u>51,496,234</u>	<u>49,103,006</u>
Excess (deficiency) of revenues (over) under expenditures	<u>(5,251,430)</u>	<u>(3,902,965)</u>	<u>2,679,522</u>
Other financing sources (uses):			
Transfers in	1,746,162	2,996,335	2,996,335
Transfers out	-	(1,120,633)	(1,120,633)
	<u>1,746,162</u>	<u>1,875,702</u>	<u>1,875,702</u>
Total other financing sources (uses)			
	<u>1,746,162</u>	<u>1,875,702</u>	<u>1,875,702</u>
Net change in fund balances	\$ <u><u>(3,505,268)</u></u>	\$ <u><u>(2,027,263)</u></u>	\$ <u><u>4,555,224</u></u>

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2015, 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, intangibles, construction in progress, and roads.

Capital Assets (net of accumulated depreciation)
(in thousand dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 28,648	\$ 28,263	\$ -	\$ -	\$ 28,648	\$ 28,263
Infrastructure	41,880	44,678	38,114	36,437	79,994	81,115
Buildings	10,644	10,224	4,977	5,963	15,621	16,187
Machinery and equipment	3,663	3,892	1,159	1,394	4,822	5,286
Improvements other than buildings	2,466	2,631	-	-	2,466	2,631
Intangibles	1,362	1,150	-	-	1,362	1,150
Construction in progress	243	38	4,489	2,959	4,732	2,997
Total	\$ 88,906	\$ 90,876	\$ 48,739	\$ 46,753	\$ 137,645	\$ 137,629

In the governmental funds, major additions included vehicles, radios, software, sidewalk/playground equipment, and police investigative/evidence lockers. In the business-type funds, major additions included infrastructure, pickup trucks, compactor, and a locator to assist utility technicians in detecting underground water and sewer lines.

Additional information on the City's capital assets can be found in Note II D on pages 51 through 53 of this report.

Debt Administration. At the end of the fiscal year, the City had \$24.1 million in general obligation bonds, \$11.1 million in community redevelopment bonds and \$5.2 million in revenue bonds outstanding, as well as \$506,000 outstanding in capital leases for a total outstanding debt of \$40.9 million.

Outstanding Debt
(in thousand dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 24,119	\$ 25,167	\$ -	\$ -	\$ 24,119	\$ 25,167
Community redevelopment bond	11,142	12,662	-	-	11,142	12,662
Water and sewer revenue bonds			5,155	6,075	5,155	6,075
Capital leases	506	625	-	-	506	625
Total	\$ 35,767	\$ 38,454	\$ 5,155	\$ 6,075	\$ 40,922	\$ 44,529

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 54 through 59 of this report.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors affected the development of the Fiscal Year 2015/2016 budget. The local economy continues to show positive signs. Property values continue to stabilize and slowly increase; however, they still remain below the level they were at right before the economic downturn. In conjunction with an improving economy and increasing property values, there was a decrease in the number of new foreclosures.

According to the Broward County Property Appraiser's Office, the City's taxable value of \$2.1 billion for FY 2015 is an increase of 6.9% from FY 2014. However, the City's taxable value is still 33.1% below where it was in FY 2008. In addition, the City Commission voted to decrease the total millage from 7.5593 to 7.3093 mills for FY 2015. Property taxes for the City only make up about a quarter of the total General Fund revenues, therefore, the increase in property tax revenue has less of an impact than it would in a city that has a larger share of their General Fund revenues comprised of property taxes. Property tax revenue in the General Fund increased \$376,000 or 3% from 2014.

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 monitors Florida Legislature initiatives that may impact the City, such as changes to communications and sales taxes.

Water and wastewater rates did not increase in fiscal year 2015; however, an independent rate study was completed during the year and rate increases will be effective beginning October 1, 2015. Stormwater rates also did not increase in fiscal year 2015, but a rate study was completed during the year and stormwater rate increases are effective beginning January 1, 2016.

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, 2015

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 29,469,094	\$ 9,992,276	\$ 39,461,370
Investments	34,424,684	32,159,421	66,584,105
Accounts receivable - net	3,214,304	3,669,479	6,883,783
Inventory	-	468,913	468,913
Prepayments	76,373	15,455	91,828
Restricted assets			
Cash and cash equivalents	-	1,497,927	1,497,927
Capital assets:			
Land	28,648,295	-	28,648,295
Infrastructure	88,963,441	93,048,644	182,012,085
Buildings	16,302,748	24,787,509	41,090,257
Machinery and equipment	15,467,045	6,128,032	21,595,077
Improvements other than buildings	7,553,703	-	7,553,703
Intangibles	1,361,417	-	1,361,417
Construction in progress	243,392	4,488,917	4,732,309
Total capital assets	158,540,041	128,453,102	286,993,143
Less accumulated depreciation	(69,634,125)	(79,714,620)	(149,348,745)
Total capital assets, net	88,905,916	48,738,482	137,644,398
Total assets	156,090,371	96,541,953	252,632,324
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related deferred outflows	5,586,530	484,035	6,070,565
Deferred charges on refunding	197,148	188,211	385,359
Total deferred outflows of resources	5,783,678	672,246	6,455,924
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	2,891,858	1,960,336	4,852,194
Customer deposits	49,447	1,503,462	1,552,909
Unearned revenues	539,942	-	539,942
Accrued interest payable	361,248	-	361,248
Net pension liability	30,848,727	2,672,840	33,521,567
Noncurrent liabilities:			
Due within one year	3,604,602	998,415	4,603,017
Due in more than one year	58,563,870	8,175,332	66,739,202
Total liabilities	96,859,694	15,310,385	112,170,079
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related deferred inflows	9,832,401	851,914	10,684,315
Total deferred inflows of resources	9,832,401	851,914	10,684,315
<u>NET POSITION</u>			
Net investments in capital assets	60,387,578	43,771,693	104,159,271
Restricted for:			
Renewal and replacement	-	500,000	500,000
Debt service	1,014,927	-	1,014,927
Culture and recreation	1,217,547	-	1,217,547
Physical and economic redevelopment	120,851	-	120,851
Public Safety	3,005,836	-	3,005,836
Highway and streets	5,389,060	-	5,389,060
Streetlights	258,681	-	258,681
Community redevelopment	14,922,201	-	14,922,201
Unrestricted	(31,134,727)	36,780,207	5,645,480
Total net position	\$ 55,181,954	\$ 81,051,900	\$ 136,233,854

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, 2015

					Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contribution</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Functions/programs							
Primary government:							
Governmental activities:							
General government	\$ 10,237,660	\$ 112,679	\$ 187,018	\$ -	\$ (9,937,963)	\$ -	\$ (9,937,963)
Public safety	33,491,912	19,009,361	149,210	-	(14,333,341)	-	(14,333,341)
Economic and physical environment	2,332,157	606,746	821,950	-	(903,461)	-	(903,461)
Culture and recreation	5,136,787	620,378	896,009	-	(3,620,400)	-	(3,620,400)
Public works	7,099,119	26,793	-	-	(7,072,326)	-	(7,072,326)
Interest expense	1,537,960	-	-	-	(1,537,960)	-	(1,537,960)
Total governmental activities	<u>59,835,595</u>	<u>20,375,957</u>	<u>2,054,187</u>	<u>-</u>	<u>(37,405,451)</u>	<u>-</u>	<u>(37,405,451)</u>
Business-type activities:							
Water and wastewater	17,201,687	23,119,770	-	3,574,749	-	9,492,832	9,492,832
Stormwater utility	<u>1,094,793</u>	<u>1,249,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,236</u>	<u>154,236</u>
Total business activities	<u>18,296,480</u>	<u>24,368,799</u>	<u>-</u>	<u>3,574,749</u>	<u>-</u>	<u>9,647,068</u>	<u>9,647,068</u>
Total primary government	<u>\$ 78,132,075</u>	<u>\$ 44,744,756</u>	<u>\$ 2,054,187</u>	<u>\$ 3,574,749</u>	<u>(37,405,451)</u>	<u>9,647,068</u>	<u>(27,758,383)</u>
General revenues:							
Taxes:							
Property taxes					15,587,799	-	15,587,799
Franchise taxes					4,181,165	-	4,181,165
Utility service taxes					6,583,890	-	6,583,890
Sales taxes					5,109,632	-	5,109,632
Gas taxes					1,493,761	-	1,493,761
Tax incremental revenue					4,180,496	-	4,180,496
Intergovernmental not restricted to specific program					176,397	-	176,397
Investment income					221,859	227,561	449,420
Miscellaneous					3,049,471	-	3,049,471
Gain on disposal of capital assets					69,179	33,468	102,647
Transfers					<u>2,276,162</u>	<u>(2,276,162)</u>	<u>-</u>
Total general revenues and transfers					<u>42,929,811</u>	<u>(2,015,133)</u>	<u>40,914,678</u>
Change in net position					5,524,360	7,631,935	13,156,295
Net position, October 1, as restated					<u>49,657,594</u>	<u>73,419,965</u>	<u>123,077,559</u>
Net position, September 30					<u>\$ 55,181,954</u>	<u>\$ 81,051,900</u>	<u>\$ 136,233,854</u>

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

CITY OF MARGATE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2015

	Major Governmental Funds					
	General Fund	Margate Community Redevelopment Agency Trust 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	\$ 1,816,716	\$ 1,745,164	\$ 8,720,675	\$ 7,051,442	\$ 5,602,301	\$ 24,936,298
Investments	28,488,177	-	-	-	5,936,507	34,424,684
Accounts receivable - net	2,469,904	2,140	369,094	-	334,928	3,176,066
Prepayments and other assets	21,019	-	-	-	48,137	69,156
Due from other funds	<u>2,848,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,586</u>	<u>2,861,681</u>
Total assets	<u>\$ 35,643,911</u>	<u>\$ 1,747,304</u>	<u>\$ 9,089,769</u>	<u>\$ 7,051,442</u>	<u>\$ 11,935,459</u>	<u>\$ 65,467,885</u>
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 2,518,700	\$ 91,948	\$ 73,936	\$ 6,253	\$ 103,641	\$ 2,794,478
Due to other funds	13,586	1,548,423	21,569	1,117,252	160,851	2,861,681
Unearned revenue	214,205	57,486	-	-	268,251	539,942
Tenant deposits	-	49,447	-	-	-	49,447
Total liabilities	<u>2,746,491</u>	<u>1,747,304</u>	<u>95,505</u>	<u>1,123,505</u>	<u>532,743</u>	<u>6,245,548</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Prepayments and other assets	21,019	-	-	-	48,137	69,156
Restricted for:						
Public safety	-	-	-	-	1,904,798	1,904,798
Transportation	-	-	-	-	5,389,060	5,389,060
Culture and recreation	-	-	-	-	1,078,566	1,078,566
Debt service	-	-	-	-	1,014,927	1,014,927
Economic development	-	-	-	-	120,851	120,851
Tree preservation	138,981	-	-	-	-	138,981
Building department	1,101,038	-	-	-	-	1,101,038
Redevelopment projects	-	-	8,994,264	5,927,937	-	14,922,201
Street Lights	-	-	-	-	258,681	258,681
Committed for:						
Citizen project initiatives	1,060,302	-	-	-	-	1,060,302
Assigned for:						
Subsequent year appropriation	3,949,691	-	-	-	-	3,949,691
Health insurance	2,500,000	-	-	-	-	2,500,000
Future employee payouts	2,000,000	-	-	-	-	2,000,000
Emergency preparedness/response	2,825,000	-	-	-	-	2,825,000
Computer equipment	1,000,000	-	-	-	-	1,000,000
OPEB	1,825,000	-	-	-	-	1,825,000
Capital projects - parks and recreation	2,000,000	-	-	-	-	2,000,000
Capital projects - other	5,000,000	-	-	-	1,587,696	6,587,696
Vehicle replacement	1,500,000	-	-	-	-	1,500,000
Others	19,995	-	-	-	-	19,995
Unassigned	<u>7,956,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,956,394</u>
Total fund balances	<u>32,897,420</u>	<u>-</u>	<u>8,994,264</u>	<u>5,927,937</u>	<u>11,402,716</u>	<u>59,222,337</u>
Total liabilities and fund balances	<u>\$ 35,643,911</u>	<u>\$ 1,747,304</u>	<u>\$ 9,089,769</u>	<u>\$ 7,051,442</u>	<u>\$ 11,935,459</u>	<u>\$ 65,467,885</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, 2015

Fund balances - total government funds (Page 27) \$ 59,222,337

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	158,540,041	
Less: accumulated depreciation	<u>(69,634,125)</u>	88,905,916

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	(35,260,519)	
Capital leases	(506,409)	
Compensated absences	<u>(8,707,812)</u>	(44,474,740)

Deferred charge on refunding not reported in governmental funds, to be amortized as interest expense over the life of the loan.	197,148
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Bond interest payable not reported in the governmental funds	(361,248)
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Net OPEB obligation attributable to retiree benefits financed from governmental fund types	(15,059,921)
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Certain pension-related amounts, such as net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore, are not reported in the funds.

Net pension liability	(30,848,727)	
Deferred outflows of resources - pension related	5,586,530	
Deferred inflows of resources - pension related	<u>(9,832,401)</u>	(35,094,598)

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>1,847,060</u>
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Net position of governmental activities (Page 25) \$ 55,181,954

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, 2015

	Major Governmental Funds					
	General Fund	Margate Community Redevelopment Agency Trust Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Margate Community Redevelopment Agency Loan Proceeds Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	\$ 13,375,604	\$ -	\$ -	\$ -	\$ 2,212,195	\$ 15,587,799
Franchise	4,181,165	-	-	-	-	4,181,165
Utility service	6,583,890	-	-	-	-	6,583,890
Tax incremental	-	4,180,496	-	-	-	4,180,496
Licenses and permits	2,567,975	-	-	-	-	2,567,975
Intergovernmental	5,674,169	-	-	-	3,129,371	8,803,540
Interest income	183,896	4,071	16,643	3,808	13,441	221,859
Charges for services	16,164,814	-	-	-	357,161	16,521,975
Rental income	-	606,746	-	-	-	606,746
Fines and forfeitures	678,511	-	-	-	183,802	862,313
Miscellaneous	2,372,504	58,634	-	-	534,897	2,966,035
Total revenues	<u>51,782,528</u>	<u>4,849,947</u>	<u>16,643</u>	<u>3,808</u>	<u>6,430,867</u>	<u>63,083,793</u>
Expenditures:						
Current:						
General government	9,025,906	874,363	-	-	-	9,900,269
Public safety	33,148,836	-	-	-	514,003	33,662,839
Economic and physical environment	-	900,250	292,549	-	739,177	1,931,976
Culture and recreation	3,406,038	-	-	-	959,523	4,365,561
Public works	3,387,678	-	-	-	1,110,197	4,497,875
Debt service:						
Principal retirement	119,037	-	-	-	2,567,878	2,686,915
Interest and other	15,511	-	-	-	1,545,674	1,561,185
Capital outlay	-	-	-	1,123,505	800,407	1,923,912
Total expenditures	<u>49,103,006</u>	<u>1,774,613</u>	<u>292,549</u>	<u>1,123,505</u>	<u>8,236,859</u>	<u>60,530,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,679,522</u>	<u>3,075,334</u>	<u>(275,906)</u>	<u>(1,119,697)</u>	<u>(1,805,992)</u>	<u>2,553,261</u>
Other financing sources (uses):						
Transfers in	2,996,335	-	1,711,429	-	3,650,558	8,358,322
Transfers out	(1,120,633)	(3,623,732)	-	-	(1,337,795)	(6,082,160)
Total other financing sources (uses)	<u>1,875,702</u>	<u>(3,623,732)</u>	<u>1,711,429</u>	<u>-</u>	<u>2,312,763</u>	<u>2,276,162</u>
Net change in fund balances	4,555,224	(548,398)	1,435,523	(1,119,697)	506,771	4,829,423
Fund balance at beginning of year	<u>28,342,196</u>	<u>548,398</u>	<u>7,558,741</u>	<u>7,047,634</u>	<u>10,895,945</u>	<u>54,392,914</u>
Fund balance at end of year	<u>\$ 32,897,420</u>	<u>\$ -</u>	<u>\$ 8,994,264</u>	<u>\$ 5,927,937</u>	<u>\$ 11,402,716</u>	<u>\$ 59,222,337</u>

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, 2015

Amounts reported for governmental activities in the statement of activities (Page 26) are different because:

Net change in fund balances - total government funds (Page 29)	\$ 4,829,423
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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	2,589,105
Less: current year provision for depreciation	(4,559,316)

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	1,048,531	
Community Redevelopment Bonds	1,519,347	
Capital Leases	<u>119,037</u>	2,686,915

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	(394,060)	
Decrease in accrued interest payable on bonds	35,842	
Amortization of deferred bond issuance costs	(12,618)	
Change in net pension liability and other related deferral amounts	<u>3,138,893</u>	2,768,057

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.	(1,854,699)
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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>(935,125)</u>
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Change in net position of governmental activities (Page 26)	\$ <u>5,524,360</u>
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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, 2015

	Business-type activities Enterprise Funds			Governmental Activities
	Major Fund	Nonmajor Fund		Internal Service Fund - General Insurance Fund
	Water and Wastewater Fund	Stormwater Utility Fund	Total	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 9,130,667	\$ 861,609	\$ 9,992,276	\$ 4,532,796
Investments	32,159,421	-	32,159,421	-
Accounts receivable, net	3,561,515	107,964	3,669,479	38,238
Inventories	468,913	-	468,913	-
Prepayments	15,455	-	15,455	7,217
Total unrestricted current assets	45,335,971	969,573	46,305,544	4,578,251
Restricted assets:				
Cash and cash equivalents	1,497,927	-	1,497,927	-
Total current assets	46,833,898	969,573	47,803,471	4,578,251
Noncurrent assets:				
Capital assets:				
Infrastructure	90,102,702	2,945,942	93,048,644	-
Buildings	24,787,509	-	24,787,509	-
Machinery and equipment	4,767,996	1,360,036	6,128,032	-
Construction in progress	4,488,917	-	4,488,917	-
Total capital assets	124,147,124	4,305,978	128,453,102	-
Less accumulated depreciation	(78,693,321)	(1,021,299)	(79,714,620)	-
Total capital assets, net	45,453,803	3,284,679	48,738,482	-
Total noncurrent assets	45,453,803	3,284,679	48,738,482	-
Total assets	92,287,701	4,254,252	96,541,953	4,578,251
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related deferred outflows	449,303	34,732	484,035	-
Deferred charges on refunding	188,211	-	188,211	-
Total deferred outflows of resources	637,514	34,732	672,246	-
<u>LIABILITIES</u>				
Current liabilities :				
Accounts payable and accrued expenses	1,931,447	28,889	1,960,336	97,380
Customer deposits	5,535	-	5,535	-
Estimated insurance claims payable	-	-	-	559,686
Compensated absences payable	48,415	-	48,415	-
Bonds payable	950,000	-	950,000	-
Payable from restricted assets:				
Customer deposits	1,497,927	-	1,497,927	-
Total current liabilities	4,433,324	28,889	4,462,213	657,066
Noncurrent liabilities:				
Net OPEB obligation	2,379,187	-	2,379,187	-
Estimated insurance claims payable	-	-	-	2,074,125
Compensated absences payable	1,412,815	178,330	1,591,145	-
Net pension liability	2,481,050	191,790	2,672,840	-
Bonds payable	4,205,000	-	4,205,000	-
Total noncurrent liabilities	10,478,052	370,120	10,848,172	2,074,125
Total liabilities	14,911,376	399,009	15,310,385	2,731,191
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related deferred inflows	790,785	61,129	851,914	-
Total deferred outflows of resources	790,785	61,129	851,914	-
<u>NET POSITION</u>				
Net investments in capital assets	40,487,014	3,284,679	43,771,693	-
Restricted for renewal and replacement	500,000	-	500,000	-
Unrestricted	36,236,040	544,167	36,780,207	1,847,060
Total net position	\$ 77,223,054	\$ 3,828,846	\$ 81,051,900	\$ 1,847,060

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, 2015

	<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	\$ 10,778,467	\$ 522,465	\$ 11,300,932	\$ -
Commercial and multiple	11,809,626	726,564	12,536,190	-
Costs billed to other funds	-	-	-	1,000,000
Other services	531,677	-	531,677	112,395
Total operating revenues	<u>23,119,770</u>	<u>1,249,029</u>	<u>24,368,799</u>	<u>1,112,395</u>
Operating and administrative expenses:				
Costs of sales, maintenance, and services	12,037,181	927,188	12,964,369	751,066
Depreciation and amortization	3,435,949	147,605	3,583,554	-
Administrative	1,462,680	20,000	1,482,680	197,364
Claims expense	-	-	-	1,107,346
Total operating and administrative expenses	<u>16,935,810</u>	<u>1,094,793</u>	<u>18,030,603</u>	<u>2,055,776</u>
Operating income (loss)	<u>6,183,960</u>	<u>154,236</u>	<u>6,338,196</u>	<u>(943,381)</u>
Nonoperating revenues (expenses):				
Intergovernmental	100,000	-	100,000	-
Interest income	227,561	-	227,561	8,256
Gain on disposal of capital assets	33,468	-	33,468	-
Net realized and unrealized loss on investments	(22,177)	-	(22,177)	-
Interest expense	(243,700)	-	(243,700)	-
Total nonoperating expenses	<u>95,152</u>	<u>-</u>	<u>95,152</u>	<u>8,256</u>
Income before transfers and contributions	6,279,112	154,236	6,433,348	(935,125)
Contributions and transfers:				
Capital contributions - connection charges	666,115	-	666,115	-
Capital contributions	2,808,634	-	2,808,634	-
Transfers in	330,000	-	330,000	-
Transfers out	(2,521,162)	(85,000)	(2,606,162)	-
Total contributions and transfers	<u>1,283,587</u>	<u>(85,000)</u>	<u>1,198,587</u>	<u>-</u>
Change in net position	7,562,699	69,236	7,631,935	(935,125)
Total net position, October 1, as restated	<u>69,660,355</u>	<u>3,759,610</u>	<u>73,419,965</u>	<u>2,782,185</u>
Total net position, September 30	<u>\$ 77,223,054</u>	<u>\$ 3,828,846</u>	<u>\$ 81,051,900</u>	<u>\$ 1,847,060</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, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund - General Insurance Fund
	Major Fund Water and Wastewater Fund	Non-Major Fund Stormwater Utility Fund	Total	
Cash flows from operating activities:				
Receipts from customers, users and other	\$ 22,917,066	\$ 1,244,648	\$ 24,161,714	\$ 1,074,157
Payments for interfund services used	(1,462,680)	(20,000)	(1,482,680)	2,322,636
Payments to suppliers for goods and services	(6,425,744)	(497,847)	(6,923,591)	(1,866,088)
Payments to employees	(6,432,119)	(503,822)	(6,935,941)	-
Receipts from interfund services used	(8,604,097)	967,435	(7,636,662)	-
Net cash provided by (used in) operating activities	(7,574)	1,190,414	1,182,840	1,530,705
Cash flows from noncapital financing activities:				
Transfer from other funds	330,000	-	330,000	-
Transfer to other funds	(2,521,162)	(85,000)	(2,606,162)	-
Net cash (used in) noncapital financing activities	(2,191,162)	(85,000)	(2,276,162)	-
Cash flows from capital and related financing activities:				
Grant	100,000	-	100,000	-
Capital contributions	666,114	-	666,114	-
Capital contributions - connection charges	2,808,634	-	2,808,634	-
Acquisition and construction of capital assets	(5,301,300)	(243,805)	(5,545,105)	-
Proceeds from sale of capital assets	33,468	-	33,468	-
Principal paid on capital debt	(920,000)	-	(920,000)	-
Interest paid on capital debt	(243,350)	-	(243,350)	-
Net cash (used in) capital and related financing activities	(2,856,434)	(243,805)	(3,100,239)	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	(22,177)	-	(22,177)	-
Purchase of investment	(21,001,741)	-	(21,001,741)	-
Interest received	227,561	-	227,561	8,256
Net cash (used in) provided by investing activities	(20,796,357)	-	(20,796,357)	8,256
Net increase (decrease) in cash and cash equivalents	(25,851,527)	861,609	(24,989,918)	1,538,961
Cash and cash equivalents at beginning of year	36,480,121	-	36,480,121	2,993,835
Cash and cash equivalents at end of year	\$ 10,628,594	\$ 861,609	\$ 11,490,203	\$ 4,532,796
Pooled cash and cash equivalents per statement of net assets:				
Unrestricted	\$ 9,130,667	\$ 861,609	\$ 9,992,276	\$ 4,532,796
Restricted	1,497,927	-	1,497,927	-
Total, September 30	\$ 10,628,594	\$ 861,609	\$ 11,490,203	\$ 4,532,796
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 6,183,960	\$ 154,236	\$ 6,338,196	\$ (943,381)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Pension expense	(252,449)	(19,515)	(271,964)	-
Depreciation and amortization	3,435,949	147,605	3,583,554	-
Changes in assets and liabilities:				
(Increase) in accounts receivable	(253,142)	(4,381)	(257,523)	(38,238)
Decrease (Increase) in due from other funds	49,484	1,248,270	1,297,754	2,520,000
(Increase) in prepayments	(15,455)	-	(15,455)	(7,217)
(Increase) in inventories	(9,639)	-	(9,639)	-
Increase in accounts payable	(922,626)	(15,952)	(938,578)	(459)
Increase in due to other funds	(8,653,581)	(280,835)	(8,934,416)	-
Increase in compensated absences	115,661	48,046	163,707	-
Increase in net OPEB obligation	263,826	(87,060)	176,766	-
Increase in customer deposits	50,438	-	50,438	-
Total adjustments	(6,191,534)	1,036,178	(5,155,356)	2,474,086
Net cash provided by (used in) operating activities	\$ (7,574)	\$ 1,190,414	\$ 1,182,840	\$ 1,530,705
Non-cash investing, capital and financing activities:				
Decrease in fair value of investments	\$ (22,177)	\$ -	\$ (22,177)	\$ -

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, 2015

Assets

Cash and cash equivalents	\$ 212,642
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Total assets	<u>\$ 212,642</u>
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Liabilities

Performance bonds payable	\$ 212,642
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Total liabilities	<u>\$ 212,642</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MARGATE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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 55,800 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 composed of the Margate City Commission. In November 2014, the CRA Board approved an agreement with Redevelopment Management Associates, LLC for the daily administration, management, and consulting services for the Margate Community Redevelopment Agency. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (Continued)

The CRA includes the following Community Redevelopment Agency funds: Agency Trust Special Revenue Fund, Sinking Fund Debt Service Fund, Escrow Account Debt Service Fund, Capital Improvement Capital Projects Fund, and Loan Proceeds Capital Projects Fund.

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 the Center (a blended component unit). Financial statement information related to this entity is included as a separate column in the financial statements reported for the City. A separate financial statement is prepared for the CRA, as well as, included in the financial statement information reported for the City. This separately issued financial statement may be obtained from the Executive Director of Margate CRA, 5790 Margate Boulevard, Margate, Florida 33063.

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, 2015, 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, 2015, the City implemented three new GASB statements of financial accounting standards.

Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was issued in June 2012. The Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2015. The required disclosures have been included in this report as disclosure in note III-A and required a prior period adjustment as disclosed in note III-I.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 69, Government Combinations and Disposals of Government Operation, was issued in January 2012. The 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 September 30, 2015. Statement No. 69 had no impact on the City's financial statements.

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 required disclosures have been included in this report as disclosure in note III-A and required a prior period adjustment as disclosed in note III-I.

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. 72, Fair Value Measurement and Application, was issued in February 2015. The Statement addresses accounting/financial reporting issues related to fair value measurements, as well as provides guidance for determining a fair value measurement for financial reporting purposes. The provisions for this Statement are effective for fiscal year ending September 30, 2016.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued in June 2015. The Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions for this Statement are to be applied for fiscal year ending September 30, 2016 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal year ending September 30, 2017.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued in June 2015. The Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions for this Statement are effective for fiscal year ending September 30, 2017.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued in June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by entities. The provisions for this Statement are effective for fiscal year ending September 30, 2018.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued in June 2015. The Generally Accepted Accounting Principles (GAAP) hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions for this Statement are effective for fiscal year ending September 30, 2016.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 77, Tax Abatement Disclosures, was issued in August 2015. This Statement provides disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions for this Statement are effective for fiscal year ending September 30, 2017.

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 of resources, deferred 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.

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 Trust Special Revenue Fund* accounts for the redevelopment of certain designated areas.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Capital Project Fund* is 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 return on investment and cost allocation 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.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not classified as program revenues are reported as general 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 revenues 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. Cash and cash equivalents and investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (including restricted assets) with original maturities of three (3) months or less from the date of acquisition, Florida's State Board of Administration's (SBA) Florida PRIME Investment Pool, money market, and equity in the City's pooled cash.

State statutes require all deposits of the City, including demand deposit accounts, time deposit

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Pooled cash is an investment tool employed by the City that maximizes earning potential by investing large amounts of idle cash for short periods of time. It is available for use by all funds with the exception of cash and investments required to be segregated due to legal restrictions or bond covenants. Income earned from the pooling of investments is allocated to the respective funds. Each fund’s equity in the City’s pooled cash is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified depositories to deposit with the Treasurer of other banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity’s name.

The City invests surplus funds in a variety of investment vehicles including the Florida PRIME, an external investment pool. The City owns shares of the pool and not the underlying securities. SBA administers the fund and provides regulatory oversight. Florida Prime is governed by Chapters 215 and 218, Florida Statutes, and SBA Rules, Chapter 19-7, Florida Administrative Code. These rules provide guidance and establish policies/general operating procedures for administration of the pool.

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a-7 like fund. A 2a-7 like external investment pool is one that is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with SEC rule 2a-7, which governs the operation of SEC regulated money market funds. The City’s investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. The Florida PRIME is rated by Standard and Poor’s and has a current rating of AAAm. The investments in Florida PRIME are not insured by FDIC or any other governmental agency.

Investments are reported at fair value (quoted market price or the best available estimate thereof). 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.

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”.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

All trade and other receivables are shown net of allowance for uncollectibles. 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.

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 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. However, the City does not currently have any assets meeting this definition in the governmental funds. 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>
Infrastructure	20 - 40
Buildings	40 - 50
Machinery and equipment	4 - 15
Improvements other than buildings	6 - 20

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 fund net position.

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 outflows 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 has the following items that qualify for reporting in this category. They are the deferred charges on refunding and the pension related deferred outflows reported in the government-wide statement of net position and in the statement of fund 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. Deferred outflow of resources relating to pensions includes contributions made to the pension subsequent to the measurement date of the net pension liability, differences between expected and actual experience in the measurement of net pension liability, changes in assumptions or inputs, or net difference in projected and actual earnings on pension plan investments.

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 inflows 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. The City has one item that qualifies for reporting in this category. Pension related deferred inflows include changes in assumptions or inputs or net difference in projected and actual earnings on pension plan investments.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 2014-2015 fiscal year was 6.2761 mills and the debt service millage was 1.0332 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, 2015 were approximately 95.8% 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 2014-2015 occurred on September 17, 2014. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The property tax calendar for the revenues billed and received for the fiscal year ended September 30, 2015 is shown as follows:

Lien date – January 1, 2014
Levy date, tax bills mailed – November 1, 2014
Last date for 4% discount on taxes paid – November 30, 2014
Last date for 3% discount on taxes paid – December 31, 2014
Last date for 2% discount on taxes paid – January 31, 2015
Last date for 1% discount on taxes paid – February 28, 2015
Final due date of payment of taxes – March 31, 2015
First date for auctioning tax certificates on delinquent accounts – June 1, 2015

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 or resolution 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 resolution and fund balance policy. 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.

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, statement of fund net position – proprietary funds, and statement of fiduciary net position, in the following accounts.

Cash and cash equivalents (Including performance bonds)	\$ 41,171,939
Investments	<u>66,584,105</u>
	<u>\$ 107,756,044</u>

Deposits

At year-end, the City's carrying amount of deposits was \$41,171,939 including petty cash funds and cash on hand totaling \$18,820 as of September 30, 2015. Deposits whose balances exceed the limits of federal depository insurance are collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act which sets forth the investment objectives and parameters for the management of public funds for the City.

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.

The City has \$6,000,061 invested in the State Board of Administration Local Government Investment Pool as of September 30, 2015. The fair value of the Florida PRIME is the same as the book value of the pool shares.

Investments

The City adopted a formal investment policy in December 2014 in accordance with Section 218.415, Florida Statutes (Local Government Investment Policies). It was designed to safeguard the City's funds, ensure the availability of operating and capital funds when needed, and provide for an investment return competitive with comparable funds and financial market indices. Authorized investments include Florida PRIME, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit of Savings Accounts, Repurchase Agreements, Commercial Paper, Corporate Notes, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, and Intergovernmental Investment Pools.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The City's investment policy stipulates the following maximum portfolio percentages:

Authorized Investments	Maximum % Portfolio Composition	Maximum % Individual Issuers	Maximum % Individual Sectors
Florida Local Government Surplus Trust Fund	25%	N/A	N/A
U.S. Government Securities	100%	N/A	N/A
U.S. Government Agencies	50%	10%	N/A
U.S. Sponsored Agencies	80%	25%	N/A
Interest Bearing Time Deposit	10%	10%	N/A
Repurchase Agreements	20%	5%	N/A
Commercial Paper	25%	2%	10%
Corporate Notes	25%	2%	10%
Asset Backed Securities	10%	2%	5%
Bankers' Acceptances	15%	5%	N/A
State/Local Government Taxable/Tax Exempt General Obligation Bonds	25%	N/A	N/A
State/Local Government Taxable/Tax Exempt Revenue/Excise Bonds	10%	N/A	N/A
Money Market Mutual Funds	35%	15%	N/A
Intergovernmental Investment Pools	25%	N/A	N/A

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 five year.

The City employs several investment duration and investment management strategies to minimize the City's portfolio interest rate risk. The City maintains sixty days or more of liquidity in short term securities with maturity and diversification limitations to further minimize changes in market price, as interest rates changes.

The weighted average days to maturity for the SBA Florida PRIME at September 30, 2015 was 29 days.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that shows the distribution of City funds as of September 30, 2015.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investment Type	Fair Value	Remaining Maturity (in years)	
		Less Than 1	1 to 5
U.S. Agency Notes	\$ 5,404,604	\$ 1,717,904	\$ 3,686,700
U.S. Treasury Notes	20,235,511	8,756,910	11,478,601
U.S. Sponsored Agencies	3,802,789	1,015,096	2,787,693
Commercial Paper	1,489,764	1,489,764	-
Corporate Notes	11,680,376	2,690,883	8,989,493
Asset Backed Securities	4,459,922	-	4,459,922
	<u>\$ 47,072,966</u>	<u>\$ 15,670,557</u>	<u>\$ 31,402,409</u>

Credit risk. The City's investment policy limits investments to the safest types of securities. Investment transactions shall seek to keep capital losses at a minimum and to attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. 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 Florida PRIME is rated AAAM by Standard and Poor's. City monies that are invested in U.S. Government obligations are considered to have no credit risk.

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.

The following table discloses Standard and Poor's credit ratings by investment type for each of the City's fixed income securities.

	Fair Value	Percentage of Portfolio
U.S. government guaranteed	\$ 20,235,511	42.99%
AAA	3,579,288	7.60%
AA+	8,984,761	19.09%
AA-	1,175,784	2.50%
AA	475,401	1.01%
A-1+	1,015,096	2.16%
A-1	1,489,764	3.16%
A+	1,055,108	2.24%
A-	2,196,907	4.67%
A	4,759,736	10.11%
NR	2,105,610	4.47%
Total credit risk debt securities	<u>\$ 26,837,455</u>	<u>57.01%</u>
Total fixed income securities	<u>\$ 47,072,966</u>	<u>100.00%</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of September 30, 2015 for the City's individual funds in the aggregate, including the allowances for uncollectible receivables are as follows:

	General Fund	Margate Community Redevelopment Agency Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Water and Wastewater Fund	Nonmajor and other Funds	Total
Intergovernmental	\$ 484,057	\$ -	\$ 369,094	\$ -	\$ 313,909	\$ 1,167,060
Accounts	160,105	-	-	3,472,512	107,964	3,740,581
Taxes	1,282,966	-	-	3,346	-	1,286,312
Others	3,607,266	2,140	-	95,657	59,257	3,764,320
Gross Receivables	5,534,394	2,140	369,094	3,571,515	481,130	9,958,273
Less: allowance for uncollectibles	(3,064,490)	-	-	(10,000)	-	(3,074,490)
Net total receivables	<u>\$ 2,469,904</u>	<u>\$ 2,140</u>	<u>\$ 369,094</u>	<u>\$ 3,561,515</u>	<u>\$ 481,130</u>	<u>\$ 6,883,783</u>

During fiscal year ending September 30, 2015, the City wrote off an uncollectible receivable in the amount of \$466,935 for funds advanced paid by the City for Alzheimer's Family Center the ("Center"), a nonprofit entity located in the City. An agreement for settlement of all claims was entered into in September 2015. The agreement consisted of the write-off of the unpaid monies and the Center agreeing to sell to the City of Margate Community Redevelopment Agency (the "CRA"), a dependent district of the City, their property (land and building). The Agreement for Settlement also included a three month lease back from the CRA to the Center until the Center could be re-located. The CRA paid \$312,062 for a building and land appraised at \$492,000. Upon the sunseting of the CRA in 2026, the building and land reverts back to the City of Margate.

C. Interfund Balances and Transfers

Interfund balances at September 30, 2015, consisted of the following:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 160,851
	Margate Community Redevelopment Agency Fund	1,548,423
	Margate Community Redevelopment Agency Capital Improvement Fund	21,569
	Margate Community Redevelopment Agency Loan Proceeds Fund	1,117,252
Nonmajor Governmental Funds	General Fund	13,586
Total		<u>\$ 2,861,681</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Balances and Transfers (Continued)

The outstanding balances between funds result 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.

	Transfers In:					
	General Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Nonmajor Governmental Funds	Water and Wastewater Utilities Fund	Total	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 790,633 c	\$ 330,000 a	\$ 1,120,633	
Margate Community Redevelopment Agency Trust Fund	-	1,711,429 b	1,912,303 a	-	3,623,732	
Nonmajor Governmental Funds	390,173 a,c	-	947,622 c,d	-	1,337,795	
Water and Wastewater Service Funds	2,521,162 e	-	-	-	2,521,162	
Nonmajor Enterprise Funds	85,000 e	-	-	-	85,000	
Total	\$ 2,996,335	\$ 1,711,429	\$ 3,650,558	\$ 330,000	\$ 8,688,322	

Reasons for these transfers are set forth below:

a) Debt obligation

b) Annual sweep between funds

c) Re-structuring of funds

d) Capital improvements

e) Return on investment and cost allocation

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital assets activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,262,637	\$ 385,658	\$ -	\$ 28,648,295
Intangibles	1,150,097	211,320	-	1,361,417
Construction in progress	38,152	205,240	-	243,392
	<u>29,450,886</u>	<u>802,218</u>	<u>-</u>	<u>30,253,104</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Infrastructure	88,963,441	-	-	88,963,441
Buildings	15,564,900	737,848	-	16,302,748
Machinery and equipment	21,070,753	946,383	(6,550,091)	15,467,045
Improvements other than buildings	7,451,047	102,656	-	7,553,703
	<u>133,050,141</u>	<u>1,786,887</u>	<u>(6,550,091)</u>	<u>128,286,937</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Infrastructure	(44,285,439)	(2,798,176)	-	(47,083,615)
Buildings	(5,340,549)	(317,870)	-	(5,658,419)
Machinery and equipment	(17,179,324)	(1,174,715)	6,550,091	(11,803,948)
Improvements other than buildings	(4,819,588)	(268,555)	-	(5,088,143)
	<u>(71,624,900)</u>	<u>(4,559,316)</u>	<u>6,550,091</u>	<u>(69,634,125)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>61,425,241</u>	<u>(2,772,429)</u>	<u>-</u>	<u>58,652,812</u>
Governmental activities capital assets, net	<u>\$ 90,876,127</u>	<u>\$ (1,970,211)</u>	<u>\$ -</u>	<u>\$ 88,905,916</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 2,959,384	\$ 1,529,533	\$ -	\$ 4,488,917
Capital assets, being depreciated:				
Infrastructure	89,522,609	3,526,035	-	93,048,644
Buildings	24,572,822	214,687	-	24,787,509
Machinery and equipment	<u>6,958,545</u>	<u>263,411</u>	<u>(1,093,924)</u>	<u>6,128,032</u>
Total capital assets, being depreciated	<u>121,053,976</u>	<u>4,004,133</u>	<u>(1,093,924)</u>	<u>123,964,185</u>
Less accumulated depreciation for:				
Infrastructure	(53,086,044)	(1,848,343)	-	(54,934,387)
Buildings	(18,609,676)	(1,201,115)	-	(19,810,791)
Machinery and equipment	<u>(5,565,088)</u>	<u>(496,804)</u>	<u>1,092,450</u>	<u>(4,969,442)</u>
Total accumulated depreciation	<u>(77,260,808)</u>	<u>(3,546,262)</u>	<u>1,092,450</u>	<u>(79,714,620)</u>
Total capital assets, being depreciated, net	<u>43,793,168</u>	<u>457,871</u>	<u>(1,474)</u>	<u>44,249,565</u>
Business-type activities capital assets, net	<u>\$ 46,752,552</u>	<u>\$ 1,987,404</u>	<u>\$ (1,474)</u>	<u>\$ 48,738,482</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 191,411
Public safety	1,064,605
Public works	2,374,339
Economic and physical environment	541,143
Culture and recreation	<u>387,818</u>
Total depreciation expense - governmental activities	<u>\$ 4,559,316</u>
Business-type activities:	
Water and Wastewater Services Fund	\$ 3,398,657
Stormwater	<u>147,605</u>
Total depreciation expense - business-type activities	<u>\$ 3,546,262</u>

Construction Commitments

The City has the following active construction commitments with contractors at September 30, 2015:

Project	Spent-to-date	Remaining Commitment
Wastewater Treatment Plant Steel Clarifier	\$ 26,579	\$ 253,213
Replacement of OSHG System	296,960	170,140
Pressure Main Repair	71,901	7,989
Sodium Hypochlorite Installation	316,555	30,390
Catalyst System Installation	66,378	7,375
Force Main 18th Street	273,945	163,553
Coconut Creek Median	77,948	303,953
Total	<u>\$ 1,130,266</u>	<u>\$ 936,613</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt

Governmental Activities

General Obligation Bonds

\$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.

\$ 438,739

\$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 2010. 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.

23,680,000

\$ 24,118,739

The annual debt service requirements until maturity for the General Obligation Bonds outstanding at September 30, 2015, are as follows:

<u>Year Ending September 30</u>	<u>Series 2004</u>		<u>Series 2007</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	-	-	770,000	973,856	1,743,856
2021-2025	-	-	4,415,000	4,316,456	8,731,456
2026-2030	-	-	5,520,000	3,209,150	8,729,150
2031-2035	-	-	6,935,000	1,792,175	8,727,175
2036-2037	-	-	3,255,000	233,700	3,488,700
	<u>\$ 438,739</u>	<u>\$ 16,065</u>	<u>\$ 23,680,000</u>	<u>\$ 14,723,905</u>	<u>\$ 38,858,709</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

Redevelopment Refunding Revenue Bonds

\$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 incremental 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.

\$ 8,632,636

\$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 incremental 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.

2,509,144

\$ 11,141,780

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, 2015, are as follows:

Year Ending September 30	Series 2012A		Series 2012B		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,205,741	\$ 289,178	\$ 362,472	\$ 54,912	\$ 1,912,303
2017	1,247,943	246,977	370,746	46,637	1,912,303
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	1,383,621	111,298	396,722	20,662	1,912,303
2021-2022	<u>2,166,879</u>	<u>75,618</u>	<u>612,127</u>	<u>13,948</u>	<u>2,868,572</u>
	<u>\$ 8,632,636</u>	<u>\$ 1,084,457</u>	<u>\$ 2,509,144</u>	<u>\$ 203,850</u>	<u>\$ 12,430,087</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.

\$ 5,155,000

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

Year Ending September 30,	Series 2007		
	Principal	Interest	Total
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	1,115,000	44,600	1,159,600
	<u>\$ 5,155,000</u>	<u>\$ 635,000</u>	<u>\$ 5,790,000</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, 2015 was 8.49 to 1. The maximum annual debt service was \$1,159,600 at September 30, 2015.

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	<u>\$ 6,183,960</u>
Additions:	
Interest income which qualifies as operating revenue for coverage purposes	227,561
Provision for depreciation and amortization	<u>3,435,949</u>
Total additions	<u>3,663,510</u>
Subtractions:	
Nonqualifying revenues:	
Meter fees	<u>945</u>
Income available for debt service	<u>\$ 9,846,525</u>
Maximum annual debt service	<u>\$ 1,159,600</u>
Coverage	<u>8.49:1</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, 2015, 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, 2015, there are no rebatable arbitrage liabilities for the outstanding bond issues.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015	Due within One Year
Governmental Activities:					
Bonds Payable and capital lease					
General Obligation, Series 2004	\$ 862,270	\$ -	\$ (423,531)	\$ 438,739	\$ 438,739
General Obligation, Series 2007	24,305,000	-	(625,000)	23,680,000	655,000
CRA Redevelopment Refunding					
Revenue Bond, Series 2012A	9,797,602	-	(1,164,966)	8,632,636	1,205,741
CRA Redevelopment Refunding					
Revenue Bond, Series 2012B	2,863,525	-	(354,381)	2,509,144	362,472
Capital Lease	625,446	-	(119,037)	506,409	121,989
Subtotal	38,453,843	-	(2,686,915)	35,766,928	2,783,941
Other long-term liabilities					
Compensated absences payable	8,313,752	3,200,572	(2,806,512)	8,707,812	260,975
Net pension liability	19,694,692	11,154,035	-	30,848,727	-
Claims and judgments	2,633,811	1,109,562	(1,109,562)	2,633,811	559,686
Net OPEB Obligation	13,205,222	2,778,272	(923,573)	15,059,921	-
Subtotal	43,847,477	18,242,441	(4,839,647)	57,250,271	820,661
Governmental activity					
Long-term liabilities	\$ 82,301,320	\$ 18,242,441	\$ (7,526,562)	\$ 93,017,199	\$ 3,604,602
Business-type Activities					
Revenue Bond, Series 2007	\$ 6,075,000	\$ -	\$ (920,000)	\$ 5,155,000	\$ 950,000
Other long-term liabilities					
Compensated absences payable	1,475,853	592,757	(429,050)	1,639,560	48,415
Net pension liability	1,706,416	966,424	-	2,672,840	-
Net OPEB obligation	2,202,421	401,673	(224,907)	2,379,187	-
Subtotal	5,384,690	1,960,854	(653,957)	6,691,587	48,415
Business-type activity					
Long-term liabilities	11,459,690	1,960,854	(1,573,957)	11,846,587	998,415
Total long-term liabilities	\$ 93,761,010	\$ 20,203,295	\$ (9,100,519)	\$ 104,863,786	\$ 4,603,017

In governmental activities, 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/wastewater or stormwater. Claims and judgments are generally liquidated by the Internal Service General Insurance Fund.

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, 2015, the maximum annual debt service is at 12% of the net revenues. The total principal and interest remaining to be paid on the bonds is approximately \$5.79 million. Principal and interest paid and total customer net revenues for the current year were \$1,163,000 and \$9,846,525, respectively.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (Continued)

Also, the City has pledged a portion of the future tax incremental 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 incremental revenues and are payable through 2022. At September 30, 2015, the maximum annual debt service is at 46% of the tax incremental revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$12.4 million. Principal and interest paid and tax incremental revenues for the current year were \$1,912,303 and \$4,180,496, 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 2015, 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, 2015, were as follows:

Year ending September 30,	
2016	\$ 134,548
2017	134,548
2018	134,548
2019	<u>134,548</u>
Total minimum lease payment	538,192
Less: amount representing interest	<u>(31,783)</u>
Present value of minimum lease	
Payment	<u>\$ 506,409</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). The FRS offers members a choice between the Pension Plan (multiple-employer, cost-sharing defined benefit plan) and the Investment Plan (defined contribution 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.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Plan Description

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges; or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan.

Type of Benefit

The Florida Retirement System Pension Plan (FRS) is a cost-sharing, multiple-employer qualified defined benefit plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by municipalities, special districts, charter schools, and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Average Final Compensation (AFC)

For members initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, AFC is the average of the eight highest fiscal years of salary earned during covered employment.

Vesting

The system provides for vesting of benefits, regardless of membership class, after six years of creditable service for members who are enrolled on or after July 1, 2001 through June 30, 2011 and eight years of creditable service for members who are enrolled on or after July 1, 2011. Vesting for the FRS Investment Plan occurs when an employee completes one year of service in the FRS Investment Plan.

Service Retirement

Normal retirement age in the regular, senior management service and elected officers' classes is 62 for members enrolled before July 1, 2011 and 65 for members enrolled on or after July 1, 2011. In the special risk service class, normal retirement age is 55 for members enrolled before July 1, 2011 and 60 for members enrolled on or after July 1, 2011. If a member is vested but has not reached normal retirement age, early retirement can be taken. The amount of the retirement benefit will be reduced 5% for each year prior to normal retirement.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Benefits are computed on the basis of age and/or years of service, average final compensation and service credit. The system also provides for death and disability benefits.

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 their 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.

Funding Policy

Contributions to the FRS are made by the City as a percentage of covered payrolls. Effective July 1, 2012, state law instituted a requirement that employees in all classes make a contribution to the FRS of 3.00% of their covered payroll, in addition to the employer's contribution. The required contribution rates in effect at year end for the City were 7.26% for regular class employees, 21.43% for senior management service class employees, 22.04% for special risk class employees, and 42.27% for elected officers' class. Additionally, the City is required to contribute 12.88% for all DROP participants. These rates include the normal cost and unfunded actuarial liability contributions and the 1.26 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.04 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

The contribution requirements of covered payroll and actual contributions made for fiscal year 2015 and the two preceding years were as follows:

	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>
Contributions requirements:			
Employer	\$ 5,121,887	\$ 4,794,850	\$ 4,034,044
Employee	<u>921,776</u>	<u>908,508</u>	<u>916,086</u>
	\$ 6,043,663	\$ 5,703,358	\$ 4,950,130
Contributions made (100%)	\$ 6,043,663	\$ 5,703,358	\$ 4,950,130
Total covered payroll	\$ 34,229,976	\$ 33,593,442	\$ 34,378,623
Percent of contributions to total covered payroll	17.66%	16.98%	14.40%

The FRS issues a comprehensive annual financial report including a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2015, are shown below (in thousands):

	FRS	HIS
Total Pension Liability (A)	\$ 161,370,735	\$ 10,249,201
Plan Fiduciary Net Position (B)	(148,454,394)	(50,774)
Net Pension Liability (A-B)	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	92%	0.50%
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The total pension liability for each plan was determined by the Plans' actuary and reported in the Plans' valuations dated July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. Each Plans' fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The City reported a liability of \$33,521,567 for its proportionate share of the net pension liability. The detail of proportion shares are as follows:

FRS Pension Plan:

Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Measurement Date
\$ 3,866,427	0.176514976%	\$ 4,186,317	0.171705136%	\$ 10,770,009	\$ 22,178,021

FRS Retiree Health Insurance Subsidy (HIS) Program:

Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Measurement Date
\$ 389,493	0.113698628%	\$ 425,184	0.111228388%	\$ 10,631,099	\$ 11,343,546

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Basis of Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions for employers that were members of the FRS and HIS during fiscal years 2013/2014 and 2014/2015. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense. For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2015:

HIS: The total pension liability is calculated on a single equivalent discount rate as required by GASB Statement No. 67. The discount rate used was updated from 4.29% to 3.80% reflecting the change during the fiscal year in the Bond Buyer General Obligation 20-year Bond municipal bond index. That index was originally approved for use in HIS GASB 67 calculation by the 2014 Actuarial Assumption Conference.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

In general, the discount rate for calculating the total pension liability under GASB 67 is equivalent to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go-basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used at the two dates differ due to changes in the applicable municipal bond rate.

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which provides consulting for the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed income	18%	4.8%	4.7%	4.7%
Global equity	53%	8.5%	7.2%	17.7%
Real estate (property)	10%	6.8%	6.2%	12.0%
Private equity	6%	11.9%	8.2%	30.0%
Strategic investments	12%	6.7%	6.1%	11.4%
Assumed Inflation - Mean		2.6%		1.9%

1 - As outlined in the Plan's investment policy.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2015.

	FRS		
	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Total pension liability	\$ 312,372,088	\$ 277,081,840	\$ 247,714,558
Less: Fiduciary net position	254,903,819	254,903,819	254,903,819
Net pension liability	<u>\$ 57,468,269</u>	<u>\$ 22,178,021</u>	<u>\$ (7,189,261)</u>

	HIS		
	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
Total pension liability	\$ 12,981,918	\$ 11,400,021	\$ 10,080,957
Less: Fiduciary net position	56,475	56,475	56,475
Net pension liability	<u>\$ 12,925,443</u>	<u>\$ 11,343,546</u>	<u>\$ 10,024,482</u>

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized as pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

1. Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
2. Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
3. Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

4. Differences between expected and actual earnings on pension plan investments – amortized over five years contributions to the pension plans from employers are not included in collective pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2015, was 6.3 years for FRS and 7.2 years for HIS. The pension expense recognized during the year by the City amounted to \$5,905,467.

The components of deferred outflows and inflows of resources schedules for the fiscal year ended September 30, 2015, are presented below for each plan.

FRS Pension Plan			
Changes in:	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 1,211,458	\$ -	\$ 1,211,458
Assumptions/inputs	1,472,030	-	1,472,030
Projected/Actual earnings	-	(5,295,740)	(5,295,740)
Experience expected/actual	2,341,342	(525,995)	1,815,347
Changes in proportion, NPL	-	(4,150,705)	(4,150,705)
	<u>\$ 5,024,830</u>	<u>\$ (9,972,440)</u>	<u>\$ (4,947,610)</u>
HIS Program			
Changes in:	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Contributions, subsequent to measurement date	\$ 152,256	\$ -	\$ 152,256
Assumptions/inputs	892,441	-	892,441
Projected/Actual earnings	1,038	5,103	6,141
Changes in proportion, NPL	-	(716,978)	(716,978)
	<u>\$ 1,045,735</u>	<u>\$ (711,875)</u>	<u>\$ 333,860</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Reporting Period Ending June 30,	FRS Expense	HIS Expense
2016	\$ (4,693,699)	\$ (409,303)
2017	(1,754,452)	155,417
2018	(1,754,452)	155,417
2019	2,614,699	154,169
2020	507,765	153,570
Thereafter	132,529	124,590
Total	<u>\$ (4,947,610)</u>	<u>\$ 333,860</u>

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

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%	22.04%	25.04%
Senior Management Service Class	3%	21.43%	24.43%
Regular Class	3%	7.26%	10.26%
Elected Officer's Class	3%	42.27%	45.27%
DROP from FRS	-	12.88%	12.88%

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 internal service fund, the General Insurance Fund, which provides funds for expenses incurred in the insurance programs of workers' compensation and other claims. 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 General 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 fund 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, 2013 to September 30, 2015:

	City General Insurance Program Fund
Liability balance, October 1, 2013	\$ 442,500
Claims and changes in estimates	3,247,543
Claim payments	<u>(1,056,232)</u>
Liability balances, September 30, 2014	2,633,811
Claims and changes in estimates	1,107,346
Claim payments	<u>(1,107,346)</u>
Liability balances, September 30, 2015	<u>\$ 2,633,811</u>
Claims and judgments due within one year	<u>\$ 559,686</u>
Assets available to pay claims at September 30, 2015	<u>\$ 1,847,060</u>

III. OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

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. As disclosed in the schedule of findings and questioned costs under item 2015-001, the City appears to be in non-compliance with certain requirements under the housing grant agreements. The financial statements do not include any adjustments that might result from the outcome of 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 112.0801, Florida Statutes. This required participation for retirees and their eligible dependents in the health and life insurance program and other coverage listed in the statute of the City is at a premium cost to the retiree that is no more than the premium cost applicable to 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, 2015, there were 77 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 2015. 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, 2015, 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 contribution rate for retirees for fiscal year 2015 ranged from \$491 to \$618 for single coverage and from \$635 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 (ARC) of the employer, 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, 2015 were as follows:

Annual required contribution	\$ 3,223,258
Interest on net OPEB obligation	462,229
Adjustment to annual required contribution	<u>(592,602)</u>
Annual OPEB cost	3,092,885
Estimated employer contribution	<u>(1,061,420)</u>
Change in net OPEB obligation	2,031,465
Estimated net OPEB obligation, beginning of year	<u>15,407,643</u>
Estimated net OPEB obligation, end of year	<u>\$ 17,439,108</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, 2015 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>
2013	\$ 3,286,761	\$ 1,025,885	31%	\$ 13,051,657
2014	3,446,552	1,090,566	32%	15,407,643
2015	3,092,885	1,061,420	34%	17,439,108

Methods and Assumptions

Funded status and funding progress:

For the actuarial valuation date of October 1, 2014, the actuarial accrued liability for benefits was \$37,695,721, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability of \$37,695,721. 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 \$ 29,486,716 for that period, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 127.84%. 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, 2014
Actuarial cost method:	Entry age
Amortization method:	Level percent, closed
Remaining amortization period:	26 years
Asset valuation method:	Unfunded
Investment rate of return:	3.0%
Projected salary increases:	4.5% - 8.73%
Payroll growth rate:	3%
Inflation rate:	2.3%
Healthcare cost trend rate:	7.1% first year; (6.4)% second year; 6.5% third year; 4.66% ultimate per capita cost trend; 26 years until ultimate trend; trend rates expected to reach ultimate level of 4.66% in 2040.

E. Interlocal agreement

In 1999, 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. It was amended in September 2014 with a one year extension. In September 2015, the contract was amended for a second time and was extended for one additional year until September 30, 2016. In accordance with the terms of the contract, the City of Margate received \$7.4 million in fiscal year 2015, with such amount to be \$8,123,500 for fiscal year 2016. If the City receives grant funding for FY 2016 for Fire-Rescue personnel, one-half of the amount of the grant proceeds received by the City for FY 2016 will be deducted from the above contract amount.

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 Funds	
General Fund	\$ 336,110
Margate Community Redevelopment	117,276
Margate Community Redevelopment Capital Improvement	342,438
Nonmajor Funds	<u>285,045</u>
	<u>1,080,869</u>
Business-Type Funds	
Water and Wastewater	1,801,589
Nonmajor Funds	<u>49,167</u>
	<u>1,850,756</u>
Total	<u><u>\$ 2,931,625</u></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 \$3.5 million at September 30, 2015. Depreciation expense for the year was approximately \$85,520. Total rental revenues from these properties during the fiscal year amounted to \$606,746.

III. OTHER INFORMATION (CONTINUED)

I. Restated Net Position / Fund Balance

The following discloses the restatements of the Governmental Activities, Business-type Activities, and Utility and Stormwater funds as of the beginning of the fiscal year:

	<u>Government-wide financial statements</u>	
	<u>Governmental activities</u>	<u>Business-type activities</u>
Net position, September 30, 2014, as previously reported	\$ 87,891,085	\$ 76,732,647
Reclassification of net pension liability	(38,233,491)	(3,312,682)
Net position, September 30, 2014, as restated	<u>\$ 49,657,594</u>	<u>\$ 73,419,965</u>

	<u>Enterprise fund statements</u>	
	<u>Water and Wastewater fund</u>	<u>Stormwater Utility fund</u>
Net position, September 30, 2014, as previously reported	\$ 72,735,336	\$ 3,997,311
Reclassification of net pension liability	(3,074,981)	(237,701)
Net position, September 30, 2014, as restated	<u>\$ 69,660,355</u>	<u>\$ 3,759,610</u>

J. Date of Management review

The City's management has evaluated subsequent events through April 18, 2016, the date which the financial statements were available for issue.

Required Supplementary Information

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CITY OF MARGATE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	<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	\$ 13,400,000	\$ 13,400,000	\$ 13,375,604	\$ (24,396)
Franchise fees	3,795,000	3,795,000	4,181,165	386,165
Utility service taxes	6,450,000	6,450,000	6,583,890	133,890
Licenses and permits	1,368,000	1,368,000	2,567,975	1,199,975
Intergovernmental revenues	5,467,188	5,474,928	5,674,169	199,241
Investment income	160,000	160,000	183,896	23,896
Charges for services	15,320,041	15,320,041	16,164,814	844,773
Fines and forfeitures	518,000	518,000	678,511	160,511
Miscellaneous	1,147,300	1,107,300	2,372,504	1,265,204
Total revenues	<u>47,625,529</u>	<u>47,593,269</u>	<u>51,782,528</u>	<u>4,189,259</u>
Expenditures:				
Current:				
General government:				
City commission	419,234	379,772	339,426	40,346
City manager	667,077	549,447	490,432	59,015
Finance	2,052,362	1,172,988	1,098,315	74,673
Non-departmental	5,485,755	5,355,736	4,186,029	1,169,707
Human resources	649,702	547,235	545,081	2,154
Economic development	622,719	628,351	628,251	100
City clerk	723,951	702,289	702,170	119
City attorney	390,218	306,859	286,903	19,956
Information technology	807,255	765,785	749,299	16,486
Total general government	<u>11,818,273</u>	<u>10,408,462</u>	<u>9,025,906</u>	<u>1,382,556</u>
Public safety:				
Police	16,455,069	16,450,867	16,392,398	58,469
Fire	15,897,833	15,939,495	15,649,529	289,966
Building	1,297,769	1,297,769	1,241,457	56,312
Total public safety	<u>33,650,671</u>	<u>33,688,131</u>	<u>33,283,384</u>	<u>404,747</u>
Culture and recreation:				
Administration	378,574	409,972	409,930	42
Special activities	452,690	437,027	324,157	112,870
Parks and grounds	2,149,168	2,152,181	1,997,839	154,342
Aquatics	708,224	710,974	674,112	36,862
Total culture and recreation	<u>3,688,656</u>	<u>3,710,154</u>	<u>3,406,038</u>	<u>304,116</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Administration	708,452	766,452	755,588	10,864
Buildings	1,314,096	1,317,905	1,290,317	27,588
City garage	1,696,811	1,605,130	1,341,773	263,357
Total public works	<u>3,719,359</u>	<u>3,689,487</u>	<u>3,387,678</u>	<u>301,809</u>
 Total expenditures	<u>52,876,959</u>	<u>51,496,234</u>	<u>49,103,006</u>	<u>2,393,228</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(5,251,430)</u>	<u>(3,902,965)</u>	<u>2,679,522</u>	<u>6,582,487</u>
 Other financing sources (uses):				
Transfers in	1,746,162	2,996,335	2,996,335	-
Transfers out	-	(1,120,633)	(1,120,633)	-
Total other financing sources (uses)	<u>1,746,162</u>	<u>1,875,702</u>	<u>1,875,702</u>	<u>-</u>
 Net change in fund balance	<u>(3,505,268)</u>	<u>(2,027,263)</u>	<u>4,555,224</u>	<u>6,582,487</u>
 Fund balances, October 1	<u>28,342,196</u>	<u>28,342,196</u>	<u>28,342,196</u>	<u>-</u>
 Fund balances, September 30	<u>\$ 24,836,928</u>	<u>\$ 26,314,933</u>	<u>\$ 32,897,420</u>	<u>\$ 6,582,487</u>

See the accompanying Notes to Budgetary Comparison Schedules.

CITY OF MARGATE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
MARGATE COMMUNITY REDEVELOPMENT AGENCY TRUST SPECIAL REVENUE FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	<u>Original Budget</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Tax incremental	\$ 4,267,217	\$ 4,267,217	\$ 4,180,496	\$ (86,721)
Interest income	28,000	28,000	4,071	(23,929)
Rental income	669,600	669,600	606,746	(62,854)
Miscellaneous	10,000	10,000	58,634	48,634
Total revenues	<u>4,974,817</u>	<u>4,974,817</u>	<u>4,849,947</u>	<u>(124,870)</u>
Expenditures:				
General government	1,188,005	1,325,285	874,363	450,922
Economic and physical environment	<u>1,224,608</u>	<u>1,087,328</u>	<u>900,250</u>	<u>187,078</u>
Total expenditures	<u>2,412,613</u>	<u>2,412,613</u>	<u>1,774,613</u>	<u>638,000</u>
Excess of revenues over expenditures	2,562,204	2,562,204	3,075,334	513,130
Other financing uses:				
Transfers out	<u>(2,562,204)</u>	<u>(3,623,732)</u>	<u>(3,623,732)</u>	<u>-</u>
Net change in fund balance	-	(1,061,528)	(548,398)	513,130
Fund balance at beginning of year	<u>548,398</u>	<u>548,398</u>	<u>548,398</u>	<u>-</u>
Fund balance at end of year	<u>\$ 548,398</u>	<u>\$ (513,130)</u>	<u>\$ -</u>	<u>\$ 513,130</u>

See the accompanying Notes to Budgetary Comparison Schedules.

CITY OF MARGATE, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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. 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 or funds, 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 assigned or restricted fund balance 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, 2015

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
10/1/2010	\$ -	\$ 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%
10/1/2014	-	37,695,721	37,695,721	0%	\$ 29,486,716	127.84%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
2010	\$ 3,655,240	18%
2011	3,161,662	20%
2012	3,161,662	22%
2013	3,348,423	31%
2014	3,521,133	31%
2015	3,223,258	33%

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

CITY OF MARGATE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF MARGATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM (FRS)

	2015	
Florida Retirement System Plan:	FRS	HIS
Total pension liability	\$ 161,370,735,088	\$ 10,249,201,290
Plan fiduciary net position	(148,454,393,902)	(50,774,315)
Net pension liability	<u>\$ 12,916,341,186</u>	<u>\$ 10,198,426,975</u>
Plan fiduciary net position as a percentage of the total pension liability	92%	0.50%
City of Margate, Florida:		
Share of net pension liability as a percentage	0.171705136%	0.111228388%
Share of net pension liability as an amount	\$ 22,178,021	\$ 11,343,546
Covered-employee payroll	\$ 34,229,976	\$ 34,229,976
City's share net pension liability as a percentage of covered-employee payroll	65%	33%

Notes to Schedule:

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2014, using the entry age normal actuarial cost method.
2. Inflation increases for both plans is assumed at 2.60%.
3. Payroll growth for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%.
5. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.
6. The municipal bond rate (the Bond Buyer General Obligation 20-year Bond Municipal Bond Index) was used to determine total pension liability for HIS is 4.29%.

Benefit Types:

1. FRS Pension Plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS Program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS Payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF MARGATE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM (FRS) PENSION SCHEDULE
SCHEDULE OF CONTRIBUTIONS

	2015
Contractually required contribution	\$ 6,043,663
Contributions in relation to the contractually required contribution	<u>6,043,663</u>
Contributions deficiency (excess)	<u><u>\$ -</u></u>
 Covered-employee payroll	 \$ 34,229,976
 Contribution as a percentage of covered-employee payroll	 18%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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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.

Impact Fees Fund - To account for public safety projects. Revenues are derived from impact fees collected during the building permit process.

Special Activities Fund - To account for funds related to recreational activities.

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.

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.

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 Account Fund - To account for the accumulation of monies for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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.

FIDUCIARY FUND

PERFORMANCE BOND AGENCY FUND

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

CITY OF MARGATE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2015

		Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Revenue Funds	Margate Community Redevelopment Agency -Sinking Fund	Margate Community Redevelopment Agency -Escrow Account Fund	General Obligation Debt Service Fund	General Capital Projects Fund	
<u>ASSETS</u>						
Cash and cash equivalents	\$ 2,975,844	\$ -	\$ 958,656	\$ 56,065	\$ 1,611,736	\$ 5,602,301
Investments	5,936,507	-	-	-	-	5,936,507
Accounts receivable - net	334,722	-	-	206	-	334,928
Prepays	48,137	-	-	-	-	48,137
Due from other funds	13,586	-	-	-	-	13,586
Total assets	<u>\$ 9,308,796</u>	<u>\$ -</u>	<u>\$ 958,656</u>	<u>\$ 56,271</u>	<u>\$ 1,611,736</u>	<u>\$ 11,935,459</u>
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 79,601	\$ -	\$ -	\$ -	\$ 24,040	\$ 103,641
Due to other funds	160,851	-	-	-	-	160,851
Unearned revenues	<u>268,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,251</u>
Total liabilities	<u>508,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,040</u>	<u>532,743</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Prepays and other assets	48,137	-	-	-	-	48,137
Restricted for:						
Public safety	1,904,798	-	-	-	-	1,904,798
Transportation	5,389,060	-	-	-	-	5,389,060
Culture and recreation	1,078,566	-	-	-	-	1,078,566
Debt service	-	-	958,656	56,271	-	1,014,927
Economic development	120,851	-	-	-	-	120,851
Street Lights	258,681	-	-	-	-	258,681
Capital projects	-	-	-	-	1,587,696	1,587,696
Total fund balances	<u>8,800,093</u>	<u>-</u>	<u>958,656</u>	<u>56,271</u>	<u>1,587,696</u>	<u>11,402,716</u>
Total liabilities and fund balances	<u>\$ 9,308,796</u>	<u>\$ -</u>	<u>\$ 958,656</u>	<u>\$ 56,271</u>	<u>\$ 1,611,736</u>	<u>\$ 11,935,459</u>

CITY OF MARGATE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Debt Service Funds			Capital Projects Fund	
	Special Revenue Funds	Margate Community Redevelopment Agency -Sinking Fund	Margate Community Redevelopment Agency -Escrow Account	General Obligation Debt Service Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 2,212,195	\$ -	\$ 2,212,195
Intergovernmental	3,071,202	-	-	-	58,169	3,129,371
Interest income	10,948	-	2,493	-	-	13,441
Charges for services	357,161	-	-	-	-	357,161
Fines and forfeitures	183,802	-	-	-	-	183,802
Miscellaneous	534,897	-	-	-	-	534,897
Total revenues	<u>4,158,010</u>	<u>-</u>	<u>2,493</u>	<u>2,212,195</u>	<u>58,169</u>	<u>6,430,867</u>
EXPENDITURES:						
Current:						
Public safety	514,003	-	-	-	-	514,003
Economic and physical environment	739,177	-	-	-	-	739,177
Culture and recreation	959,523	-	-	-	-	959,523
Public works	1,110,197	-	-	-	-	1,110,197
Debt service:						
Principal retirement	-	1,519,347	-	1,048,531	-	2,567,878
Interest and other	-	392,956	-	1,152,718	-	1,545,674
Capital outlay	-	-	-	-	800,407	800,407
Total expenditures	<u>3,322,900</u>	<u>1,912,303</u>	<u>-</u>	<u>2,201,249</u>	<u>800,407</u>	<u>8,236,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>835,110</u>	<u>(1,912,303)</u>	<u>2,493</u>	<u>10,946</u>	<u>(742,238)</u>	<u>(1,805,992)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1,331,255	1,912,303	-	-	407,000	3,650,558
Transfers out	<u>(1,246,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,008)</u>	<u>(1,337,795)</u>
Total other financing sources (uses)	<u>84,468</u>	<u>1,912,303</u>	<u>-</u>	<u>-</u>	<u>315,992</u>	<u>2,312,763</u>
Net change in fund balances	919,578	-	2,493	10,946	(426,246)	506,771
Fund balances - beginning	<u>7,880,515</u>	<u>-</u>	<u>956,163</u>	<u>45,325</u>	<u>2,013,942</u>	<u>10,895,945</u>
Fund balances - ending	<u>\$ 8,800,093</u>	<u>\$ -</u>	<u>\$ 958,656</u>	<u>\$ 56,271</u>	<u>\$ 1,587,696</u>	<u>\$ 11,402,716</u>

CITY OF MARGATE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2015

	Road Fund	Impact Fees Fund	Special Activities Fund	Police Officers Training Fund	Confiscated Properties Fund	State Housing Initiatives Partnership (SHIP) Fund	Community Development Block Grant (CDBG) Fund	Recreation Trust Fund	Northwest Focal Point Senior Center Fund	Total
<u>ASSETS</u>										
Cash and cash equivalents	\$ 354,700	\$ 904,313	\$ -	\$ 81,484	\$ 235,148	\$ 278,498	\$ 151,038	\$ 437,362	\$ 533,301	\$ 2,975,844
Investments	5,258,422	-	-	-	678,085	-	-	-	-	5,936,507
Accounts receivable - net	84,956	-	-	-	-	-	116,991	-	132,775	334,722
Prepays	-	-	-	-	-	-	-	-	48,137	48,137
Due from other funds	-	-	-	-	13,586	-	-	-	-	13,586
Total assets	<u>\$ 5,698,078</u>	<u>\$ 904,313</u>	<u>\$ -</u>	<u>\$ 81,484</u>	<u>\$ 926,819</u>	<u>\$ 278,498</u>	<u>\$ 268,029</u>	<u>\$ 437,362</u>	<u>\$ 714,213</u>	<u>\$ 9,308,796</u>
<u>LIABILITIES</u>										
Accounts payable and accrued expenses	\$ 50,337	\$ -	\$ -	\$ -	\$ 4,151	\$ 40	\$ 201	\$ -	\$ 24,872	\$ 79,601
Due to other funds	-	-	-	-	3,667	-	157,184	-	-	160,851
Unearned revenues	-	-	-	-	-	268,251	-	-	-	268,251
Total liabilities	<u>50,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,818</u>	<u>268,291</u>	<u>157,385</u>	<u>-</u>	<u>24,872</u>	<u>508,703</u>
<u>FUND BALANCES</u>										
Nonspendable:										
Prepays and other assets	-	-	-	-	-	-	-	-	48,137	48,137
Restricted for:										
Public safety	-	904,313	-	81,484	919,001	-	-	-	-	1,904,798
Transportation	5,389,060	-	-	-	-	-	-	-	-	5,389,060
Culture and recreation	-	-	-	-	-	-	-	437,362	641,204	1,078,566
Economic development	-	-	-	-	-	10,207	110,644	-	-	120,851
Streetlights	258,681	-	-	-	-	-	-	-	-	258,681
Total fund balances	<u>5,647,741</u>	<u>904,313</u>	<u>-</u>	<u>81,484</u>	<u>919,001</u>	<u>10,207</u>	<u>110,644</u>	<u>437,362</u>	<u>689,341</u>	<u>8,800,093</u>
Total liabilities and fund balances	<u>\$ 5,698,078</u>	<u>\$ 904,313</u>	<u>\$ -</u>	<u>\$ 81,484</u>	<u>\$ 926,819</u>	<u>\$ 278,498</u>	<u>\$ 268,029</u>	<u>\$ 437,362</u>	<u>\$ 714,213</u>	<u>\$ 9,308,796</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, 2015

	<u>Road Fund</u>	<u>Impact Fees Fund</u>	<u>Special Activities Fund</u>	<u>Police Officers Training Fund</u>	<u>Confiscated Properties 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>Total</u>
REVENUES:										
Intergovernmental	\$ 1,530,969	\$ -	\$ -	\$ -	\$ -	\$ 2,872	\$ 782,181	\$ -	\$ 755,180	\$ 3,071,202
Interest income	2,900	714	-	-	7,334	-	-	-	-	10,948
Charges for services	-	326,413	-	-	-	-	-	-	30,748	357,161
Fines and forfeitures	-	-	-	8,055	175,747	-	-	-	-	183,802
Miscellaneous	-	-	-	-	15,916	-	-	308,174	210,807	534,897
Total revenues	<u>1,533,869</u>	<u>327,127</u>	<u>-</u>	<u>8,055</u>	<u>198,997</u>	<u>2,872</u>	<u>782,181</u>	<u>308,174</u>	<u>996,735</u>	<u>4,158,010</u>
EXPENDITURES:										
Current:										
Public safety	-	-	-	23,600	490,403	-	-	-	-	514,003
Economic and physical environment	-	-	-	-	-	92,645	646,532	-	-	739,177
Culture and recreation	-	-	-	-	-	-	-	-	959,523	959,523
Public works	<u>1,110,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,197</u>
Total expenditures	<u>1,110,197</u>	<u>-</u>	<u>-</u>	<u>23,600</u>	<u>490,403</u>	<u>92,645</u>	<u>646,532</u>	<u>-</u>	<u>959,523</u>	<u>3,322,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>423,672</u>	<u>327,127</u>	<u>-</u>	<u>(15,545)</u>	<u>(291,406)</u>	<u>(89,773)</u>	<u>135,649</u>	<u>308,174</u>	<u>37,212</u>	<u>835,110</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	242,266	577,186	-	-	511,803	-	-	-	-	1,331,255
Transfers out	<u>-</u>	<u>-</u>	<u>(383,165)</u>	<u>-</u>	<u>(456,622)</u>	<u>-</u>	<u>-</u>	<u>(407,000)</u>	<u>-</u>	<u>(1,246,787)</u>
Total other financing sources (uses)	<u>242,266</u>	<u>577,186</u>	<u>(383,165)</u>	<u>-</u>	<u>55,181</u>	<u>-</u>	<u>-</u>	<u>(407,000)</u>	<u>-</u>	<u>84,468</u>
Net change in fund balances	665,938	904,313	(383,165)	(15,545)	(236,225)	(89,773)	135,649	(98,826)	37,212	919,578
Fund balances - beginning	<u>4,981,803</u>	<u>-</u>	<u>383,165</u>	<u>97,029</u>	<u>1,155,226</u>	<u>99,980</u>	<u>(25,005)</u>	<u>536,188</u>	<u>652,129</u>	<u>7,880,515</u>
Fund balances - ending	<u>\$ 5,647,741</u>	<u>\$ 904,313</u>	<u>\$ -</u>	<u>\$ 81,484</u>	<u>\$ 919,001</u>	<u>\$ 10,207</u>	<u>\$ 110,644</u>	<u>\$ 437,362</u>	<u>\$ 689,341</u>	<u>\$ 8,800,093</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,477,208	\$ 1,530,969	\$ 53,761
Interest income	<u>1,500</u>	<u>2,900</u>	<u>1,400</u>
Total revenues	<u>1,478,708</u>	<u>1,533,869</u>	<u>55,161</u>
Expenditures:			
Public works	<u>1,520,465</u>	<u>1,110,197</u>	<u>410,268</u>
Excess (deficiency) of revenues over (under) expenditures	(41,757)	423,672	(465,429)
Other financing sources:			
Transfers in	<u>242,266</u>	<u>242,266</u>	<u>-</u>
Net change in fund balance	200,509	665,938	(465,429)
Fund balance at beginning of year	<u>4,981,803</u>	<u>4,981,803</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,182,312</u>	<u>\$ 5,647,741</u>	<u>\$ (465,429)</u>

CITY OF MARGATE, FLORIDA
SPECIAL REVENUE FUND - IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ 1,000	\$ 714	\$ (286)
Charges for services	<u>20,000</u>	<u>326,413</u>	<u>306,413</u>
Total revenues	<u>21,000</u>	<u>327,127</u>	<u>306,127</u>
Expenditures:			
Public safety	<u>21,000</u>	<u>-</u>	<u>21,000</u>
Excess of revenues over expenditures	-	327,127	327,127
Other financing sources:			
Transfers in	<u>577,186</u>	<u>577,186</u>	<u>-</u>
Net change in fund balance	577,186	904,313	327,127
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 577,186</u>	<u>\$ 904,313</u>	<u>\$ 327,127</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Other financing uses:			
Transfers out	\$ (383,165)	\$ (383,165)	\$ -
Net change in fund balance	(383,165)	(383,165)	-
Fund balance at beginning of year	<u>383,165</u>	<u>383,165</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - POLICE OFFICER TRAINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Fines and foreitures	\$ -	\$ 8,055	\$ 8,055
Interest income	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	100	8,055	7,955
Expenditures:			
Public safety	<u>25,100</u>	<u>23,600</u>	<u>1,500</u>
Excess (deficiency) of revenues over (under) expenditures	(25,000)	(15,545)	9,455
Fund balance at beginning of year	<u>97,029</u>	<u>97,029</u>	<u>-</u>
Fund balance at end of year	<u>\$ 72,029</u>	<u>\$ 81,484</u>	<u>\$ 9,455</u>

CITY OF MARGATE, FLORIDA

SPECIAL REVENUE FUND - CONFISCATED PROPERTIES SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ 1,500	\$ 7,334	\$ 5,834
Fines and forfeitures	-	175,747	175,747
Miscellaneous	-	15,916	15,916
Total revenues	<u>1,500</u>	<u>198,997</u>	<u>197,497</u>
Expenditures:			
Public safety	<u>599,288</u>	<u>490,403</u>	<u>108,885</u>
Excess (deficiency) of revenues over (under) expenditures	(597,788)	(291,406)	306,382
Other financing sources (uses):			
Transfers in	511,803	511,803	-
Transfers out	<u>(456,622)</u>	<u>(456,622)</u>	<u>-</u>
Total other financing sources (uses)	<u>55,181</u>	<u>55,181</u>	<u>-</u>
Net change in fund balance	(542,607)	(236,225)	306,382
Fund balance at beginning of year	<u>1,155,226</u>	<u>1,155,226</u>	<u>-</u>
Fund balance at end of year	<u>\$ 612,619</u>	<u>\$ 919,001</u>	<u>\$ 306,382</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	<u>\$ 268,251</u>	<u>\$ 2,872</u>	<u>\$ (265,379)</u>
Expenditures:			
Economic and physical environment	<u>381,473</u>	<u>92,645</u>	<u>288,828</u>
Excess (deficiency) of revenues over (under) expenditures	(113,222)	(89,773)	23,449
Fund balance at beginning of year	<u>99,980</u>	<u>99,980</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (13,242)</u></u>	<u><u>\$ 10,207</u></u>	<u><u>\$ 23,449</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	<u>\$ 712,337</u>	<u>\$ 782,181</u>	<u>\$ 69,844</u>
Expenditures:			
Economic and physical environment	<u>1,057,104</u>	<u>646,532</u>	<u>410,572</u>
Excess (deficiency) of revenues over (under) expenditures	(344,767)	135,649	480,416
Fund balance at beginning of year	<u>(25,005)</u>	<u>(25,005)</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (369,772)</u></u>	<u><u>\$ 110,644</u></u>	<u><u>\$ 480,416</u></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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ 1,000	\$ -	\$ (1,000)
Miscellaneous	357,500	308,174	(49,326)
Total revenues	<u>358,500</u>	<u>308,174</u>	<u>(50,326)</u>
Expenditures:			
Culture and recreation	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Excess (deficiency) of revenues over (under) expenditures	357,000	308,174	(48,826)
Other financing uses:			
Transfers out	<u>(407,000)</u>	<u>(407,000)</u>	<u>-</u>
Net change in fund balance	(50,000)	(98,826)	(48,826)
Fund balance at beginning of year	<u>536,188</u>	<u>536,188</u>	<u>-</u>
Fund balance at end of year	<u>\$ 486,188</u>	<u>\$ 437,362</u>	<u>\$ (48,826)</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 752,709	\$ 755,180	\$ 2,471
Charges for services	-	30,748	30,748
Miscellaneous	<u>177,569</u>	<u>210,807</u>	<u>33,238</u>
Total revenues	<u>930,278</u>	<u>996,735</u>	<u>66,457</u>
Expenditures:			
Culture and recreation	<u>986,251</u>	<u>959,523</u>	<u>26,728</u>
Excess (deficiency) of revenues over (under) expenditures	(55,973)	37,212	93,185
Fund balance at beginning of year	<u>652,129</u>	<u>652,129</u>	<u>-</u>
Fund balance at end of year	<u>\$ 596,156</u>	<u>\$ 689,341</u>	<u>\$ 93,185</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures:			
Debt service:			
Principal retirement	\$ 1,519,347	\$ 1,519,347	\$ -
Interest and other	392,956	392,956	-
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>\$ -</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ -	\$ 2,493	\$ 2,493
Excess of revenues over expenditures	-	2,493	2,493
Fund balance at beginning of year	<u>956,163</u>	<u>956,163</u>	<u>-</u>
Fund balance at end of year	<u>\$ 956,163</u>	<u>\$ 958,656</u>	<u>\$ 2,493</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 2,202,266	\$ 2,212,195	\$ 9,929
Expenditures:			
Debt service			
Principal retirement	1,048,531	1,048,531	-
Interest and other	<u>1,153,735</u>	<u>1,152,718</u>	<u>1,017</u>
Total expenditures	<u>2,202,266</u>	<u>2,201,249</u>	<u>1,017</u>
Excess of revenues over expenditures	-	10,946	10,946
Fund balance at beginning of year	<u>45,325</u>	<u>45,325</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 45,325</u></u>	<u><u>\$ 56,271</u></u>	<u><u>\$ 10,946</u></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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 75,000	\$ 58,169	\$ (16,831)
Expenditures:			
Capital outlay	<u>1,547,350</u>	<u>800,407</u>	<u>746,943</u>
Deficiency of revenues under expenditures	(1,472,350)	(742,238)	(730,112)
Other financing sources (uses):			
Transfers in	407,000	407,000	-
Transfers out	<u>(91,008)</u>	<u>(91,008)</u>	<u>-</u>
Total other financing sources	<u>315,992</u>	<u>315,992</u>	<u>-</u>
Net change in fund balance	(1,156,358)	(426,246)	730,112
Fund balance at beginning of year	<u>2,013,942</u>	<u>2,013,942</u>	<u>-</u>
Fund balance at end of year	<u>\$ 857,584</u>	<u>\$ 1,587,696</u>	<u>\$ 730,112</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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ -	\$ 16,643	\$ 16,643
Expenditures:			
Economic and physical environment	<u>8,208,741</u>	<u>292,549</u>	<u>7,916,192</u>
Excess (deficiency) of revenues over (under) expenditures	(8,208,741)	(275,906)	7,932,835
Other financing sources:			
Transfers in	<u>1,711,429</u>	<u>1,711,429</u>	<u>-</u>
Net change in fund balance	(6,497,312)	1,435,523	7,932,835
Fund balance at beginning of year	<u>7,558,741</u>	<u>7,558,741</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,061,429</u>	<u>\$ 8,994,264</u>	<u>\$ 7,932,835</u>

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, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ -	\$ 3,808	\$ 3,808
Expenditures:			
Capital Outlay	7,046,450	1,123,505	(5,922,945)
Excess (deficiency) of revenues over (under) expenditures	(7,046,450)	(1,119,697)	5,926,753
Fund balance at beginning of year	7,047,634	7,047,634	-
Fund balance at end of year	<u>\$ 1,184</u>	<u>\$ 5,927,937</u>	<u>\$ 5,926,753</u>

CITY OF MARGATE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PERFORMANCE BOND AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance October 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2015</u>
Assets				
Cash and cash equivalents	\$ 316,783	\$ 88,008	\$ 192,149	\$ 212,642
Total assets	<u>\$ 316,783</u>	<u>\$ 88,008</u>	<u>\$ 192,149</u>	<u>\$ 212,642</u>
Liabilities				
Performance bonds payable	\$ 316,783	\$ 88,008	\$ 192,149	\$ 212,642
Total liabilities	<u>\$ 316,783</u>	<u>\$ 88,008</u>	<u>\$ 192,149</u>	<u>\$ 212,642</u>

CITY OF MARGATE, FLORIDA

WATER AND WASTEWATER ENTERPRISE FUND
DEBT SERVICE - 2007 WATER AND SEWER REFUNDING REVENUE BONDS
SEPTEMBER 30, 2015

Year	Principal Due	Interest Due	Interest Due	
Ending				
<u>September 30</u>	<u>October 1</u>	<u>October 1</u>	<u>April 1</u>	<u>Total</u>
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>\$ 5,155,000</u>	<u>\$ 317,500</u>	<u>\$ 317,500</u>	<u>\$ 5,790,000</u>

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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.

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Revenue Capacity

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

107-110

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.

111-114

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.

115-116

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>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>	<u>2015</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 60,387,578
Restricted	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	25,929,103
Unrestricted	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	(31,134,727)
Total governmental activities net position	<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>	<u>\$ 55,181,954</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 43,771,693
Restricted	8,995,506	9,211,605	8,682,305	8,188,313	500,000	500,000	500,000	500,000	500,000	500,000
Unrestricted	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	36,780,207
Total business-type activities net position	<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>	<u>\$ 81,051,900</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 104,159,271
Restricted	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	26,429,103
Unrestricted	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	5,645,480
Total primary government net position	<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>	<u>\$ 136,233,854</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>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>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$ 10,237,660
Public safety	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	33,491,912
Economic and physical development	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	2,332,157
Culture and recreation	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	5,136,787
Public works	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	7,099,119
Interest on long-term debt	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	1,537,960
Total governmental activities	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	59,835,595
Business-type activities:										
Water and wastewater	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	17,201,687
Stormwater utility	739,871	593,768	891,962	886,905	1,018,322	1,083,531	953,271	1,083,291	1,035,953	1,094,793
Total business-type activities	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	18,296,480
Total expenses	\$ 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	\$ 78,132,075
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,905,761	\$ 1,994,167	\$ 1,751,138	\$ 675,000	\$ 675,000	\$ 910,386	\$ 931,193	\$ 874,971	\$ 886,109	\$ 112,679
Public safety	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	19,009,361
Economic and physical environment	-	-	51,932	72,588	79,092	-	-	542,850	568,145	606,746
Culture and recreation	517,447	597,017	520,052	453,120	459,054	475,564	455,773	452,487	511,007	620,378
Public works	11,466	12,270	12,505	40,176	87,866	-	-	27,863	23,209	26,793
Operating grants and contributions	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	2,054,187
Capital grants and contributions	180,000	20,000	-	-	-	215,748	526,111	-	-	-
Total governmental activities	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	22,430,144
Business-type activities:										
Charges for services:										
Water and wastewater	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	23,119,770
Stormwater utility	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	1,249,029
Operating grants and contributions	-	-	-	-	-	104,263	12,722	-	-	-
Capital grants and contributions	-	-	-	-	-	135,346	962,251	1,317,929	318,930	3,574,749
Total business-type activities	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	27,943,548
Total program revenues	\$ 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	\$ 50,373,692
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (37,405,451)
Business-type activities	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	9,647,068
Total net expense	\$ (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)	\$ (27,758,383)

* 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									
	2006	2007	2008	2009	2010	2011 *	2012	2013	2014	2015
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 15,587,799
Franchise taxes	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	4,181,165
Utility service taxes	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	6,583,890
Sales tax	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	5,109,632
Gas taxes	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	1,493,761
Tax incremental revenue	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	4,180,496
Intergovernmental not restricted to specific program	456,536	246,850	247,201	162,534	138,318	148,025	232,758	134,625	174,228	176,397
Investment income	1,077,643	2,024,156	2,010,753	591,770	462,470	224,645	341,950	(116,184)	152,571	221,859
Miscellaneous	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	3,049,471
Gain on disposal of capital assets	-	85,238	45,895	159,014	-	-	32,564	54,385	-	69,179
Transfers	(61,000)	978,140	-	-	1,744,150	1,746,425	1,748,238	1,747,038	1,746,163	2,276,162
Total general revenue and transfers	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	42,929,811
Business-type activities:										
Intergovernmental not restricted to specific program	-	-	100,000	-	-	-	-	-	-	-
Investment income	489,576	836,168	658,652	413,199	398,577	239,740	213,458	284,897	259,292	227,561
Miscellaneous	3,518	-	-	-	-	-	-	-	-	-
Gain on disposal of capital assets	-	13,571	8,906	4,318	-	36,781	66,509	64,165	29,944	33,468
Transfers	61,000	(978,140)	-	-	(1,744,150)	(1,746,425)	(1,748,238)	(1,747,038)	(1,746,163)	(2,276,162)
Total business-type activities	554,094	(128,401)	767,558	417,517	(1,345,573)	(1,469,904)	(1,468,271)	(1,397,976)	(1,456,927)	(2,015,133)
Total primary government	\$ 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	\$ 40,914,678
Change in Net Position										
Governmental activities	\$ 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)	\$ 5,524,360
Business-type activities	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	7,631,935
Total change in net position	\$ 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)	\$ 13,156,295

* 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
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
2015	15,588	4,181	6,584	5,110	1,494	4,180	37,137

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

	<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>	<u>2015</u>
General Fund										
Reserved (1)	\$ 260,739	\$ 535,535	\$ 384,721	\$ 46,149	\$ 64,851	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	9,836,308	12,040,070	9,410,121	13,421,509	16,650,440	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	16,447	21,019
Restricted	-	-	-	-	-	905,230	1,024,314	1,223,945	1,498,012	1,240,019
Committed	-	-	-	-	-	311,642	108,947	313,585	-	1,060,302
Assigned	-	-	-	-	-	7,829,551	7,173,003	6,913,495	19,076,067	22,619,686
Unassigned	-	-	-	-	-	11,222,721	14,033,380	17,263,869	7,751,670	7,956,394
Total general fund	<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>	<u>\$ 32,897,420</u>
All Other Governmental Funds										
Reserved (1)	\$ 319,630	\$ 489,457	\$ 9,630,093	\$ 649,361	\$ 669,963	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1), reported in:										
Special revenue funds	14,542,731	32,884,918	20,036,324	20,531,648	22,696,917	-	-	-	-	-
Capital projects funds	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	48,137
Restricted, reported in:										
Special revenue funds	-	-	-	-	-	21,236,254	22,114,987	22,563,427	8,401,957	8,751,956
Debt service funds	-	-	-	-	-	-	-	-	1,001,488	1,014,927
Capital projects funds	-	-	-	-	-	665,427	580,680	375,436	14,690,375	14,922,201
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	1,587,696
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	(25,005)	-
Total all other governmental funds	<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>	<u>\$ 26,324,917</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									
	<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>	<u>2015</u>
Revenues										
Property taxes	\$ 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	\$ 15,587,799
Franchise fees	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	4,181,165
Utility service taxes	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	6,583,890
Tax incremental revenues	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	4,180,496
Licenses and permits	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	2,567,975
Intergovernmental revenues	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	8,803,540
Investment income (losses)	1,075,031	2,024,155	2,010,754	591,770	462,470	224,645	341,950	(116,184)	152,571	221,859
Charges for services	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	16,521,975
Rental income	-	-	-	-	-	495,172	526,848	542,850	568,145	606,746
Fines and forfeitures	1,579,785	820,791	4,700,253	653,650	679,152	595,526	1,660,712	945,328	1,049,448	862,313
Miscellaneous	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	2,966,035
Total revenues	<u>66,330,995</u>	<u>62,557,306</u>	<u>68,181,237</u>	<u>64,502,972</u>	<u>63,348,488</u>	<u>57,537,760</u>	<u>60,048,614</u>	<u>60,170,028</u>	<u>61,280,227</u>	<u>63,083,793</u>
Expenditures										
General government	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	9,900,269
Public safety	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	33,662,839
Economic and physical environment	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	1,931,976
Culture and recreation	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	4,365,561
Redevelopment projects	-	-	-	-	-	956,582	703,925	700,110	1,064,790	-
Public works	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	4,497,875
Debt service										
Principal retirement	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	2,686,915
Interest	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	1,561,185
Capital outlay	428,590	28,303,088	14,119,142	13,783,746	205,352	2,031,111	829,592	829,592	812,791	1,923,912
Total expenditures	<u>61,598,064</u>	<u>111,751,470</u>	<u>78,317,279</u>	<u>72,976,871</u>	<u>66,820,651</u>	<u>58,300,575</u>	<u>58,314,910</u>	<u>59,424,199</u>	<u>59,447,315</u>	<u>60,530,532</u>
Excess (Deficiency) of Revenues over Expenditures	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	2,553,261
Other Financing Sources (Uses)										
Capital leases	942,369	437,792	-	-	-	-	-	859,878	-	-
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	-	-	-	-	-	-	-	-
Transfers in	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	8,358,322
Transfers out	(1,786,300)	(306,428)	(1,889,330)	(1,492,150)	(716,510)	(484,701)	(1,328,806)	(565,114)	(18,757,031)	(6,082,160)
Total other financing sources (uses)	<u>881,369</u>	<u>41,941,795</u>	<u>-</u>	<u>-</u>	<u>8,744,150</u>	<u>1,746,425</u>	<u>1,748,238</u>	<u>2,606,916</u>	<u>1,746,163</u>	<u>2,276,162</u>
Net change in fund balance	<u>\$ 5,614,300</u>	<u>\$ (7,252,369)</u>	<u>\$ (10,136,042)</u>	<u>\$ (8,473,899)</u>	<u>\$ 5,271,987</u>	<u>\$ 983,610</u>	<u>\$ 3,481,942</u>	<u>\$ 3,352,745</u>	<u>\$ 3,579,075</u>	<u>\$ 4,829,423</u>
Debt service as a percentage of noncapital expenditures (restated)	1.4%	2.1%	4.8%	4.8%	7.6%	7.6%	7.8%	7.4%	7.3%	7.3%

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									Taxable Assessed Value as a Percentage of Estimated Market Value
Fiscal Year	Tax Year	Residential Property	Commercial Property	Industrial Property	Other (1)	Less: Exempt Property	Tax-Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Market Value	
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	785,633	1,977,635	7.5593	2,984,185	66.27%	
2015	2014	2,015,025	509,434	106,087	275,250	792,233	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
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
2015	6.2761	1.0332	7.3093	7.4380	5.7230	0.3842	0.4882	1.5939	0.0345	22.9711

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

	2015			2006		
<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>
IMT Capital II Pinebrook Pointe LLC	\$ 46,911,537	1	2.22%	\$ -	-	-
Northwest Regional Hospital Inc.	39,541,090	2	1.87%	28,981,950	2	1.18%
Morguard Blue Isle LLC	35,435,314	3	1.68%	-	-	-
Florida Power & Light Company	34,377,876	4	1.63%	24,895,985	5	1.01%
LSREF3 Peppertree LLC	27,984,280	5	1.32%	-	-	-
MHC Coral Cay Plantation LLC	27,690,000	6	1.31%	-	-	-
Behringer Harvard Margate LLC	23,278,127	7	1.10%	-	-	-
JM Auto Inc.	21,559,590	8	1.02%	27,106,300	3	1.10%
Fairfield Fairways Carolina LLC	20,750,180	9	0.98%	-	-	-
Lakewood Retail LLC	20,216,710	10	0.96%	-	-	-
Prisa Acquisition LLC	-	-	-	36,000,060	1	1.46%
Cingular Wireless LLC	-	-	-	26,197,678	4	1.06%
Snowbirdland Vistas Inc.	-	-	-	22,712,860	6	0.92%
Kimco Realty Corporation	-	-	-	22,149,210	7	0.90%
Sanctuary at Margate Investment Inc.	-	-	-	21,236,056	8	0.86%
Mullinax Ford South Inc.	-	-	-	19,740,910	9	0.80%
Cross Creek Realty Holdings LLC	-	-	-	19,166,680	10	0.78%
Total	\$ 297,744,704		14.09%	\$ 248,187,689		10.07%

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	Tax Roll Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount*	Percentage of Levy		Amount	Percentage of Levy
2006	2005	17,079	16,981	99.4%	-	16,981	99.4%
2007	2006	19,866	19,830	99.8%	-	19,830	99.8%
2008	2007	18,892	18,881	99.9%	-	18,881	99.9%
2009	2008	20,687	20,472	99.0%	147	20,619	99.7%
2010	2009	20,647	19,598	94.9%	61	19,659	95.2%
2011	2010	16,585	15,721	94.8%	34	15,755	95.0%
2012	2011	15,900	15,334	96.4%	(81)	15,253	95.9%
2013	2012	15,550	14,949	96.1%	(134)	14,815	95.3%
2014	2013	15,902	15,241	95.8%	179	15,420	97.0%
2015	2014	16,355	15,667	95.8%	-	15,667	95.8%

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

Note: Fiscal year 2006-2009 data is incomplete and only reflect monies received from Fiscal year 2010 and later for subsequent collections.

*Amounts are exclusive of discounts, interest, and penalties.

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			
2006	\$ 3,734	\$ -	\$ 1,333	\$ 18,764	\$ -	\$ 23,831	2.09%	\$ 423
2007	30,489	12,921	1,227	16,616	-	61,253	5.33%	1,082
2008	30,168	12,669	625	15,049	-	58,511	5.43%	1,103
2009	29,831	12,406	152	11,959	-	54,348	5.03%	1,021
2010	28,975	18,084	-	9,405	-	56,464	5.21%	1,058
2011	28,079	16,850	-	8,620	-	53,549	4.21%	997
2012	27,146	15,560	-	7,805	-	50,511	3.87%	916
2013	26,180	14,133	742	6,960	-	48,015	3.91%	869
2014	25,167	12,661	625	6,075	-	44,528	3.72%	804
2015	24,119	11,142	506	5,155	-	40,922	3.30%	733

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	Tax Year	Assessed Value (a)	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Bonded Debt Per Capita (b)	
2006	2005	2,312,680	\$ 3,734	\$ 10	\$ 3,724	0.16%	\$ 66.17	
2007	2006	2,812,996	30,489	20	30,469	1.08%	538.35	
2008	2007	3,174,912	30,168	26	30,142	0.95%	568.15	
2009	2008	2,851,995	29,831	30	29,801	1.04%	560.10	
2010	2009	2,464,404	28,975	33	28,942	1.17%	542.30	
2011	2010	1,945,878	28,079	32	28,047	1.44%	522.15	
2012	2011	1,859,497	27,146	38	27,108	1.46%	491.84	
2013	2012	1,888,878	26,180	43	26,137	1.38%	473.11	
2014	2013	1,977,635	25,167	45	25,122	1.27%	453.32	
2015	2014	2,113,563	24,119	56	24,063	1.14%	430.84	

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

(a) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (page) for property value data.

(b) Population data can be found on page 118.

TABLE 12
CITY OF MARGATE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015
(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	\$ 1,895,528	1.50%	\$ 28,480
Broward County	256,420	1.50%	3,853
Subtotal, overlapping debt			<u>32,333</u>
City of Margate direct debt			<u>35,767</u>
Total direct and overlapping debt			<u><u>\$ 68,100</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				
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
2015	23,346	13,500	9,846	9,846	1,160		8.49

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>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>
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%
2015	55,851	1,240,283	22,207	3,165	4.90%

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>	2015			2006		
	<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>
Northwest Medical Center	954	1	3.14%	-	-	-
Global Response Corp	687	2	2.26%	-	-	-
City of Margate, Florida	571	3	1.88%	-	-	-
JM Lexus	450	4	1.48%	-	-	-
Broward County Schools	412	5	1.36%	-	-	-
Walmart	300	6	0.99%	-	-	-
Nationwide Relocation Services	200	7	0.66%	-	-	-
Penn Dutch	175	8	0.58%	-	-	-
Autonation	148	9	0.49%	-	-	-
Publix	135	10	0.44%	-	-	-
Total	<u><u>4,032</u></u>		<u><u>13.28%</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, and the Florida Department of Economic Opportunity.

Note: Information for 2006 is unavailable.

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

	<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>	<u>2015</u>
Function/Program										
General government										
City commission	5	5	5	5	5	5	5	5	5	5
City manager	6	5	5	6	6	6	6	6	7	6
Economic development	0	0	0	0	0	0	5	5	7	7
Finance	23	21	20	19	19	19	20	20	20	21
Human resources	8	8	8	7	7	5	6	6	6	6
City clerk	9	9	8	6	6	6	6	7	7	7
City attorney	2	2	2	1	1	1	1	1	1	1
Building	17	18	18	15	15	19	14	13	13	11
Information technology	7	7	7	7	7	7	7	6	5	5
Police										
Officers	120	120	120	111	111	107	107	110	111	111
Non-certified personnel	94	94	91	83	81	75	75	69	40	39
Fire										
Firefighter/Paramedics	102	104	105	104	105	108	107	107	108	108
Firefighters/EMTs	7	5	4	3	3	2	2	2	2	2
Non-certified personnel	3	2	2	2	2	2	2	2	2	2
Public works										
Administration	5	5	5	5	4	3	3	3	3	4
Building	12	12	12	10	10	9	9	9	9	8
Garage	12	12	12	10	10	10	10	10	10	8
Transportation	13	13	13	12	11	0	0	0	0	0
Road	7	6	4	4	3	3	3	3	3	3
Stormwater utility	8	8	8	8	9	9	9	9	9	10
Parks and recreation	71	77	74	59	57	53	56	46	47	55
Environmental & engineering										
Treatment	39	40	39	38	40	40	38	39	38	37
Transmission, distribution & collection	28	28	30	30	30	30	30	30	30	31
Administration & engineering	16	16	16	16	17	18	15	15	15	15
Total	<u>614</u>	<u>617</u>	<u>608</u>	<u>561</u>	<u>559</u>	<u>537</u>	<u>536</u>	<u>523</u>	<u>498</u>	<u>502</u>

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>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>	<u>2015</u>
General Government										
Building permits issued	5,744	7,355	4,909	4,537	4,893	3,922	3,998	4,371	4,441	4,836
Lien inquiries	1,705	1,270	1,020	2,888	2,640	1,873	2,389	2,204	1,777	2,241
Police										
Physical arrests	1,383	2,051	3,029	2,964	2,346	1,858	1,713	1,528	1,024	1,046
Parking citation	659	694	502	209	124	80	62	63	63	118
Traffic citation	8,637	8,102	12,404	8,960	8,401	5,945	5,555	5,447	4,816	5,097
Fire										
Emergency Responses	15,657	14,915	15,158	13,892	14,155	14,062	14,450	14,585	14,950	15,089
Inspections	2,697	2,814	2,368	1,075	2,239	2,137	2,488	2,877	2,849	2,782
Public works										
Total route miles - Margate mini buses	70	70	70	62	62	46	46	46	57	58
Transit passengers - Margate mini buses	153,412	188,119	159,483	140,822	117,037	109,996	67,935	60,560	66,198	62,981
Culture and Recreation										
Pool Admissions	52,831	53,387	33,132	33,309	32,508	37,230	33,345	32,052	37,795	50,958
Summer Camp Participants	341	360	238	185	167	150	191	172	179	198
Library circulation	188,502	161,741	181,200	177,164	168,725	160,098	149,464	161,766	124,833	114,456
Environmental and engineering										
Water and wastewater system										
Number of billed accounts monthly	16,611	16,657	16,738	16,776	16,781	16,770	16,775	16,771	16,779	16,811
Average number of gallons of water consumed daily (thousands of gallons)	8,200	7,897	7,752	7,933	7,823	7,983	7,762	6,945	7,425	6,777
Average number of gallons of wastewater treated daily (thousands of gallons)	7,313	7,053	6,900	7,125	6,551	6,808	6,940	6,900	6,602	6,246

Sources: Various city departments.

Notes:

Pool admissions do not include the city's summer camp participants who use the facility during summer camp.

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

	<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>	<u>2015</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)	84	95	94	91	91	101	112	116	115	89
Administrative buildings - Fire	0	0	0	0	0	0	0	1	1	1
Number of fire stations	3	3	3	3	3	3	3	3	3	4
Number of fire engines	8	8	8	8	8	8	10	10	10	7
Number of rescue transport vehicles	9	9	9	9	9	9	9	9	9	7
Public works										
Public roads (miles)	110.51	110.49	110.49	110.49	110.71	110.71	110.71	110.71	110.71	110.71
City roads (miles)	100.91	100.91	100.91	100.91	101.28	101.28	101.28	101.28	101.28	101.28
Transit-minibuses	6	6	6	6	6	6	4	4	4	4
Culture and Recreation										
Number of parks	17	18	18	18	18	18	19	19	19	19
Park acreage	131.90	131.90	131.90	131.90	131.90	131.90	131.90	131.90	131.90	132
Conservation land use (acres)	36.88	56.31	56.31	52.24	52.24	52.24	52.24	52.24	52.24	52.24
Community Center	1	1	1	1	1	1	1	1	2	2
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	207.12	207.77	209.69	211.33	211.46	211.51	211.51	211.51	211.27	211
Miles of wastewater mains	177.26	176.29	176.29	185.07	174.68	176.42	176.42	176.42	176.68	178
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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GLSC & COMPANY, PLLC
certified public accountants

6303 Blue Lagoon Drive, Suite 200
Miami, Florida 33126-6025
Ph: (305) 373-0123 • (800) 330-4728
Fax: (305) 374-4415
www.glscpa.com

**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**

To the Honorable Mayor, City Commissioners, 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 the City of Margate, Florida, (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 18, 2016.

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
April 18, 2016



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 the City of Margate, Florida (the "City"), as of and for the year ended September 30, 2015, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 18, 2016.

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*.

Other Reports and Schedule

We have issued our Independent Auditors' 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 Auditors' 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 Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 18, 2016, 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
Page 2

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

Miami, Florida
April 18, 2016

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 findings 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 10.554(1)(i)1. 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, 2015.
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, except for finding 2015-001.
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, 2015 financial audit report.
8. We applied financial condition assessment procedures pursuant to Section 10.554(1)(i)5.c and Rule 10.556(8) 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.



GLSC & COMPANY, PLLC
certified public accountants

6303 Blue Lagoon Drive, Suite 200
Miami, Florida 33126-6025
Ph: (305) 373-0123 • (800) 330-4728
Fax: (305) 374-4415
www.glscpa.com

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, 2015. 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, 2015.

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
April 18, 2016



6303 Blue Lagoon Drive, Suite 200
Miami, Florida 33126-6025
Ph: (305) 373-0123 • (800) 330-4728
Fax: (305) 374-4415
www.glscpa.com

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 the City of Margate, Florida's (the "City") 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, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Managements' 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; 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be significant deficiency.

City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
April 18, 2016

CITY OF MARGATE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Federal Agency, Pass-through Entity Federal Program	CFDA Number	Contract / Grant Number	Expenditures
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	CDBG 2011-2013	\$ 339,205
Community Development Block Grant - Neighborhood Stabilization Program 1	14.218	B-08-MN-12-0015	253,414
Community Development Block Grant - Neighborhood Stabilization Program 3	14.218	B-11-MN-12-0015	25,701
Subtotal			<u>618,320</u>
Pass-Through Broward County Community Development Block Grant - HOME	14.239	N/A	<u>28,212</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>646,532</u>
<i>U.S. Department of Justice</i>			
Pass-Through Broward Sheriff's Office Edward Byrne Memorial Justice Assistance (JAG) Grant Program	16.738	2014-DJ-BX-0394	5,208
Assistance (JAG) Grant Program	16.738	2013-DJ-BX-0369	10,696
Assistance (JAG) Grant Program	16.738	2012-DJ-BX-0035	1,728
Subtotal			<u>17,632</u>
Pass-Through Florida Office of the Attorney General Crime Victim Assistance	16.575	V073-14155	<u>23,427</u>
Bulletproof Vest Partnership Program	16.607	N/A	<u>11,505</u>
Equitable Sharing Program	16.922	N/A	<u>470,505</u>
Organized Crime Drug Enforcement Task Force (OCDETF)	16.xxx	N/A	<u>9,720</u>
<i>Total U.S. Department of Justice</i>			<u>532,789</u>
<i>Executive Office of the President</i>			
Pass-Through Broward Sheriff's Office High Intensity Drug Trafficking Area (HIDTA)	95.001	N/A	36,011
Pass-Through Monroe County Sheriff's Office High Intensity Drug Trafficking Area (HIDTA)	95.001	N/A	<u>13,810</u>
<i>Total Executive Office of the President</i>			<u>49,821</u>
<i>TOTAL EXPENDITURES OF FEDERAL AWARDS</i>			<u>\$ 1,229,142</u>

CITY OF MARGATE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 June 2015, 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 2015 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 89 percent of total cash and noncash federal program expenditures.

<u>Major Federal Program Description</u>	<u>Federal CFDA Number</u>	<u>Fiscal 2015 Expenditures</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 618,320
Equitable Sharing Program	16.922	\$ 470,505

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants to the City of Margate, Florida, that had activity during the fiscal year ended September 30, 2015. 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*. 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. As disclosed in the schedule of findings and questioned costs under item 2015-001, the City appears to be in noncompliance with the requirements under the Housing Grant agreements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE C - AUDITS PERFORMED BY OTHER ORGANIZATIONS

During the fiscal year ended September 30, 2015, a letter was provided to the City which related to the 2011 audit of the Equitable Sharing Program by the US Department of Justice (the "DOJ") regarding its share of federal forfeitures revenue. The DOJ identified several instances of noncompliance. The City management responded to the letter and corrected all findings.

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 U.S. 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. As of the date of this report, the City is working to resolve pending open issues related to this letter.

CITY OF MARGATE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 was a significant deficiency 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, see 2015-001.
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 2015 Expenditures</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 618,320
Equitable Sharing Program	16.922	\$ 470,505
7. Dollar threshold to distinguish Type A and Type B Programs		\$ 300,000
8. 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
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AUDIT

Department of Housing and Urban Development

FINDING 2015-001: Controls over grants

Criteria: The City should properly monitor each grant individually to ensure that corresponding compliance requirements are being met.

Condition:

During our testing of eligibility, we noted that for 2 of the 5 files selected for testing it was not clear whether applicants were being approved for CDBG, NSP, or SHIP grants. It also appeared that improvements were split among multiple grant sources. In addition, 4 of the applicants appeared to have improvements paid in excess of the approved amount based on the signed deferred loan agreement and there was no evidence that the work performed had been certified for completeness.

Effect: It appears that CDBG, NSP and SHIP grant expenditures are not being properly coded within their respective fund balances and that the grant eligibility files are not being properly maintained.

Cause: During the year, it appears that the City did not have proper controls over applicant files.

Recommendation: We recommend that procedures be implemented requiring written approval of each grant award by the grant manager and the director of the economic development department so that proper controls are implemented to ensure applicant files are complete and within the corresponding granting source requirements.

Management's response:

City management noticed inconsistencies in supporting documentation for grant awards, notified auditors, and provided the information and supporting documentation for review. The grants program is currently the subject of an active police investigation. In addition, a forensic audit will also be conducted. As of this date, final results have not been presented to City management.

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.



CITY OF
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