

City of Margate, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2016



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF MARGATE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

Prepared by the
Finance Department

Mary Beazley, Finance Director
Kelly Schwartz, Assistant Finance Director
Sherry Walker, Controller

ABOUT THE COVER

Left: This photo, titled “Sunrise,” was submitted by Margate resident Tom Savoca as part of the City’s Digital Photography Monthly Competition. The photo showcases one of many beautiful waterways in the City of Margate, and the sunrise makes the perfect backdrop for this natural environment.

Center: This City Hall photo was taken by Alison Saffold, City Manager’s Office.

Right: This photo, titled “Bravery” by Margate resident Pat Goonan, features the statue at the entrance of the City’s Firefighters Park. This bronze metallic statue depicts a firefighter carrying a small child to safety and Firefighters Park, which is located at 2500 Rock Island Road, is the perfect home for this work of art. The photo was submitted as part of the Digital Photography Monthly Competition.

Cover design: Alison Saffold, City Manager’s Office

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Introductory Section

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March 1, 2017

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, 2016. 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 operations 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. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2016, are free of material misstatement. Keefe McCullough, 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, 2016. 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 Audit" requirements designed to meet the needs of grantor agencies. The standards applicable to Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements, as well as the audited government's internal controls over financial reporting and compliance and other matters. 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 requires 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.

Finance Department

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City Commission

Mayor Tommy Ruzzano
Vice Mayor Arlene R. Schwartz
Anthony N. Caggiano
Lesa Peerman
Joanne Simone

City Manager

Douglas E. Smith

City Attorney

Douglas R. Gonzales

City Clerk

Joseph J. Kavanagh

Profile of the City of Margate

The City of Margate, (the “City”), was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. In 1961, the Town of Margate was incorporated as a City. The City is located in southeastern Florida in Broward County. It encompasses an area of approximately 9 square miles with a population of over 57,200. The U.S. Census Bureau lists a median household income of \$42,786.

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, water and wastewater, stormwater, parks and recreation, public improvements, streets, planning and zoning, and general administrative. Internal services for the City which are accounted for on a cost reimbursement basis consist of workers' compensation and general liability insurance. 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 Senior Center (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. 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. Budget to actual comparisons are provided in this report for governmental funds for which an appropriated annual budget has been adopted. Program based budgeting has been implemented for each General Fund department, as well as all funds to provide program descriptions, goals/objectives, actual and budgeted expenditures/expenses, and performance measures to facilitate the reader's understanding of City programs.

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 minutes from the Fort Lauderdale-Hollywood International Airport and Port Everglades, one of the western hemisphere's most accessible deep-water seaports for cargo, cruise and trade ships. Major economic influences in the area, include housing, tourism/travel, job market, construction, tax reform, weather events, and various other items.

There are approximately 1,900 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 Global Response Corporation (1,210 employees), Northwest Medical Center (1,067 employees), Broward County Schools (428 employees), JM Lexus (422 employees), and Walmart (303 employees).

Residential properties account for nearly 57% of the developed area of the City, with more than half of the housing units having been built in the 1970s or earlier. Margate has not been immune to the foreclosure crisis and currently has a 2% homeowner vacancy rate and 8% 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 \$2.3 billion for FY 2016 is an increase of 7% from FY 2015. 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 14% for condominiums and 10% for single family homes between FY 2015 and FY 2016, 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.

Phase 1 of Celebration Pointe, a 282 unit apartment complex, is nearing completion. Toscana, a 240 unit apartment complex completed construction last year. The 6,525 square foot medical office, 3,200 square foot bank, and 27,000 square foot charter school described in last year's comprehensive annual financial report have all completed construction and are operational. Last year's 92,982 square foot self-storage facility is very near completion. The 7,500 square foot Dollar General and a new automated carwash are currently under construction.

A new six-story, 100 unit apartment building, known as Arbor View, has been approved at 3100 North State Road 7 with construction expected to begin in early 2017. Two new self-storage facilities were approved this year and will be located at 5600 NW 31st Street and 750 South State Road 7. A Burger King restaurant, with an accompanying 3,000 square foot retail building, received approval to be located at the 2900 block of North State Road 7 and is currently pending construction permits. A new Wawa gas station with a 6,000 square foot convenience market was approved at 2000 North State Road 7, with future infill development plans on the same parcel.

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 in implementing the programs and projects contained in the community redevelopment plan. 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. In July 2016, the CRA entered into an agreement with New Urban Communities, LLC for the development of the site as a mixed use center. The project will include retail, office space, restaurants and civic uses, as well as a large multi-family residential component. The CRA also completed a beautification project at Coconut Creek Parkway; initiated design improvements to David Park, Winfield Boulevard, Colonial Drive and the Sports Complex; and renovated a blighted building for use as the CRA's offices.

The CRA provided assistance to businesses by approving façade grants for two businesses (Lester's Diner and Marathon Gas Station), as well as approving a grant to the Rising Tide Car Wash through the newly-created Development Infrastructure Assistance program. The CRA continues to market and promote the City through an active social media campaign and the sponsorship of numerous business and community events throughout the year.

Long-term financial planning and relevant financial policies

The City has implemented a comprehensive investment policy to set forth the investment objectives 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's State Board of Administration's (SBA) Florida PRIME Investment Pool, United States Government Securities, United States Government Agencies, United States Sponsored Agencies, Interest Bearing Time Deposit or 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, stimulating job growth, providing exceptional recreational and cultural opportunities, and building a positive image for the community where people can live, work, shop, and enjoy entertainment in one central location. The City will continue

to work in cooperation with the CRA for development of the Margate City Center, and redevelopment of the surrounding area.

As of September 2016, the City's average unemployment rate was 4.6% which was lower than the State of Florida at 5.0%. 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 45 of this report.

For fiscal year 2016, the City experienced an additional increase in municipal taxable property value based on total real property of approximately \$175 million (7.9%). The City's total millage of 7.3093 in FY 2016 was the same as in FY 2015. The City continues to adjust to economic challenges, 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; 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-five years.

The National Association of Town Watch selected the City of Margate's Police Department as a national award winner for the City's participation in the 32nd Annual National Night Out. The City placed first overall for the State of Florida and seventh overall nationally within Category 3, 50,000 - 100,000 population. This year's event involved 38.3 million people in 16,728 communities from all 50 states, U.S. territories and military bases worldwide.

The City's CRA received the Florida Festivals and Events Association (FFEA) recognition for marketing/promotional materials and the Florida Redevelopment Association (FRA) award for its annual report.

Major Initiatives and transitions

General governmental initiatives include:

- The City completed the refunding of the \$27,070,000 General Obligation Bonds, Series 2007 during the fiscal year with the General Obligation Refunding Bonds, Series 2016. The refunding resulted in gross savings of approximately \$6.2 million for the City.
- The City of Margate Public Works Department is responsible for maintaining all City-owned and contracted light poles. In an effort to update and correct the identification of these poles, Public Works staff designed a numbering system to fulfill the City's goal of repairing outages in an expeditious manner. The new system is a part of Geographical Information Systems (GIS), making it simple to locate the outage, as well as find pertinent information including the bulb type, wattage, height and type of the pole, length of arm, and type of fixture.

- The City's newsletter was revamped in October 2015. The City elected to have the letter named by residents with the name "Margate Matters" chosen from more than 60 entries as submitted by Commissioner Joanne Simone.
- Margate's local access cable channel 78 began live video streaming City Commission meetings during the year.
- The City Commission voted to support Property Assessed Clean Energy (PACE) programs. PACE programs assist Margate property owners with financing for energy efficient and renewable energy upgrades for their homes. PACE programs allow property owners to make improvements to their property and finance the costs by placing them on the property tax roll as a special assessment for that property. The property owner then pays off the special assessment over time with his or her taxes.
- Over the past six (6) years, the City has used reserves to help balance the budget. Budget savings were realized in areas, such as contracts, consultants, and other fees.

Parks and Recreation projects include:

- The Outdoor Fitness Park has been constructed. The park features various exercise equipment, some providing wheelchair accessibility. The equipment is durable and is composed of decomposed granite that decreases wear and tear. A shade structure addition is expected in the near future.
- The Southeast Park Improvements project is in the design phase. The project includes the demolition of existing concession structure and building of a new concession facility with restroom and storage.
- The Sports Complex Improvements project is broken down into two phases. Phase I includes the installation of new home run fencing and renovation of existing dug-outs with additional storage. Phase II includes installation of shade canopies over spectator areas; renovation/expansion of existing backstop fencing; enhancing batting cage areas; and installation of shade canopy over the existing playground. The project is in the design phase with plans to begin construction soon.
- The designing of the Marina Improvements project is in progress. The project includes a new restroom facility with a storage room.

Department of Environmental and Engineering Services (DEES) projects include:

- Major work was done for the Electronic Meter Reading project. Electronic meter reading devices allow for the real-time monitoring and storage of water consumption data. The associated technology records customers' water consumption for billing purposes without manually reading meters; detects tampering/unusual water use; and analyzes water usage patterns.
- Install Water Meters/Service Connection project construction was initiated to alleviate the problems of inaccurate billing and water meter deterioration that occurs over time.
- Water and Wastewater Equipment project provides for the replacement of equipment such as pumps, fans, blowers, motors, tanks, etc. for the treatment plants and distribution/collection system.
- Sewer Line Replacement project construction is in process and is completed by both contractors and city staff. This project includes various wastewater gravity and force main replacement projects occurring each year.

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, 2015. This was the twenty-eighth 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 Schwartz, Assistant Director of Finance, Sherry Walker, Controller, Jacqueline Chin-Kidd, Accounting Supervisor, Jackie Earll, Utility Accounting Manager, 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, 2015

Executive Director/CEO

CITY OF MARGATE, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2016

ELECTED OFFICIALS
CITY COMMISSION

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

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

APPOINTED OFFICIALS

CITY MANAGER
Douglas E. Smith

CITY ATTORNEY
Douglas R. Gonzales

CITY CLERK
Joseph J. Kavanagh

DEPARTMENT DIRECTORS

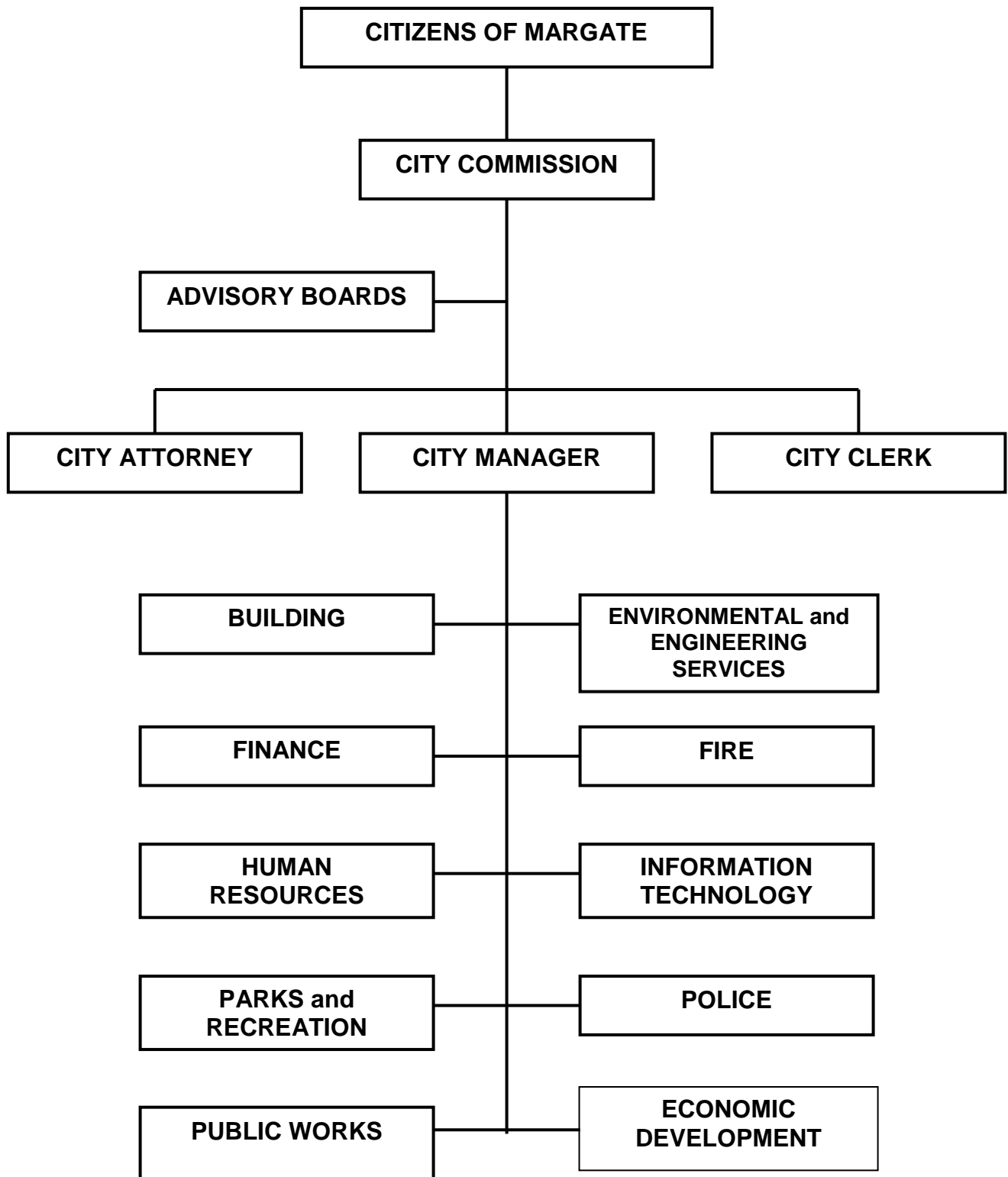
Building Director
Economic Development Director
Environmental and Engineering Services Director
Finance Director
Fire Chief
Human Resources Director

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 E. Watson
Samuel A. May, PWLF
Karin Diaz
Diane Colonna

CITY OF MARGATE, FLORIDA

ORGANIZATIONAL CHART



Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Commission
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, Florida (the "City"), as of and for the year ended September 30, 2016, 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.

Auditor's Responsibility

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

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

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

CPA's + Trusted Advisors

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 of Margate, Florida, as of September 30, 2016, 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 discussed in Note III A, the Florida Retirement System's consulting actuary noted that the reduced investment return assumption adopted by the Florida Retirement System Actuarial Assumption Conference conflicts with the actuary's judgment of a reasonable assumption as defined by Actuarial Standard of Practice No. 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 14 through 24 and 75 through 78, respectively, 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, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards 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, budgetary comparison schedules, 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.

City of Margate, Florida

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017, 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

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Management Discussion & Analysis

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CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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, 2016. 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.

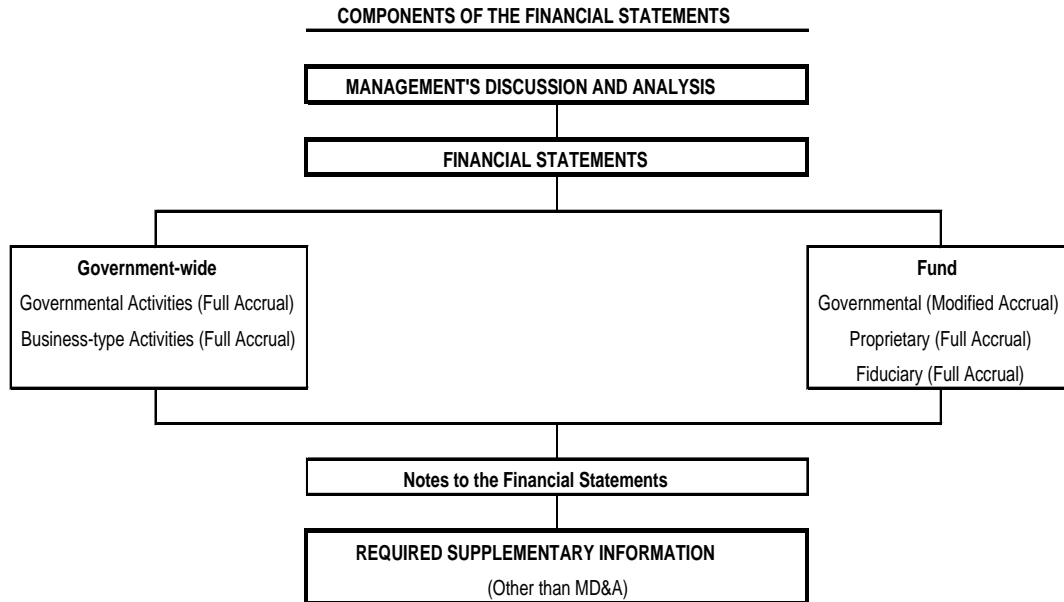
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2016 by \$141.2 million (*net position*). Of this amount, \$8.0 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 \$5.0 million in comparison to the prior year. The business-type activities' net position increased by \$6.3 million, while the net position of governmental activities decreased by \$1.3 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62.2 million, an increase of \$3.0 million in comparison with the prior year. Approximately 56.1% of this total amount, or \$34.9 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 \$8.5 million, or 16.2% of total General Fund expenditures.
- The City's total debt (bonds and capital leases) decreased by \$3.4 million, with debt for governmental activities decreasing by \$2.4 million, and debt for business-type activities decreasing by \$950,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016



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 and 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.

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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 balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen 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 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 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 - 71 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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 outflows of resources exceeded liabilities and deferred inflows of resources by \$141.2 million at the close of the most recent fiscal year.

Net Position (in thousand dollars)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 70,240	\$ 67,184	\$ 52,141	\$ 47,804	\$ 122,381	\$ 114,988
Capital assets	87,880	88,906	50,468	48,738	138,348	137,644
Total assets	158,120	156,090	102,609	96,542	260,729	252,632
Pension related deferred outflows	23,209	5,586	2,109	484	25,318	6,070
Deferred charges on refunding	-	197	151	188	151	385
Total deferred outflows of resources	23,209	5,783	2,260	672	25,469	6,455
 Non-current liabilities	 119,379	 93,017	 13,544	 11,847	 132,923	 104,864
Other liabilities	4,159	3,843	3,640	3,463	7,799	7,306
Total liabilities	123,538	96,860	17,184	15,310	140,722	112,170
 Pension related deferred inflows	 3,922	 9,832	 356	 852	 4,278	 10,684
 Net position:						
Net investment in capital assets	60,133	60,388	46,414	43,772	106,547	104,160
Restricted	26,153	25,929	500	500	26,653	26,429
Unrestricted (deficit)	(32,417)	(31,135)	40,415	36,780	7,998	5,645
 Total net position	 \$ 53,869	 \$ 55,182	 \$ 87,329	 \$ 81,052	 \$ 141,198	 \$ 136,234

By far the largest portion of the City's net position (75.5%) reflects its investment in capital assets (for example, land, intangibles, construction in progress, infrastructure, buildings, machinery and equipment, and improvements other than buildings), 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 \$2.4 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 (18.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7.9 million (5.6%) 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 \$5.0 million, from the prior fiscal year as a direct result of operations.

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Changes in Net Position

The following schedule is a summary of the City's operations for fiscal year 2016 with comparative information for fiscal year 2015.

	Changes in Net Position (in thousand dollars)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 20,425	\$ 20,376	\$ 24,716	\$ 24,369	\$ 45,141	\$ 44,745
Operating grants and contributions	1,235	2,054	-	-	1,235	2,054
Capital grants and contributions	315	-	1,430	3,575	1,745	3,575
General revenues:						
Ad valorem taxes	16,775	15,588	-	-	16,775	15,588
Tax incremental revenues	4,419	4,181	-	-	4,419	4,181
Other taxes	17,552	17,369	-	-	17,552	17,369
Intergovernmental	186	176	-	-	186	176
Interest income	392	222	330	228	722	450
Other	3,316	3,118	64	33	3,380	3,151
Total revenues	64,615	63,084	26,540	28,205	91,155	91,289
Expenses:						
Program Expenses:						
General government	12,112	10,238	-	-	12,112	10,238
Public safety	40,320	33,492	-	-	40,320	33,492
Economic and physical environment	2,186	2,332	-	-	2,186	2,332
Culture and recreation	5,643	5,137	-	-	5,643	5,137
Public works	5,691	7,099	-	-	5,691	7,099
Debt service	1,730	1,538	-	-	1,730	1,538
Water and wastewater utility	-	-	17,269	17,202	17,269	17,202
Stormwater utility	-	-	1,240	1,095	1,240	1,095
Total expenses	67,682	59,836	18,509	18,297	86,191	78,133
Increase (decrease) in net position before transfers	(3,067)	3,248	8,031	9,908	4,964	13,156
Transfers	1,754	2,276	(1,754)	(2,276)	-	-
Increase (decrease) in net position	(1,313)	5,524	6,277	7,632	4,964	13,156
Net position, October 1	55,182	49,658	81,052	73,420	136,234	123,078
Net position, September 30	\$ 53,869	\$ 55,182	\$ 87,329	\$ 81,052	\$ 141,198	\$ 136,234

Revenues

For fiscal year ended September 30, 2016, revenues from governmental activities totaled \$64.6 million, an increase of \$1.5 million, or 2.4%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

Governmental activities tax incremental revenues increased by approximately \$238,000, or 5.7%. 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, are dedicated to the redevelopment of the designated CRA area, and cannot be used for general governmental purpose.

The City's taxable value increased 7.9% from fiscal year 2015. The net increase in ad valorem taxes was approximately \$1.2 million or 7.6%.

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Other changes in governmental activities resulted from the following:

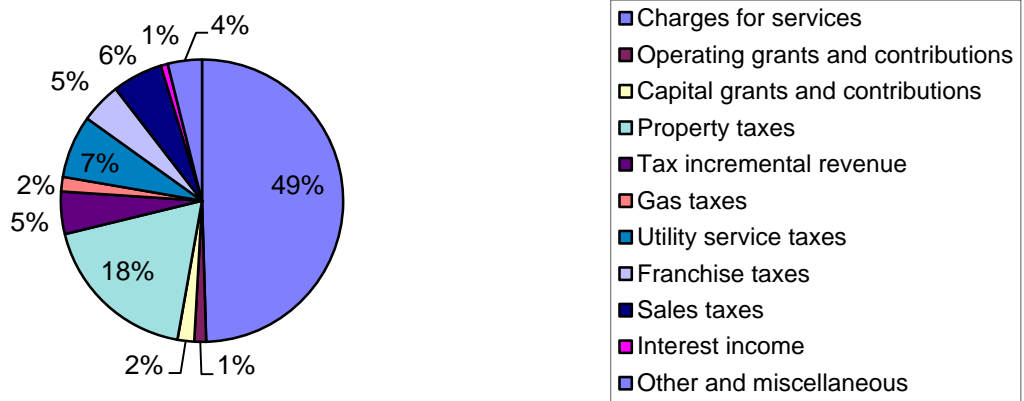
- Charges for services experienced a slight increase of approximately \$49,000 which was less than 0.2% over fiscal year 2015.
- Other taxes of the governmental activities, which include gas taxes, utility services taxes, franchise taxes and other taxes increased by approximately \$183,000, or 1%. These taxes are tied to usage by the public, so the increase is linked to the continuing recovery of the economy.
- Intergovernmental revenues increased by 6% which resulted in an additional \$10,000 for the City.
- Interest income increased by 77% which resulted in an additional \$170,000 for the City.
- Other revenues increased by 6% which resulted in an additional \$198,000 for the City.
- Capital grants and contributions increased by approximately \$315,000 due to grants received for public safety equipment.
- Operating grants and contributions decreased by approximately \$819,000, a 40% decrease from the previous year. This was largely due to a decrease in the amount of revenue received from federal and state housing grants.

For fiscal year ended September 30, 2016, revenues from business-type activities totaled \$26.5 million. This was a decrease of \$1.7 million, or 6%, 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 \$347,000 to approximately \$24.7 million. This increase is approximately 1% due to rate increases.
- Capital grants and contributions decreased by approximately \$2.1 million in fiscal year 2016 mainly due to a decrease from capital contributions from developers.
- Interest income increased approximately 45% which resulted in an additional \$102,000 for the City.
- Other revenues increased by 94% which resulted in an additional \$31,000 for the City.

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Sources of Revenue: Government-wide for FY 2016

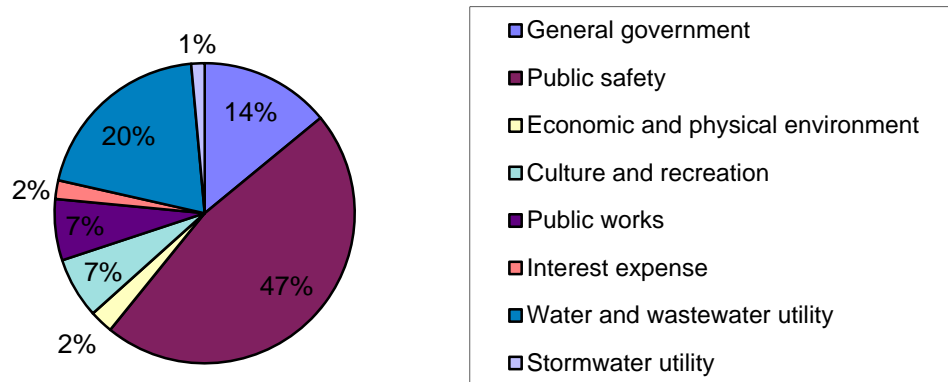


Expenses

For fiscal year ended September 30, 2016, expenses for governmental activities totaled \$67.7 million, which was an increase of approximately \$7.8 million from prior year expenses. This increase was primarily due to an increase in pension expense related to net pension liability for \$2.2 million, as well as increases in general government, public safety, culture and recreation, and debt service expenditures from increases in personnel costs and capital projects. This increase was offset by decreases in public works and economic and physical environment for approximately \$1.6 million, mainly as a result of a decrease in grant related expenditures.

For the fiscal year ended September 30, 2016, expenses for business-type activities totaled \$18.5 million or an increase of \$212,000 from prior year expenses. The increase of \$67,000 of expenses in the Water and Wastewater Fund resulted from other costs of sales, maintenance, and services; depreciation and amortization; and administrative expenses. Expenses in the Stormwater Utility Fund increased by approximately \$145,000 due to increases in costs of sales, maintenance, and services; administrative expenses; and capital related purchases.

Functional Expenses: Government-wide for FY 2016



CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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 \$62.2 million in fund balance, including \$8.5 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 \$35.2 million of which \$1.7 million is restricted, \$1.1 is committed, \$23.9 million is assigned for future obligations, and \$8.5 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 (\$8.5 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 \$2.4 million. The increase included additional property taxes due to increases in the total taxable assessed values in the City, the cost allocation from the Water and Wastewater Fund and Stormwater Utility Fund, and additional amounts from charges for services. Total expenditures increased in the General Fund due to increases in personnel costs and capital related expenditures.

The following *Margate Community Redevelopment Agency (CRA)* funds were reported as major funds: Agency Trust Fund, Capital Improvement Fund, and Loan Proceeds Fund. The Agency Trust Fund had a zero fund balance at the end of the current fiscal year end. 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 \$9.1 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 \$96,000 during the current fiscal year was mainly 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 \$5.6 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 \$322,000 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.

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 fund statements also include internal service funds.

The unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$39.3 million and \$1.1 million in the Stormwater Utility Fund. The Water and Wastewater Fund experienced a \$5.8 million increase in net position, while the Stormwater Utility Fund reported a \$448,000 increase in net position. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

At the end of fiscal year 2016 the City's self-insurance fund, the *General Insurance Fund*, had assets of \$3.7 million and liabilities of approximately \$3.2 million of which approximately \$3.1 million represented estimated claims payable. Ending fund balance was \$535,000. This is a decrease of \$1.3 million from the prior year mainly due to an increase in claim estimates.

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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 increase in budgeted revenues of approximately \$366,000, mainly in intergovernmental revenue. Overall expenditures including transfers out, increased approximately \$2.4 million with the main movement between general government and public safety related to lease proceeds; salary and wage increases; Parks and Recreation RecTrac computer system and water slide projects; insurance charges; and other operating expenditures.

Final budget compared to actual results General Fund revenues in total exceeded the final budget in all major revenue categories with the exception of fines and forfeitures and miscellaneous revenue. The final budget to actual revenues resulted in an increase of approximately \$2.3 million. This was primarily due to an increase for charges for services (\$1.0 million); licenses and permits from the addition of several new apartment complexes, businesses, etc. being constructed throughout the City (\$471,000); and an increase in intergovernmental revenue due to additional grants received (\$359,000).

Total General Fund actual expenditures were less than final budgeted amounts by \$5.2 million. The majority of this favorable amount was recognized in the various operating cost line item expenditures throughout the General Fund due mainly from vacant budgeted positions and cost control measures.

	Original Budget	Final Budget	Actual Amounts
Revenues:			
Property taxes	\$ 14,451,500	\$ 14,451,500	\$ 14,551,229
Permits, fees, and other taxes	11,888,000	11,888,000	12,858,554
Intergovernmental	5,305,308	5,657,114	6,016,575
Charges for services	16,113,729	16,113,729	17,149,495
Other	2,896,293	2,910,293	2,733,678
Total revenues	50,654,830	51,020,636	53,309,531
Total expenditures	55,425,675	57,808,702	52,593,372
Excess (deficiency) of revenues (over) under expenditures	(4,770,845)	(6,788,066)	716,159
Other financing sources (uses):			
Capital leases	-	317,103	317,103
Transfers in	1,753,446	1,754,438	1,754,438
Transfers out	(425,000)	(430,455)	(430,455)
Total other financing sources (uses)	1,328,446	1,641,086	1,641,086
Net change in fund balances	\$ (3,442,399)	\$ (5,146,980)	\$ 2,357,245

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$138.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, machinery and equipment, intangibles, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 28,717	\$ 28,648	\$ -	\$ -	\$ 28,717	\$ 28,648
Intangibles	3,015	1,362	-	-	3,015	1,362
Construction in progress	318	243	4,062	4,489	4,380	4,732
Infrastructure	39,569	41,880	40,451	38,114	80,020	79,994
Buildings	10,075	10,644	4,976	4,977	15,051	15,621
Machinery and equipment	3,822	3,663	979	1,159	4,801	4,822
Improvements other than buildings	2,364	2,466	-	-	2,364	2,466
Total	<u>\$ 87,880</u>	<u>\$ 88,906</u>	<u>\$ 50,468</u>	<u>\$ 48,739</u>	<u>\$ 138,348</u>	<u>\$ 137,645</u>

In the governmental funds, major additions included fitness park equipment, police vehicles and motorcycles, police records management software, fire rescue vehicle, fire equipment (including: power load lifting system, stretchers, radios, imaging cameras, and CPR devices), mowers, groomers, water feature palm trees and misting leaves for Parks and Recreation, an information technology firewall, and a Public Works vehicle. In the business-type funds, major additions for the Water and Wastewater Fund included a sterilizer, excavator, flow meter, lift truck, canal crossings, and a force main. The Stormwater Utility Fund acquisitions included a torque multi-purpose cutter, mosquito sprayer, and a pressure washer. Additional information on the City's capital assets can be found in Note II E on pages 52 through 54 of this report.

Debt Administration. At the end of the fiscal year, the City had \$23.1 million in general obligation bonds (including \$4.2 million in bond premium), \$9.6 million in community redevelopment bonds and \$4.2 million in revenue bonds outstanding, as well as \$634,000 outstanding in capital leases for a total outstanding debt of \$37.5 million.

Outstanding Debt
(in thousand dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 18,950	\$ 24,119	\$ -	\$ -	\$ 18,950	\$ 24,119
Premium on general obligation bonds	4,194	-	-	-	4,194	-
Community redevelopment bonds	9,574	11,142	-	-	9,574	11,142
Water and sewer revenue bonds	-	-	4,205	5,155	4,205	5,155
Capital leases	634	506	-	-	634	506
Total	<u>\$ 33,352</u>	<u>\$ 35,767</u>	<u>\$ 4,205</u>	<u>\$ 5,155</u>	<u>\$ 37,557</u>	<u>\$ 40,922</u>

The City's total debt decreased approximately \$3.4 million during the year. In July 2016, the City issued General Obligation Refunding Bonds, Series 2016 to refund the outstanding General Obligation Bonds, Series 2007. Moody's Investor Services has rated the Water and Sewer Revenue Refunding Bonds, Series 2007 as A2 and the General Obligation Refunding Bonds, Series 2016 as AA. Other bonds have not been rated. More detailed information about the City's long-term liabilities is presented in Note II F on pages 54 through 59 of this report.

CITY OF MARGATE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors affected the development of the Fiscal Year 2016/2017 budget. The local economy continues to show positive signs. Property taxes, which are 25.8% of the total General Fund revenue budget, are budgeted at an increase in operating millage rate by 0.1152 to 6.4554 from 6.3402, generating \$15.8 million, an increase of \$1.4 million higher than fiscal year 2016 amended budget. The debt service millage reflects a decrease of 0.3652 from 0.9691 to 0.6039 due to the General Obligation Bonds, Series 2004 being paid in full during the year and the refunding of the General Obligation Bonds, Series 2007. The property taxes associated with the debt service millage are recorded in the General Obligation Debt Service Fund.

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 increased beginning October 1, 2015 and will continue to increase through FY 2021 based on the consumer price index stated in the rate ordinances. A stormwater rate study was completed during FY 2016 and rate increases began January 1, 2016. In addition, stormwater increases are scheduled for each fiscal year based on the consumer price index through FY 2020 as stated in the rate ordinance.

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.

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Basic Financial Statements

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CITY OF MARGATE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Primary Government		
	Governmental	Business-	
	Activities	Type	
		Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,553,643	\$ 8,570,411	\$ 34,124,054
Investments	41,594,919	38,122,227	79,717,146
Accounts receivable - net	2,989,230	3,402,571	6,391,801
Prepayments and other assets	62,444	-	62,444
Inventories	-	477,781	477,781
Restricted cash and cash equivalents	39,702	1,568,781	1,608,483
Capital assets:			
Land	28,716,985	-	28,716,985
Intangibles	3,015,783	-	3,015,783
Construction in progress	318,256	4,061,995	4,380,251
Infrastructure	89,453,678	97,130,954	186,584,632
Buildings	16,045,769	25,921,814	41,967,583
Machinery and equipment	16,236,802	6,021,649	22,258,451
Improvements other than buildings	7,725,428	-	7,725,428
Total capital assets	161,512,701	133,136,412	294,649,113
Less accumulated depreciation	(73,633,086)	(82,668,422)	(156,301,508)
Total capital assets, net	87,879,615	50,467,990	138,347,605
Total assets	158,119,553	102,609,761	260,729,314
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	23,209,488	2,109,424	25,318,912
Deferred charges on refunding	-	150,569	150,569
Total deferred outflows of resources	23,209,488	2,259,993	25,469,481
LIABILITIES			
Accounts payable and accrued liabilities	3,247,442	2,065,048	5,312,490
Deposits	53,242	1,574,316	1,627,558
Unearned revenues	545,866	200	546,066
Accrued interest payable	312,990	-	312,990
Noncurrent liabilities:			
Due within one year:			
Claims and judgements	1,257,910	-	1,257,910
Compensated absences payable	751,137	77,036	828,173
Bonds and loans payable	2,163,689	990,000	3,153,689
Leases payable	184,452	-	184,452
Due in more than one year:			
Net OPEB obligation	16,994,233	2,594,112	19,588,345
Claims and judgements	1,831,681	-	1,831,681
Compensated absences payable	8,573,053	1,671,287	10,244,340
Bonds and loans payable	30,554,019	3,215,000	33,769,019
Leases payable	449,404	-	449,404
Net pension liability	56,619,175	4,997,006	61,616,181
Total liabilities	123,538,293	17,184,005	140,722,298
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	3,921,595	356,419	4,278,014
NET POSITION			
Net investments in capital assets	60,133,494	46,413,559	106,547,053
Restricted for:			
Renewal and replacement	-	500,000	500,000
Debt service	1,044,678	-	1,044,678
Culture and recreation	775,807	-	775,807
Physical and economic redevelopment	14,219	-	14,219
Public safety	3,790,640	-	3,790,640
Highway and streets	5,831,369	-	5,831,369
Community redevelopment	14,695,570	-	14,695,570
Unrestricted (deficit)	(32,416,624)	40,415,771	7,999,147
Total net position	\$ 53,869,153	\$ 87,329,330	\$ 141,198,483

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, 2016

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 12,111,517	\$ 102,527	\$ 58,360	\$ -	\$ (11,950,630)	\$ -	\$ (11,950,630)
Public safety	40,320,179	18,905,230	185,124	315,776	(20,914,049)	-	(20,914,049)
Economic and physical environment	2,186,059	644,712	8,455	-	(1,532,892)	-	(1,532,892)
Culture and recreation	5,643,172	590,480	983,060	-	(4,069,632)	-	(4,069,632)
Public works	5,691,156	182,365	-	-	(5,508,791)	-	(5,508,791)
Interest expense	1,729,592	-	-	-	(1,729,592)	-	(1,729,592)
Total governmental activities	67,681,675	20,425,314	1,234,999	315,776	(45,705,586)	-	(45,705,586)
Business-type activities:							
Water and wastewater	17,268,787	23,041,571	-	1,429,870	-	7,202,654	7,202,654
Stormwater utility	1,239,865	1,674,706	-	-	-	434,841	434,841
Total business activities	18,508,652	24,716,277	-	1,429,870	-	7,637,495	7,637,495
Total primary government	\$ 86,190,327	\$ 45,141,591	\$ 1,234,999	\$ 1,745,646	(45,705,586)	7,637,495	(38,068,091)
General revenues:							
Taxes:							
Property					16,775,348	-	16,775,348
Franchise					4,227,712	-	4,227,712
Utility service					6,549,625	-	6,549,625
Sales					5,255,180	-	5,255,180
Gas					1,518,724	-	1,518,724
Tax incremental revenue					4,419,493	-	4,419,493
Intergovernmental not restricted to specific program					185,753	-	185,753
Interest income					392,078	330,676	722,754
Miscellaneous					3,287,990	-	3,287,990
Gain on disposal of capital assets					26,444	63,697	90,141
Transfers					1,754,438	(1,754,438)	-
Total general revenues and transfers					44,392,785	(1,360,065)	43,032,720
Change in net position					(1,312,801)	6,277,430	4,964,629
Net position, October 1					55,181,954	81,051,900	136,233,854
Net position, September 30					\$ 53,869,153	\$ 87,329,330	\$ 141,198,483

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

CITY OF MARGATE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	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
ASSETS						
Cash and cash equivalents	\$ 2,158,372	\$ 300,223	\$ 8,819,718	\$ 5,605,443	\$ 7,271,802	\$ 24,155,558
Investments	34,064,183	-	-	-	5,205,095	39,269,278
Accounts receivable - net	2,236,099	3,330	369,770	-	379,543	2,988,742
Prepayments and other assets	-	-	-	-	46,348	46,348
Due from other funds	128,569	-	-	-	-	128,569
Restricted cash and cash equivalents	39,702	-	-	-	-	39,702
Total assets	<u>\$38,626,925</u>	<u>\$ 303,553</u>	<u>\$ 9,189,488</u>	<u>\$ 5,605,443</u>	<u>\$ 12,902,788</u>	<u>\$ 66,628,197</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 2,656,662	\$ 185,062	\$ 99,207	\$ 154	\$ 190,236	\$ 3,131,321
Tenant deposits	-	53,242	-	-	-	53,242
Due to other funds	-	-	-	-	128,569	128,569
Unearned revenue	211,781	65,249	-	-	268,836	545,866
Total liabilities	<u>2,868,443</u>	<u>303,553</u>	<u>99,207</u>	<u>154</u>	<u>587,641</u>	<u>3,858,998</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	503,817	-	-	-	88,496	592,313
Total deferred inflows of resources	<u>503,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,496</u>	<u>592,313</u>
FUND BALANCES						
Nonspendable:						
Prepayments and other assets	-	-	-	-	46,348	46,348
Restricted for:						
Public safety	39,702	-	-	-	2,192,512	2,232,214
Transportation	-	-	-	-	5,563,656	5,563,656
Culture and recreation	-	-	-	-	636,826	636,826
Debt service	-	-	-	-	1,044,678	1,044,678
Economic development	-	-	-	-	14,219	14,219
Tree preservation	138,981	-	-	-	-	138,981
Building department	1,558,426	-	-	-	-	1,558,426
Redevelopment projects	-	-	9,090,281	5,605,289	-	14,695,570
Streetlights	-	-	-	-	267,713	267,713
Committed for:						
Citizen project initiatives	1,060,302	-	-	-	-	1,060,302
Assigned for:						
Subsequent year appropriation	5,744,154	-	-	-	-	5,744,154
Health insurance	2,500,000	-	-	-	-	2,500,000
Other insurance	1,500,000	-	-	-	-	1,500,000
Future employee payouts	2,000,000	-	-	-	-	2,000,000
OPEB	1,150,000	-	-	-	-	1,150,000
Capital projects - parks and recreation	1,500,000	-	-	-	-	1,500,000
Computer equipment	500,000	-	-	-	-	500,000
Capital projects	5,000,000	-	-	-	2,463,140	7,463,140
Emergency preparedness	2,000,000	-	-	-	-	2,000,000
Vehicle replacement	1,500,000	-	-	-	-	1,500,000
Recreation department expansion	500,000	-	-	-	-	500,000
Others	40,875	-	-	-	-	40,875
Unassigned (deficit)	8,522,225	-	-	-	(2,441)	8,519,784
Total fund balances	<u>35,254,665</u>	<u>-</u>	<u>9,090,281</u>	<u>5,605,289</u>	<u>12,226,651</u>	<u>62,176,886</u>
Total liabilities and fund balances	<u>\$38,626,925</u>	<u>\$ 303,553</u>	<u>\$ 9,189,488</u>	<u>\$ 5,605,443</u>	<u>\$ 12,902,788</u>	<u>\$ 66,628,197</u>

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

CITY OF MARGATE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Fund balances - total government funds (Page 27) \$ 62,176,886

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	161,512,701	
Less: accumulated depreciation	<u>(73,633,086)</u>	87,879,615

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	(32,717,708)	
Capital leases	(633,856)	
Compensated absences payable	<u>(9,324,190)</u>	(42,675,754)

Bond interest payable not reported in the governmental funds		(312,990)
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Net OPEB obligation attributable to retiree benefits financed from governmental fund types		(16,994,233)
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Certain revenues are considered deferred inflows of resources in the fund financial statements due to availability of funds; under full accrual accounting they are considered revenues.		592,313
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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	(56,619,175)	
Deferred outflows of resources - pension related	23,209,488	
Deferred inflows of resources - pension related	<u>(3,921,595)</u>	(37,331,282)

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

534,598

Net position of governmental activities (Page 25)		<u>\$ 53,869,153</u>
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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, 2016

	Major Governmental Funds					Total 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	
REVENUES:						
Taxes:						
Property	\$ 14,551,229	\$ -	\$ -	\$ -	\$ 2,224,119	\$ 16,775,348
Franchise	4,095,079	-	-	-	-	4,095,079
Utility service	6,549,625	-	-	-	-	6,549,625
Tax incremental	-	4,419,493	-	-	-	4,419,493
Licenses and permits	2,213,850	-	-	-	-	2,213,850
Intergovernmental	6,016,575	-	-	-	2,451,000	8,467,575
Administrative services	1,094,941	-	-	-	-	1,094,941
Interest income	318,668	7,462	24,831	2,060	39,057	392,078
Charges for services	17,149,495	-	-	-	27,878	17,177,373
Rental income	-	644,712	-	-	-	644,712
Fines and forfeitures	389,870	-	-	-	360,386	750,256
Impact fees	-	-	-	-	19,979	19,979
Miscellaneous	930,199	43,696	-	3,311	529,884	1,507,090
Total revenues	<u>53,309,531</u>	<u>5,115,363</u>	<u>24,831</u>	<u>5,371</u>	<u>5,652,303</u>	<u>64,107,399</u>
EXPENDITURES:						
Current:						
General government	9,942,973	1,385,012	-	-	-	11,327,985
Public safety	35,432,150	-	-	-	109,161	35,541,311
Economic and physical environment	-	1,119,743	627,118	328,019	115,144	2,190,024
Culture and recreation	3,875,770	-	-	-	1,173,913	5,049,683
Public works	3,140,264	-	-	-	1,661,955	4,802,219
Debt service:						
Principal retirement	189,656	-	-	-	2,661,952	2,851,608
Interest and other charges	12,559	-	-	-	1,451,705	1,464,264
Issuance costs	-	-	-	-	133,148	133,148
Total expenditures	<u>52,593,372</u>	<u>2,504,755</u>	<u>627,118</u>	<u>328,019</u>	<u>7,306,978</u>	<u>63,360,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>716,159</u>	<u>2,610,608</u>	<u>(602,287)</u>	<u>(322,648)</u>	<u>(1,654,675)</u>	<u>747,157</u>
OTHER FINANCING SOURCES (USES):						
Issuance of refunding bond	-	-	-	-	18,950,000	18,950,000
Premium on refunding bond	-	-	-	-	4,210,851	4,210,851
Payment to refunded bond escrow agent	-	-	-	-	(23,025,000)	(23,025,000)
Capital leases	317,103	-	-	-	-	317,103
Transfers in	1,754,438	-	698,304	-	3,119,407	5,572,149
Transfers out	(430,455)	(2,610,608)	-	-	(776,648)	(3,817,711)
Total other financing sources (uses)	<u>1,641,086</u>	<u>(2,610,608)</u>	<u>698,304</u>	<u>-</u>	<u>2,478,610</u>	<u>2,207,392</u>
Net change in fund balances	2,357,245	-	96,017	(322,648)	823,935	2,954,549
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 35,254,665</u>	<u>\$ -</u>	<u>\$ 9,090,281</u>	<u>\$ 5,605,289</u>	<u>\$ 12,226,651</u>	<u>\$ 62,176,886</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
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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)	\$ 2,954,549
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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	4,080,838
Less: current year provision for depreciation	(4,603,200)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net position.	(503,939)
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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	1,093,739	
Payment to refunded bond escrow agent	23,025,000	
Community redevelopment bonds	1,568,213	
Capital leases	189,656	25,876,608

Proceeds from debt issuance

Capital lease financing		(317,103)
Premium on refunding bond	(4,210,851)	
Issuance of refunding bond	(18,950,000)	(23,160,851)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item.

592,313

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.

Change in accrued compensated absences	(616,378)	
Change in accrued interest payable on bonds	48,258	
Change in deferred charges on refunding	(197,148)	
Amortization of refunding bond premium	16,710	
Change in net pension liability and other related deferral amounts	(2,236,684)	(2,985,242)

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.

(1,934,312)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities in the internal service fund is reported with governmental activities.

(1,312,462)

Change in net position of governmental activities (Page 26)	\$ <u>(1,312,801)</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, 2016

	Business- type activities Enterprise Funds			Governmental Activities
	Major Fund	Nonmajor Fund		Internal
	Water and Wastewater Fund	Stormwater Utility Fund	Total	Service Fund - General Insurance Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,142,923	\$ 1,427,488	\$ 8,570,411	\$ 1,398,085
Investments	38,122,227	-	38,122,227	2,325,641
Accounts receivable - net	3,263,934	138,637	3,402,571	488
Prepayments and other assets	-	-	-	16,096
Inventories	477,781	-	477,781	-
Total unrestricted current assets	49,006,865	1,566,125	50,572,990	3,740,310
Restricted assets:				
Cash and cash equivalents	1,568,781	-	1,568,781	-
Total current assets	50,575,646	1,566,125	52,141,771	3,740,310
Non-current assets:				
Capital assets:				
Construction in progress	4,061,995	-	4,061,995	-
Infrastructure	94,185,012	2,945,942	97,130,954	-
Buildings	25,921,814	-	25,921,814	-
Machinery and equipment	4,676,160	1,345,489	6,021,649	-
Total capital assets	128,844,981	4,291,431	133,136,412	-
Less accumulated depreciation	(81,582,581)	(1,085,841)	(82,668,422)	-
Total capital assets, net	47,262,400	3,205,590	50,467,990	-
Total non-current assets	47,262,400	3,205,590	50,467,990	-
Total assets	97,838,046	4,771,715	102,609,761	3,740,310
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	1,972,525	136,899	2,109,424	-
Deferred charges on refunding	150,569	-	150,569	-
Total deferred outflows of resources	2,123,094	136,899	2,259,993	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	1,984,228	80,820	2,065,048	116,121
Customer deposits	5,535	-	5,535	-
Claims and judgements	-	-	-	1,257,910
Compensated absences payable	77,036	-	77,036	-
Bonds payable	990,000	-	990,000	-
Unearned revenue	200	-	200	-
Payable from restricted assets:				
Customer deposits	1,568,781	-	1,568,781	-
Total current liabilities	4,625,780	80,820	4,706,600	1,374,031
Non-current liabilities:				
Net OPEB obligation	2,594,112	-	2,594,112	-
Claims and judgements	-	-	-	1,831,681
Compensated absences payable	1,488,632	182,655	1,671,287	-
Bonds payable	3,215,000	-	3,215,000	-
Net pension liability	4,651,859	345,147	4,997,006	-
Total non-current liabilities	11,949,603	527,802	12,477,405	1,831,681
Total liabilities	16,575,383	608,622	17,184,005	3,205,712
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	333,288	23,131	356,419	-
Total deferred inflows of resources	333,288	23,131	356,419	-
NET POSITION				
Net investments in capital assets	43,207,969	3,205,590	46,413,559	-
Restricted for renewal and replacement	500,000	-	500,000	-
Unrestricted	39,344,500	1,071,271	40,415,771	534,598
Total net position	\$ 83,052,469	\$ 4,276,861	\$ 87,329,330	\$ 534,598

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

CITY OF MARGATE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Fund	Nonmajor Fund		Internal
	Water and Wastewater Fund	Stormwater Utility Fund	Total	Service Fund - General Insurance Fund
OPERATING REVENUES:				
Charges for services:				
Residential	\$ 10,427,529	\$ 691,103	\$ 11,118,632	\$ -
Commercial and multi-family	12,062,916	983,603	13,046,519	-
Costs billed to other funds	-	-	-	1,073,982
Other services	551,126	-	551,126	38,877
Total operating revenues	<u>23,041,571</u>	<u>1,674,706</u>	<u>24,716,277</u>	<u>1,112,859</u>
OPERATING AND ADMINISTRATIVE EXPENSES:				
Costs of sales, maintenance, and services	13,038,028	902,182	13,940,210	511,932
Depreciation and amortization	3,125,429	117,683	3,243,112	-
Administrative services	894,941	220,000	1,114,941	147,760
Claims	-	-	-	1,773,845
Total operating and administrative expenses	<u>17,058,398</u>	<u>1,239,865</u>	<u>18,298,263</u>	<u>2,433,537</u>
Operating income (loss)	<u>5,983,173</u>	<u>434,841</u>	<u>6,418,014</u>	<u>(1,320,678)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	328,695	1,981	330,676	8,216
Gain on disposal of capital assets	51,512	12,185	63,697	-
Net realized and unrealized loss on investments	(3,839)	-	(3,839)	-
Interest expense	(206,550)	-	(206,550)	-
Total nonoperating revenue (expenses)	<u>169,818</u>	<u>14,166</u>	<u>183,984</u>	<u>8,216</u>
Income (loss) before transfers and capital contributions	6,152,991	449,007	6,601,998	(1,312,462)
TRANSFERS AND CAPITAL CONTRIBUTIONS:				
Capital contributions - impact fees	147,716	-	147,716	-
Capital contributions	1,282,154	-	1,282,154	-
Transfers out	(1,753,446)	(992)	(1,754,438)	-
Total transfers and capital contributions	<u>(323,576)</u>	<u>(992)</u>	<u>(324,568)</u>	<u>-</u>
Change in net position	5,829,415	448,015	6,277,430	(1,312,462)
Total net position, October 1	<u>77,223,054</u>	<u>3,828,846</u>	<u>81,051,900</u>	<u>1,847,060</u>
Total net position, September 30	<u>\$ 83,052,469</u>	<u>\$ 4,276,861</u>	<u>\$ 87,329,330</u>	<u>\$ 534,598</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, 2016

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>		<u>Internal Service Fund - General Insurance Fund</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Total</u>	
Cash flows from operating activities:				
Receipts from customers, users, and other	\$ 23,410,206	\$ 1,644,033	\$ 25,054,239	\$ 1,146,783
Payments for interfund services used	(894,941)	(220,000)	(1,114,941)	(147,760)
Payments to suppliers for goods and services	(5,728,865)	(282,303)	(6,011,168)	(1,816,309)
Payments to employees	(6,740,342)	(550,431)	(7,290,773)	-
Net cash provided by (used for) operating activities	10,046,058	591,299	10,637,357	(817,286)
Cash flows from noncapital financing activities:				
Transfer to other funds	(1,753,446)	(992)	(1,754,438)	-
Net cash (used for) noncapital financing activities	(1,753,446)	(992)	(1,754,438)	-
Cash flows from capital and related financing activities:				
Capital contributions	147,716	-	147,716	-
Capital contribution - connection charges	1,282,154	-	1,282,154	-
Acquisition and construction of capital assets	(4,896,384)	(38,594)	(4,934,978)	-
Proceeds from sale of capital assets	51,512	12,185	63,697	-
Principal paid on capital debt	(950,000)	-	(950,000)	-
Interest and other fees paid on capital debt	(206,550)	-	(206,550)	-
Net cash (used for) capital and related financing activities	(4,571,552)	(26,409)	(4,597,961)	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	(3,839)	-	(3,839)	-
Purchase of investment	(5,962,806)	-	(5,962,806)	(2,325,641)
Interest received	328,695	1,981	330,676	8,216
Net cash provided by (used for) investing activities	(5,637,950)	1,981	(5,635,969)	(2,317,425)
Net increase (decrease) in cash and cash equivalents	(1,916,890)	565,879	(1,351,011)	(3,134,711)
Cash and cash equivalents at beginning of year	10,628,594	861,609	11,490,203	4,532,796
Cash and cash equivalents at end of year	\$ 8,711,704	\$ 1,427,488	\$ 10,139,192	\$ 1,398,085
Pooled cash and cash equivalents per statement of net position:				
Unrestricted	\$ 7,142,923	\$ 1,427,488	\$ 8,570,411	\$ 1,398,085
Restricted	1,568,781	-	1,568,781	-
Total, September 30	\$ 8,711,704	\$ 1,427,488	\$ 10,139,192	\$ 1,398,085
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 5,983,173	\$ 434,841	\$ 6,418,014	\$ (1,320,678)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense	190,090	13,192	203,282	-
Depreciation and amortization	3,125,429	117,683	3,243,112	-
Change in assets and liabilities:				
Decrease / (increase) in accounts receivable	297,581	(30,673)	266,908	37,750
(Increase) in inventories	(8,868)	-	(8,868)	-
Decrease / (increase) in prepayments and other assets	15,455	-	15,455	(8,879)
Increase in accounts payable and accrued expenses	52,781	51,931	104,712	474,521
Increase in unearned revenue	200	-	200	-
Increase in compensated absences payable	104,438	4,325	108,763	-
Increase in net OPEB obligation	214,925	-	214,925	-
Increase in customer deposits	70,854	-	70,854	-
Total adjustments	4,062,885	156,458	4,219,343	503,392
Net cash provided by (used for) operating activities	\$ 10,046,058	\$ 591,299	\$ 10,637,357	\$ (817,286)
Non-cash investing, capital and financing activities:				
Decrease in fair value of investments	\$ (3,839)	\$ -	\$ (3,839)	\$ -

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, 2016**

	<u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 229,157
Total assets	<u>\$ 229,157</u>
LIABILITIES	
Performance bonds payable	\$ 229,157
Total liabilities	<u>\$ 229,157</u>

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

CITY OF MARGATE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 57,200 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 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 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. The CRA and the City have a financial benefit relationship in that the assets of the CRA revert back to the City at the sunset of the CRA in 2026. 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 (CONTINUED)

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 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, 2016, 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, 2016, the City implemented five new GASB statements of financial accounting standards.

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. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 72. All required disclosures were added to Notes I D 1 and II A.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. The Statement had no impact on the City's financial statements.

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. The Statement had no impact on the City's financial statements.

Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, was issued in December 2015. The primary objective of this Statement is to address a practice issue regarding the scope and applicability of *Statement No. 68, Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions for this Statement are effective for fiscal year ending September 30, 2017, with earlier application encouraged. The City adopted this Statement in fiscal year 2016. The Statement had no impact on the City's financial statements.

Statement No. 79, Certain External Investment Pools and Pool Participants, was issued in December 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions for this Statement are effective for fiscal year ending September 30, 2017, with earlier application encouraged. The City adopted this Statement in fiscal year 2016. The Statement had no impact on the City's financial statements. All required disclosures were added to note I D 1.

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. 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.

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.

Statement No. 80, Blending Requirements for Certain Component Units, an Amendment of GASB Statement No. 14, was issued in January 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions for this Statement are effective for fiscal year ending September 30, 2017.

Statement No. 81, Irrevocable Split-Interest Agreements, was issued in March 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions for this Statement are effective for fiscal year ending September 30, 2018.

Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73, was issued in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to *Statements No. 67, Financial Reporting for Pension Plans*, *No. 68, Accounting and Financial Reporting for Pensions*, and *No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The provisions for this Statement are effective for fiscal year ending September 30, 2017.

Statement No. 83, Certain Asset Retirement Obligations, was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The provisions for this Statement are effective for fiscal year ending September 30, 2019.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The financial transactions of the City are recorded in individual funds. The operations of each fund are accounted for using a separate set of self-balancing accounts. These accounts consist of assets, liabilities, deferred outflows 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Margate Community Redevelopment Agency Trust Special Revenue Fund* accounts for the redevelopment of certain designated areas. Revenue is derived primarily from tax incremental revenue, which is the revenue that the CRA collects from the City, Broward County, and 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. Revenues are also derived from rental of properties owned by the CRA.

The *Margate Community Redevelopment Agency Capital Improvement Capital Projects Fund* accounts for the capital projects of the CRA and redevelopment of the designated redevelopment areas. Resources and revenues are derived from the transfer of funds from the CRA Agency Trust Fund as required by Florida Statutes and any related interest earned during the year.

The *Margate Community Redevelopment Agency Loan Proceeds Capital Projects Fund* accounts for the capital projects financed by loan proceeds of the CRA for the financing and redevelopment of the designated redevelopment areas. Resources are derived from the Redevelopment Refunding Revenue Bonds, Series 2012A and 2012B and any related interest earned during the year.

The City reports the following major proprietary fund:

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

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

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

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

The *Capital Projects 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 the cost allocation from the Water and Wastewater Fund and Stormwater Utility Fund to the General Fund. Elimination of this allocation would distort the direct costs and program revenues reported for those sectors.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as program revenues in the government-wide financial statements include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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, maintenance, 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 ("Florida PRIME"), money market accounts, and equity in the City's pooled cash.

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

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. The SBA administers the fund and provides regulatory oversight. Florida Prime is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7, Florida Administrative Code. These rules provide guidance and establish policies/general operating procedures for administration of the pool.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and cash equivalents and investments (Continued):

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.

The City adopted *GASB Statement No. 79, Certain External Investment Pools and Pool Participants* (applicable to the Florida PRIME account) during the year which requires the disclosure of the presence of any limitations or restrictions on withdrawals in the notes to the financial statements. Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity of the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days." With regard to liquidity fees, Florida Statutes 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosures have been made. As of September 30, 2016, there were no redemption fees or maximum transaction amounts or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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".

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 historical bad-debt experience.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Inventory and prepaid items:

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of 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. 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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Deferred outflows/inflows of resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred 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: deferred charges on refunding and the pension related deferred outflows reported in the government-wide statement of net position and in the statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows 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 two items that qualify 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. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated absences:

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

8. Unearned revenue:

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

9. Long-term obligations:

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Property taxes:

The State of Florida permits the City to levy property taxes up to 10 mills of assessed property valuation for the General Fund except for special benefits and debt service obligations which may be issued with the approval of those taxpayers subject to ad valorem taxes. The operating millage rate levied by the City and budgeted for the 2015-2016 fiscal year was 6.3402 mills and the debt service millage was 0.9691 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, 2016 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 2015-2016 occurred on September 15, 2015. Under Florida law, the assessment of all properties and the collection of all county, municipal, special district and school board property taxes are provided by Broward County's Property Appraiser and Tax Collector, who are elected County officials.

The property tax calendar for the revenues billed and received for the fiscal year ended September 30, 2016 is shown as follows:

- Lien date – January 1, 2015
- Levy date, tax bills mailed – November 1, 2015
- Last date for 4% discount on taxes paid – November 30, 2015
- Last date for 3% discount on taxes paid – December 31, 2015
- Last date for 2% discount on taxes paid – January 31, 2016
- Last date for 1% discount on taxes paid – February 29, 2016
- Final due date of payment of taxes – March 31, 2016
- First date for auctioning tax certificates on delinquent accounts – June 1, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Net position/fund balance:

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

In the fund financial statements, governmental funds report five categories of fund balances: non-spendable, restricted, committed, assigned, and unassigned. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balances are amounts constrained for specific purposes by external parties (creditors, grantors, contributors), law, or enabling legislation legally enforceable by external parties. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission (highest level of decision making authority) through an ordinance or resolution (which are both equal and the highest level of decision making) are classified as committed fund balances. The limitation imposed by the resolution/ordinance remains in place until similar action is taken (adoption of another resolution/ordinance) 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 net position – proprietary funds, and statement of fiduciary net position, in the following accounts.

Cash and cash equivalents (Including performance bonds)	\$ 35,961,694
Investments	<u>79,717,146</u>
	<u>\$ 115,678,840</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits

At year-end, the City's carrying amount of deposits was \$35,961,694 including petty cash funds and cash on hand totaling \$19,420 as of September 30, 2016. 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 \$23,567,518 invested in the Florida PRIME as of September 30, 2016. 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.

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

Authorized Investments	Maximum % Portfolio Composition	Maximum % Individual Issuers	Maximum % Individual Sectors
Florida PRIME	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

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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, 2016 was 50 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, 2016.

Investment Type	Remaining Maturity (in years)		
	Fair Value	Less Than 1	1 to 5
U.S. Agency Notes	\$ 3,497,428	\$ 1,479,290	\$ 2,018,138
U.S. Treasury Notes	13,344,524	4,624,482	8,720,042
U.S. Sponsored Agencies	13,082,459	1,727,998	11,354,461
Commercial Paper	2,118,916	2,118,916	-
Corporate Notes	10,567,754	2,632,712	7,935,042
Asset Backed Securities	3,845,415	-	3,845,415
Money Market Funds	1,146,680	1,146,680	-
	<u>\$ 47,603,176</u>	<u>\$ 13,730,078</u>	<u>\$ 33,873,098</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.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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	\$ 14,491,204	30.44%
AAA	2,555,403	5.37%
AA+	15,958,919	33.52%
AA-	3,016,199	6.34%
AA	175,068	0.37%
A-1+	2,408,051	5.06%
A-1	1,419,713	2.98%
A+	841,506	1.77%
A-	1,982,441	4.16%
A	2,698,719	5.67%
BBB+	615,935	1.29%
NR	1,440,018	3.03%
Total credit risk debt securities	<u>\$ 33,111,972</u>	<u>69.56%</u>
Total fixed income securities	<u>\$ 47,603,176</u>	<u>100.00%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The City has the following recurring fair value measurements as of September 30, 2016:

Investments by Fair Value Level	September 30, 2016	Level 1	Level 2	Level 3
U.S. Agency Notes	\$ 3,497,428	\$ 3,497,428	\$ -	\$ -
U.S. Treasury Notes	13,344,524	13,344,524	-	-
U.S. Sponsored Agencies	13,082,459	13,082,459	-	-
Commercial Paper	2,118,916	2,118,916	-	-
Corporate Notes	10,567,754	10,567,754	-	-
Asset Backed Securities	3,845,415	3,845,415	-	-
Money Market Funds	1,146,680	1,146,680	-	-
	<u>\$ 47,603,176</u>	<u>\$ 47,603,176</u>	<u>\$ -</u>	<u>\$ -</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of September 30, 2016 for the City's individual funds in the aggregate, including the allowances for uncollectible receivables are as follows:

	General Fund	Margate Community Redevelopment Agency Trust Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Water and Wastewater Fund	Nonmajor and other Funds	Total
Intergovernmental	\$ 519,666	\$ -	\$ 369,094	\$ 22,323	\$ 374,478	\$ 1,285,561
Accounts	179,973	-	-	3,151,620	137,032	3,468,625
Taxes	890,222	-	-	3,708	314	894,244
Others	3,928,107	3,330	676	96,283	6,844	4,035,240
Gross receivables	5,517,968	3,330	369,770	3,273,934	518,668	9,683,670
Less: allowance for uncollectibles	(3,281,869)	-	-	(10,000)	-	(3,291,869)
Net total receivables	<u>\$ 2,236,099</u>	<u>\$ 3,330</u>	<u>\$ 369,770</u>	<u>\$ 3,263,934</u>	<u>\$ 518,668</u>	<u>\$ 6,391,801</u>

C. Interfund Balances and Transfers

Interfund balances at September 30, 2016, consisted of the following:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 128,569

The outstanding balance between funds results from the time lag between the dates that payment between funds is made.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Balances and Transfers (continued)

	Transfers In:				
		Margate Community Redevelopment Agency Capital Improvement Fund		Nonmajor Governmental Funds	
Transfers Out:	General Fund				Total
General Fund	\$ -	\$ -		\$ 430,455 c,d	\$ 430,455
Margate Community Redevelopment Agency Trust Fund	-	698,304 b		1,912,304 a	2,610,608
Nonmajor Governmental Funds	-	-		776,648 c	776,648
Water and Wastewater Fund	1,753,446 d	-		-	1,753,446
Nonmajor Enterprise Fund	992 e	-		-	992
Total	\$ 1,754,438	\$ 698,304		\$ 3,119,407	\$ 5,572,149

Reasons for these transfers are set forth below:

a) Debt obligation

b) Annual sweep between funds

c) Capital improvements

d) Cost allocation

e) Other

D. Deferred Inflows of Resources and Unearned Revenue

As of September 30, 2016, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned Revenue
Franchise taxes	\$ 132,633	\$ -
Grant revenue	90,534	268,836
Intergovernmental revenue	9,910	-
Miscellaneous revenue	359,236	-
Business licenses	-	211,781
Rental income	-	65,249
	<u>\$ 592,313</u>	<u>\$ 545,866</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets

Capital assets activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being being depreciated:				
Land	\$ 28,648,295	\$ 68,690	\$ -	\$ 28,716,985
Intangibles	1,361,417	1,654,366	-	3,015,783
Construction in progress	243,392	291,515	(216,651)	318,256
Total capital assets, not being depreciated	30,253,104	2,014,571	(216,651)	32,051,024
Capital assets, being depreciated:				
Infrastructure	88,963,441	490,237	-	89,453,678
Buildings	16,302,748	252,051	(509,030)	16,045,769
Machinery and equipment	15,467,045	1,368,905	(599,148)	16,236,802
Improvements other than buildings	7,553,703	171,725	-	7,725,428
Total capital assets, being depreciated	128,286,937	2,282,918	(1,108,178)	129,461,677
Less accumulated depreciation for:				
Infrastructure	(47,083,615)	(2,801,711)	-	(49,885,326)
Buildings	(5,658,419)	(317,580)	5,090	(5,970,909)
Machinery and equipment	(11,803,948)	(1,210,646)	599,149	(12,415,445)
Improvements other than buildings	(5,088,143)	(273,263)	-	(5,361,406)
Total accumulated depreciation	(69,634,125)	(4,603,200)	604,239	(73,633,086)
Total capital assets, being depreciated, net	58,652,812	(2,320,282)	(503,939)	55,828,591
Governmental activities capital assets, net	\$ 88,905,916	\$ (305,711)	\$ (720,590)	\$ 87,879,615

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets (Continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 4,488,917	\$ 3,463,138	\$(3,890,060)	\$ 4,061,995
Capital assets, being depreciated:				
Infrastructure	93,048,644	4,082,310	-	97,130,954
Buildings	24,787,509	1,134,305	-	25,921,814
Machinery and equipment	6,128,032	145,285	(251,668)	6,021,649
Total capital assets, being depreciated	123,964,185	5,361,900	(251,668)	129,074,417
Less accumulated depreciation for:				
Infrastructure	(54,934,387)	(1,746,095)	-	(56,680,482)
Buildings	(19,810,791)	(1,134,861)	-	(20,945,652)
Machinery and equipment	(4,969,442)	(324,514)	251,668	(5,042,288)
Total accumulated depreciation	(79,714,620)	(3,205,470)	251,668	(82,668,422)
Total capital assets, being depreciated, net	44,249,565	2,156,430	-	46,405,995
Business-type activities capital assets, net	<u>\$ 48,738,482</u>	<u>\$ 5,619,568</u>	<u>\$(3,890,060)</u>	<u>\$ 50,467,990</u>

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

Governmental activities:	
General government	\$ 200,622
Public safety	1,067,858
Public works	2,379,468
Economic and physical environment	559,495
Culture and recreation	<u>395,757</u>
Total depreciation expense - governmental activities	<u>\$ 4,603,200</u>
Business-type activities:	
Water and Wastewater Fund	\$ 3,087,787
Stormwater Utility Fund	<u>117,683</u>
Total depreciation expense - business-type activities	<u>\$ 3,205,470</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets (Continued)

Construction Commitments

The City has the following active construction commitments with contractors at September 30, 2016:

Project	Spent-to Date	Remaining Commitment
Lift Station 22 Renovation	\$ 480,850	\$ 116,825
C-14 Main Crossing	280,087	128,299
24" FM & 30" Water Main Crossing	293,896	602,666
West WWTP Digester Rehabilitation	173,381	795,619
W River Drive and 58th Street Main Improvements	121,277	603,723
Cathedral Drive, NW 63rd Terrace & 14th Court Main Improvement	88,247	281,853
Holiday Springs Irrigation Project	41,898	34,723
	<u>\$ 1,479,636</u>	<u>\$ 2,563,708</u>

F. Long-term Debt

Governmental Activities

General Obligation Bonds

\$18,950,000 General Obligation Refunding Bonds, Series 2016 – In July 2016, the City issued General Obligation Refunding Bonds, Series 2016. The bond was issued to refund the General Obligation Bonds, Series 2007 which was used to finance various projects consisting of repavement, repair and installation of streets, sidewalks and bridges within the City. The outstanding bonds bear an interest rate from 2.0% to 5.0%, payable semi-annually on January 1st and July 1st of each year. The Series 2016 Bonds are general obligations of the City and are payable from unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). There is no limitation as to the rate or amount of ad valorem taxes that can be levied for the purpose of repaying the Series 2016 Bonds. The gross savings of the refunding was \$6,175,509, with a net present value savings of \$4,508,030. The July 1, 2037 maturity date remains unchanged. The bonds maturing on and after July 1, 2027 may be subject to redemption prior to their respective maturities.

\$ 18,950,000

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term Debt (Continued)

The annual debt service requirements until maturity for the General Obligation Bonds outstanding at September 30, 2016, are as follows:

Year Ending September 30	Principal	Series 2016 Interest	Total
2017	\$ 545,000	\$ 931,150	\$ 1,476,150
2018	555,000	920,250	1,475,250
2019	585,000	892,500	1,477,500
2020	610,000	863,250	1,473,250
2021	645,000	832,750	1,477,750
2022-2026	3,740,000	3,646,250	7,386,250
2027-2031	4,775,000	2,613,250	7,388,250
2032-2036	6,090,000	1,294,500	7,384,500
2037	1,405,000	70,250	1,475,250
	<u>\$ 18,950,000</u>	<u>\$ 12,064,150</u>	<u>\$ 31,014,150</u>

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 CRA and will not constitute a general debt, liability, or obligation of the CRA 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 CRA except the Pledged Revenues. The bonds may be prepaid by the CRA in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

\$ 7,426,895

\$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 CRA and will not constitute a general debt, liability, or obligation of the CRA 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 CRA except the Pledged Revenues. The bonds may be prepaid by the CRA in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

2,146,672

\$ 9,573,567

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term Debt (Continued)

The annual debt service requirements until maturity for Redevelopment Refunding Revenue Bonds, Series 2012 outstanding at September 30, 2016, are as follows:

Year Ending September 30	Series 2012A		Series 2012B		Total
	Principal	Interest	Principal	Interest	
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	1,432,049	62,870	405,778	11,607	1,912,304
2022	<u>734,830</u>	<u>12,748</u>	<u>206,349</u>	<u>2,341</u>	<u>956,268</u>
	<u>\$ 7,426,895</u>	<u>\$ 795,279</u>	<u>\$ 2,146,672</u>	<u>\$ 148,938</u>	<u>\$ 10,517,784</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.

\$ 4,205,000

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

Year Ending September 30	Series 2007		Total
	Principal	Interest	
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>\$ 4,205,000</u>	<u>\$ 428,800</u>	<u>\$ 4,633,800</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2016 was 8.12 to 1. The maximum annual debt service was \$1,159,600 at September 30, 2016.

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>\$ 5,983,173</u>
Additions:	
Interest income which qualifies as operating revenue for coverage purposes	328,695
Provision for depreciation and amortization	<u>3,125,429</u>
Total additions	<u>3,454,124</u>
Subtractions:	
Nonqualifying revenues:	
Meter fees	<u>16,699</u>
Income available for debt service	<u>\$ 9,420,598</u>
Maximum annual debt service	<u>\$ 1,159,600</u>
Coverage	<u>8.12:1</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, 2016, 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, 2016, there are no rebatable arbitrage liabilities for the outstanding bond issues.

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term Debt (Continued)

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016	Due within One Year
Governmental Activities:					
Bonds payable and capital leases:					
General Obligation, Series 2004	\$ 438,739	\$ -	\$ (438,739)	\$ -	\$ -
General Obligation, Series 2007	23,680,000	-	(23,680,000)	-	-
General Obligation Refunding, Series 2016	-	18,950,000	-	18,950,000	545,000
CRA Redevelopment Refunding Revenue Bond, Series 2012A	8,632,636	-	(1,205,741)	7,426,895	1,247,943
CRA Redevelopment Refunding Revenue Bond, Series 2012B	2,509,144	-	(362,472)	2,146,672	370,746
Total general obligation and revenue bonds	35,260,519	18,950,000	(25,686,952)	28,523,567	2,163,689
Less deferred amounts:					
Bond issuance premium	-	4,210,851	(16,710)	4,194,141	-
Total bonds payable	35,260,519	23,160,851	(25,703,662)	32,717,708	2,163,689
Capital leases	506,409	317,103	(189,656)	633,856	184,452
Subtotal	35,766,928	23,477,954	(25,893,318)	33,351,564	2,348,141
Other long-term liabilities:					
Compensated absences payable	8,707,812	1,000,585	(384,207)	9,324,190	751,137
Net pension liability	30,848,727	25,770,448	-	56,619,175	-
Claims and judgments	2,633,811	2,229,625	(1,773,845)	3,089,591	1,257,910
Net OPEB obligation	15,059,921	2,887,949	(953,637)	16,994,233	-
Subtotal	57,250,271	31,888,607	(3,111,689)	86,027,189	2,009,047
Governmental activity long-term liabilities	\$ 93,017,199	\$ 55,366,561	\$ (29,005,007)	\$ 119,378,753	\$ 4,357,188
Business-type Activities:					
Revenue Bond, Series 2007	\$ 5,155,000	\$ -	\$ (950,000)	\$ 4,205,000	\$ 990,000
Other long-term liabilities:					
Compensated absences payable	1,639,560	274,691	(165,928)	1,748,323	77,036
Net pension liability	2,672,840	2,324,166	-	4,997,006	-
Net OPEB obligation	2,379,187	320,883	(105,958)	2,594,112	-
Subtotal	6,691,587	2,919,740	(271,886)	9,339,441	77,036
Business-type activity long-term liabilities	11,846,587	2,919,740	(1,221,886)	13,544,441	1,067,036
Total long-term liabilities	\$ 104,863,786	\$ 58,286,301	\$ (30,226,893)	\$ 132,923,194	\$ 5,424,224

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term Debt (Continued)

In governmental activities, compensated absences, net pension liability, and net OPEB obligation are generally liquidated by the General Fund. For business-type activities, compensated absences, net pension liability, and net OPEB obligation are generally liquidated by either the appropriate fund of Water and Wastewater or Stormwater Utility. 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, 2016, 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 \$4.63 million. Principal and interest paid and total customer net revenues for the current year were \$1,156,200 and \$9,420,598, respectively.

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, 2016, the maximum annual debt service is at 43% of the tax incremental revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$10.5 million. Principal and interest paid and tax incremental revenues for the current year were \$1,912,304 and \$4,419,493, respectively.

G. Capital Leases

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, included in machinery and equipment. The vehicles have six (6) years estimated useful life. In fiscal year 2016, approximately \$143,300 was included in depreciation expense and total accumulated depreciation is approximately \$589,900. 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.

In October 2015, the City entered into a lease agreement as a lessee to finance the acquisition of a public safety computer system valued in the amount of approximately \$317,000, included in machinery and equipment. The software has an estimated useful life of ten (10) years. Total accumulated depreciation and depreciation expense for fiscal year 2016 was \$15,855. The 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, 2016, were as follows:

Year ending September 30,	
2017	\$ 202,215
2018	202,215
2019	202,215
2020	<u>67,325</u>
Total minimum lease payment	673,970
Less: amount representing interest	<u>(40,114)</u>
Present value of minimum lease payment	<u>\$ 633,856</u>

II. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Deficit Fund Balance

At September 30, 2016, the City had a deficit fund balance in the Housing and Urban Development (HUD) Grant Special Revenue fund of \$2,441. In the event grant reimbursements do not come to fruition, any deficits would be covered by the General Fund.

III. OTHER INFORMATION

A. Florida Retirement System

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan") and a defined contribution pension plan. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737 or by visiting the website: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before August 1, 2011, the annual cost of living adjustment ("COLA") is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 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. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular - 7.26% and 7.52%; Special Risk Administrative Support - 32.95% and 28.06%; Special Risk - 22.04% and 22.57%; Senior Management Service - 21.43% and 21.77%; Elected Officers' - 42.27% and 42.47%; and DROP participants - 12.88% and 12.99%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2015 through September 30, 2016.

The City's contributions, including employee contributions, to the Pension Plan totaled \$ 5,142,977 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City reported a liability of \$ 48,273,456 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At June 30, 2016, the City's proportion was .191181409 percent, which was an increase of .019476273 percentage points from its proportion measured as of June 30, 2015.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

For the year ended September 30, 2016, the City recognized pension expense of \$ 6,851,758. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Changes in:	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions, subsequent to measurement date	\$ 1,389,507	\$ -
Assumptions/inputs	2,920,400	-
Projected/Actual earnings	12,478,100	-
Experience expected/actual	3,696,187	(449,458)
Changes in proportion and difference in proportionate share of contributions	2,314,767	(3,213,124)
	<u>\$22,798,961</u>	<u>\$(3,662,582)</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 subsequent reporting period ending September 30, 2017. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	FRS Expense
2017	\$ 2,059,367
2018	2,059,367
2019	6,924,105
2020	5,151,117
2021	1,141,176
Thereafter	411,740
Total	<u>\$17,746,872</u>

Actuarial Assumptions - The total pension liability at June 30, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality assumptions were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to section 216.136(10), Florida Statutes. During presentations to the 2016 FRS Actuarial Assumption Conference, Aon Hewitt, the investment consultant for the State Board of Administration, and the consulting actuary both recommended reducing the investment return assumption. Based on their respective capital market outlook models, the 50th percentile average annual long-term future return rates ranged between 6.3 percent and 6.6 percent. When Aon Hewitt applied the State Board of Administration's approach to assumption development, the investment return forecast was 7.0 percent. The consulting actuary notes the reduced investment return assumption adopted by the FRS Actuarial Assumption Conference conflicts with their judgment of a reasonable assumption as defined by the Actuarial Standards of Practice Number 27 (ASOP 27).

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.7%
Fixed income	18.0%	4.7%	4.6%	4.6%
Global equity	53.0%	8.1%	6.8%	17.2%
Real estate (property)	10.0%	6.4%	5.8%	12.0%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	11.1%
Total	100.0%			
Assumed Inflation - Mean			2.6%	1.9%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. The Pension 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 calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	FRS		
	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
City's proportionate share of the net pension liability for FRS	\$ 88,874,701	\$ 48,273,456	\$ 14,478,282

HIS Plan:

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$ 590,692 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City reported a liability of \$ 13,342,725 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At June 30, 2016, the City's proportionate share was .1144848765 percent, which was an increase of .003256377 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$ 1,019,145.

In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Changes in:	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions, subsequent to measurement date	\$ 156,071	\$ -
Assumptions/inputs	2,093,813	-
Projected/Actual earnings	6,746	-
Experience expected/actual	-	(30,390)
Changes in proportion and difference in proportionate share of contributions	263,321	(585,042)
	<u>\$ 2,519,951</u>	<u>\$ (615,432)</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 subsequent reporting period ending September 30, 2017. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

	HIS Expense
2017	\$ 281,234
2018	281,234
2019	279,949
2020	279,333
2021	310,415
Thereafter	316,283
Total	<u>\$ 1,748,448</u>

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

Actuarial Assumptions - The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85%

Mortality assumptions were based on the Generational RP-2000 with Projection Scale BB tables.

Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that 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 municipal rate used to determine total pension liability was decreased from 3.80% to 2.85%.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal 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 municipal bond rate of 2.85% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	HIS		
	1%	Current	1%
	Decrease (1.85%)	Discount Rate (2.85%)	Increase (3.85%)
City's proportionate share of the net pension liability for HIS	\$ 15,307,137	\$ 13,342,725	\$ 11,712,370

At September 30, 2016, the City had approximately \$721,015 contributions payable to the FRS.

Investment Plan:

The SBA (State Board of Administration) administered the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Defined Benefit Plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends, in part, on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of

III. OTHER INFORMATION (CONTINUED)

A. Florida Retirement System (Continued)

payroll and by forfeited benefits of plan members. Allocations to the investment members' accounts during the 2015-2016 fiscal year, as established by Section 121.72, Florida Statutes, are based on percentage of gross compensation, by class, as follows:

<u>Employees</u>	<u>Contribution Rates</u>
Elected Officials	11.34%
Senior Management	7.67%
Special Risk	14.00%
Regular Employees	6.30%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan vesting is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on these funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's contributions, including employee contributions, to the Investment Plan totaled \$888,674 for the fiscal year ended September 30, 2016.

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 Utility Fund and Water and Wastewater Fund, 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.

III. OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

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, 2014 to September 30, 2016:

	City General Insurance Program Fund
Liability balance, October 1, 2014	\$ 2,633,811
Claims and changes in estimates	1,107,346
Claim payments	<u>(1,107,346)</u>
Liability balances, September 30, 2015	2,633,811
Claims and changes in estimates	2,229,625
Claim payments	<u>(1,773,845)</u>
Liability balances, September 30, 2016	<u>\$ 3,089,591</u>
Claims and judgments due within one year	<u>\$ 1,257,910</u>
Assets available to pay claims at September 30, 2016	<u>\$ 534,598</u>

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

C. Contingencies and Commitments

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.

In fiscal year 2014, the CRA was audited by the Broward Office of the Inspector General (the "OIG"). The OIG audit determined that the CRA failed to comply with the requirements of the Florida Statutes for the allocation and disposition of carryforward TIF funds of approximately \$2.7 million. The management of the CRA and legal counsel responded in a letter that they believe that they are in compliance with the statutory requirements. As of September 30, 2016, the CRA has not received an update from the OIG with regard to the audit results during the fiscal year 2014. The financial statements do not reflect any adjustments that might result from this uncertainty.

A "Sick Bank" was established in the collective bargaining agreement between the City of Margate and International Association of Firefighters (IAFF) union beginning in 1978 by Resolution 3857. The collective bargaining agreement between the City and IAFF for the period of October 1, 1985 to September 30, 1988 provided the City shall each month, as of the last day of each month, credit to the Sick Bank a dollar value equal to (.0494) times the number of regular compensated hours, exclusive of overtime, paid during the month, to each member of the bargaining unit. The current amount of the credit is equal to (.05769) times the number of regular compensated hours, exclusive of overtime, paid during the month, to each member of the bargaining unit. The regular base hourly rate used for the

III. OTHER INFORMATION (CONTINUED)

C. Contingencies and Commitments (Continued)

calculation shall be the regular base pay hourly rate in effect on the last day of the pay period immediately preceding the last day of the month. Sick bank credits are only maintained for members currently employed with the Fire Department. Use of the sick bank is limited to those members who have first used all available sick leave, then all available vacation, and all available compensatory time. When a member uses the Sick Bank, the value withdrawn from the Sick Bank shall be equal to his/her pay at the time he/she uses the Sick Bank. The Sick Bank is not accrued as a liability because use of the Sick Bank is contingent upon a future event that is beyond the control of both the employer and the employee and when a member is no longer employed with the Fire Department, the Sick Bank credits are removed from the Sick Bank with no payout to the member.

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, 2016, there were 81 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 2016. 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, 2016, 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 2016 ranged from \$491 to \$611 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, 2016 were as follows:

Annual required contribution	\$ 3,356,394
Interest on net OPEB obligation	523,173
Adjustment to annual required contribution	<u>(670,735)</u>
Annual OPEB cost	3,208,832
Estimated employer contribution	<u>(1,059,595)</u>
Change in net OPEB obligation	2,149,237
Estimated net OPEB obligation, beginning of year	<u>17,439,108</u>
Estimated net OPEB obligation, end of year	<u>\$ 19,588,345</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, 2016 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>
2014	\$ 3,446,552	\$ 1,090,566	32%	\$ 15,407,643
2015	3,092,885	1,061,420	34%	17,439,108
2016	3,208,832	1,059,595	33%	19,588,345

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.

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.

III. OTHER INFORMATION (CONTINUED)

D. Other Post-employment Benefits (Continued)

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:	25 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; 25 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 ("ILA") with the City of Coconut Creek to provide emergency medical and fire protection services. The ILA 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 \$8.1 million in fiscal year 2016.

In fiscal year 2016, the City entered into a new ILA with the City of Coconut Creek to provide emergency medical and fire protection services. The ILA is effective October 1, 2016 through September 30, 2019 with the ability to modify the ILA annually in accordance with Article 11. The City will receive \$8.5 million in fiscal year 2017 with negotiable terms for subsequent years.

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	\$	96,431
Margate Community Redevelopment Agency Trust		22,554
Margate Community Redevelopment Agency Capital Improvement		199,405
Nonmajor Funds		<u>379,916</u>
Total	\$	<u><u>698,306</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 \$3.4 million at September 30, 2016. Depreciation expense for the year was approximately \$85,520. Total rental revenues from these properties during the fiscal year amounted to \$642,484. The leases have a termination clause of 12 months or less.

I. Subsequent events

On January 24, 2017, the city entered into a lease agreement for a fire ladder truck and two emergency response staff vehicles in the amount of \$969,242. The interest rate is 2.29 percent and the maturity date is October 1, 2021. The first payment is due on October 1, 2017 in the amount of \$205,909.

J. Date of Management review

The City's management has evaluated subsequent events through March 1, 2017, the date which the financial statements were available for issue.

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Required Supplementary Information

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CITY OF MARGATE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR YEAR ENDED SEPTEMBER 30, 2016

	<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	\$ 14,451,500	\$ 14,451,500	\$ 14,551,229	\$ 99,729
Franchise	3,879,000	3,879,000	4,095,079	216,079
Utility service	6,266,000	6,266,000	6,549,625	283,625
Licenses and permits	1,743,000	1,743,000	2,213,850	470,850
Intergovernmental	5,305,308	5,657,114	6,016,575	359,461
Administrative services	1,094,941	1,094,941	1,094,941	-
Interest income	80,000	80,000	318,668	238,668
Charges for services	16,113,729	16,113,729	17,149,495	1,035,766
Fines and forfeitures	403,500	403,500	389,870	(13,630)
Miscellaneous	<u>1,317,852</u>	<u>1,331,852</u>	<u>930,199</u>	<u>(401,653)</u>
Total revenues	<u>50,654,830</u>	<u>51,020,636</u>	<u>53,309,531</u>	<u>2,288,895</u>
EXPENDITURES:				
Current:				
General government:				
City commission	425,283	427,303	386,992	40,311
City manager	639,643	639,643	614,436	25,207
Finance	1,435,686	1,445,088	1,295,891	149,197
Non-departmental	4,759,556	5,765,581	4,381,345	1,384,236
Human resources	814,689	825,106	749,356	75,750
Economic development	813,039	872,760	591,296	281,464
City clerk	750,584	777,537	734,647	42,890
City attorney	450,482	450,482	403,858	46,624
Information technology	<u>827,901</u>	<u>861,431</u>	<u>785,152</u>	<u>76,279</u>
Total general government	<u>10,916,863</u>	<u>12,064,931</u>	<u>9,942,973</u>	<u>2,121,958</u>
Public safety:				
Police	17,397,657	17,709,477	17,354,365	355,112
Fire	17,666,756	18,291,213	17,010,214	1,280,999
Building	<u>1,481,029</u>	<u>1,494,413</u>	<u>1,067,571</u>	<u>426,842</u>
Total public safety	<u>36,545,442</u>	<u>37,495,103</u>	<u>35,432,150</u>	<u>2,062,953</u>
Culture and recreation:				
Administration	453,156	545,020	462,381	82,639
Special activities	514,665	516,587	414,144	102,443
Parks and grounds	2,584,498	2,525,198	2,203,891	321,307
Aquatics	<u>711,205</u>	<u>916,083</u>	<u>795,354</u>	<u>120,729</u>
Total culture and recreation	<u>4,263,524</u>	<u>4,502,888</u>	<u>3,875,770</u>	<u>627,118</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public works:				
Administration	547,313	590,253	516,191	74,062
Buildings	1,317,344	1,340,338	1,254,061	86,277
City garage	<u>1,624,546</u>	<u>1,604,546</u>	<u>1,370,012</u>	<u>234,534</u>
Total public works	<u>3,489,203</u>	<u>3,535,137</u>	<u>3,140,264</u>	<u>394,873</u>
Debt service:				
Principal retirement	189,720	189,720	189,656	64
Interest	<u>20,923</u>	<u>20,923</u>	<u>12,559</u>	<u>8,364</u>
Total debt service	<u>210,643</u>	<u>210,643</u>	<u>202,215</u>	<u>8,428</u>
Total expenditures	<u>55,425,675</u>	<u>57,808,702</u>	<u>52,593,372</u>	<u>5,215,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,770,845)</u>	<u>(6,788,066)</u>	<u>716,159</u>	<u>7,504,225</u>
OTHER FINANCING SOURCES (USES):				
Capital leases	-	317,103	317,103	-
Transfers in	1,753,446	1,754,438	1,754,438	-
Transfers out	<u>(425,000)</u>	<u>(430,455)</u>	<u>(430,455)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,328,446</u>	<u>1,641,086</u>	<u>1,641,086</u>	<u>-</u>
Net change in fund balance	<u>(3,442,399)</u>	<u>(5,146,980)</u>	<u>2,357,245</u>	<u>7,504,225</u>
Fund balances - beginning	<u>32,897,420</u>	<u>32,897,420</u>	<u>32,897,420</u>	<u>-</u>
Fund balances - ending	<u>\$ 29,455,021</u>	<u>\$ 27,750,440</u>	<u>\$ 35,254,665</u>	<u>\$ 7,504,225</u>

See the accompanying Notes to Budgetary Comparison Schedules.

CITY OF MARGATE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES:				
Tax incremental	\$ 4,477,379	\$ 4,477,379	\$ 4,419,493	\$ (57,886)
Interest income	2,500	2,500	7,462	4,962
Rental income	601,500	601,500	644,712	43,212
Miscellaneous	15,000	15,000	43,696	28,696
Total revenues	<u>5,096,379</u>	<u>5,096,379</u>	<u>5,115,363</u>	<u>18,984</u>
EXPENDITURES:				
General government	1,612,975	1,592,046	1,385,012	207,034
Economic and physical enviroment	<u>1,571,100</u>	<u>1,697,330</u>	<u>1,119,743</u>	<u>577,587</u>
Total expenditures	<u>3,184,075</u>	<u>3,289,376</u>	<u>2,504,755</u>	<u>784,621</u>
Excess of revenues over expenditures	1,912,304	1,807,003	2,610,608	803,605
OTHER FINANCING USES:				
Transfers out	<u>(1,912,304)</u>	<u>(2,610,608)</u>	<u>(2,610,608)</u>	<u>-</u>
Net change in fund balance	-	(803,605)	-	803,605
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (803,605)</u>	<u>\$ -</u>	<u>\$ 803,605</u>

See the accompanying Notes to Budgetary Comparison Schedules.

CITY OF MARGATE, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES FISCAL YEAR ENDED SEPTEMBER 30, 2016

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. On or before 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, 2016

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
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%
2016	3,356,394	32%

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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM (FRS)
(in thousands)

	2016		2015	
	FRS	HIS	FRS	HIS
Florida Retirement System Plan:				
Total pension liability	\$ 167,030,999,000	\$ 11,768,444,801	\$ 161,370,735,088	\$ 10,249,201,290
Plan fiduciary net position	(141,780,920,515)	(113,859,055)	(148,454,393,902)	(50,774,315)
Net pension liability	<u>\$ 25,250,078,485</u>	<u>\$ 11,654,585,746</u>	<u>\$ 12,916,341,186</u>	<u>\$ 10,198,426,975</u>
Plan fiduciary net position as a percentage of the total pension liability	84.88%	0.97%	92.00%	0.50%
City of Margate, Florida:				
Share of net pension liability as a percentage	0.191181409%	0.114484765%	0.171705136%	0.111228388%
Share of net pension liability as an amount	\$ 48,273,456	\$ 13,342,725	\$ 22,178,021	\$ 11,343,546
Covered-employee payroll	\$ 29,621,599	\$ 35,583,830	\$ 26,511,396	\$ 31,764,752
City's share net pension liability as a percentage of covered-employee payroll	163%	37%	84%	36%

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

	2016		2015	
	FRS	HIS	FRS	HIS
Contractually required contribution	\$ 4,662,264	\$ 586,807	\$ 4,186,317	\$ 425,184
Contributions in relation to the contractually required contribution	4,359,684	590,692	4,074,936	334,044
Contributions deficiency (excess)	<u>\$ 302,580</u>	<u>\$ (3,885)</u>	<u>\$ 111,381</u>	<u>\$ 91,140</u>
Covered-employee payroll	\$ 29,621,599	\$ 35,583,830	\$ 26,511,396	\$ 31,764,752
Contribution as a percentage of covered-employee payroll	15%	2%	15%	1%

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

CITY OF MARGATE, FLORIDA

NOTES TO FRS PENSION SCHEDULES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2016, using the individual entry age 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 7.60%.
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 2.85%.

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, 2016, 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.

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.

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.

Housing and Urban Development (HUD) Grant 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, the General Obligation Refunding Bonds, Series 2004, and the General Obligation Refunding Bonds, Series 2016.

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 Bond Agency 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, 2016

	Special Revenue Funds	Debt Service Funds	General Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,059,719	\$ 1,044,333	\$ 1,167,750	\$ 7,271,802
Investments	3,853,135	-	1,351,960	5,205,095
Accounts receivable - net	378,802	345	396	379,543
Prepayments and other assets	46,348	-	-	46,348
Total assets	<u>9,338,004</u>	<u>1,044,678</u>	<u>2,520,106</u>	<u>12,902,788</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 133,270	\$ -	\$ 56,966	\$ 190,236
Due to other funds	128,569	-	-	128,569
Unearned revenues	268,836	-	-	268,836
Total liabilities	<u>530,675</u>	<u>-</u>	<u>56,966</u>	<u>587,641</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	88,496	-	-	88,496
Total deferred inflows of resources	<u>88,496</u>	<u>-</u>	<u>-</u>	<u>88,496</u>
FUND BALANCES				
Nonspendable:				
Prepayments and other assets	46,348	-	-	46,348
Restricted for:				
Public safety	2,192,512	-	-	2,192,512
Transportation	5,563,656	-	-	5,563,656
Culture and recreation	636,826	-	-	636,826
Debt service	-	1,044,678	-	1,044,678
Economic development	14,219	-	-	14,219
Streetlights	267,713	-	-	267,713
Assigned for:				
Capital projects	-	-	2,463,140	2,463,140
Unassigned (deficit)	(2,441)	-	-	(2,441)
Total fund balances	<u>8,718,833</u>	<u>1,044,678</u>	<u>2,463,140</u>	<u>12,226,651</u>
Total liabilities and fund balances	<u>\$ 9,338,004</u>	<u>\$ 1,044,678</u>	<u>\$ 2,520,106</u>	<u>\$ 12,902,788</u>

CITY OF MARGATE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds	Debt Service Funds	General Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ -	\$ 2,224,119	\$ -	\$ 2,224,119
Intergovernmental	2,451,000	-	-	2,451,000
Interest income	29,919	4,282	4,856	39,057
Charges for services	27,878	-	-	27,878
Fines and forfeitures	360,386	-	-	360,386
Impact fees	19,979	-	-	19,979
Miscellaneous	529,884	-	-	529,884
Total revenues	<u>3,419,046</u>	<u>2,228,401</u>	<u>4,856</u>	<u>5,652,303</u>
EXPENDITURES:				
Current:				
Public safety	109,161	-	-	109,161
Economic and physical environment	115,144	-	-	115,144
Culture and recreation	988,904	-	185,009	1,173,913
Public works	1,515,904	-	146,051	1,661,955
Debt service:				
Principal retirement	-	2,661,952	-	2,661,952
Interest and other charges	-	1,451,705	-	1,451,705
Issuance costs	-	133,148	-	133,148
Total expenditures	<u>2,729,113</u>	<u>4,246,805</u>	<u>331,060</u>	<u>7,306,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>689,933</u>	<u>(2,018,404)</u>	<u>(326,204)</u>	<u>(1,654,675)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of refunding bond	-	18,950,000	-	18,950,000
Premium on refunding bond	-	4,210,851	-	4,210,851
Payment to refunded bond escrow agent	-	(23,025,000)	-	(23,025,000)
Transfers in	5,455	1,912,304	1,201,648	3,119,407
Transfers out	(776,648)	-	-	(776,648)
Total other financing sources (uses)	<u>(771,193)</u>	<u>2,048,155</u>	<u>1,201,648</u>	<u>2,478,610</u>
Net change in fund balances	(81,260)	29,751	875,444	823,935
Fund balances - beginning	<u>8,800,093</u>	<u>1,014,927</u>	<u>1,587,696</u>	<u>11,402,716</u>
Fund balances - ending	<u>\$ 8,718,833</u>	<u>\$ 1,044,678</u>	<u>\$ 2,463,140</u>	<u>\$ 12,226,651</u>

CITY OF MARGATE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2016

	Road Fund	Impact Fees Fund	Police Officers Training Fund	Confiscated Properties Fund	State Housing Initiatives Partnership (SHIP) Fund	Housing and Urban Development (HUD) Grant Fund	Recreation Trust Fund	Northwest Focal Point Senior Center Fund	Total
ASSETS									
Cash and cash equivalents	\$ 2,599,439	\$ 924,966	\$ 85,247	\$ 520,564	\$ 282,288	\$ 126,471	\$ -	\$ 520,744	\$ 5,059,719
Investments	3,172,932	-	-	680,203	-	-	-	-	3,853,135
Accounts receivable - net	136,101	345	32	184	202	89,947	-	151,991	378,802
Prepayments and other assets	-	-	-	-	-	-	-	46,348	46,348
Total assets	<u>\$ 5,908,472</u>	<u>\$ 925,311</u>	<u>\$ 85,279</u>	<u>\$ 1,200,951</u>	<u>\$ 282,490</u>	<u>\$ 216,418</u>	<u>\$ -</u>	<u>\$ 719,083</u>	<u>\$ 9,338,004</u>
LIABILITIES									
Accounts payable and accrued expenses	\$ 77,103	\$ -	\$ -	\$ 19,029	\$ 20	\$ 1,794	\$ -	\$ 35,324	\$ 133,270
Due to other funds	-	-	-	-	-	128,569	-	-	128,569
Unearned revenues	-	-	-	-	268,251	-	-	585	268,836
Total liabilities	<u>77,103</u>	<u>-</u>	<u>-</u>	<u>19,029</u>	<u>268,271</u>	<u>130,363</u>	<u>-</u>	<u>35,909</u>	<u>530,675</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	-	-	-	-	-	88,496	-	-	88,496
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,496</u>	<u>-</u>	<u>-</u>	<u>88,496</u>
FUND BALANCES									
Nonspendable:									
Prepayments and other assets	-	-	-	-	-	-	-	46,348	46,348
Restricted for:									
Public safety	-	925,311	85,279	1,181,922	-	-	-	-	2,192,512
Transportation	5,563,656	-	-	-	-	-	-	-	5,563,656
Culture and recreation	-	-	-	-	-	-	-	636,826	636,826
Economic development	-	-	-	-	14,219	-	-	-	14,219
Streetlights	267,713	-	-	-	-	-	-	-	267,713
Unassigned:	-	-	-	-	-	(2,441)	-	-	(2,441)
Total fund balances	<u>5,831,369</u>	<u>925,311</u>	<u>85,279</u>	<u>1,181,922</u>	<u>14,219</u>	<u>(2,441)</u>	<u>-</u>	<u>683,174</u>	<u>8,718,833</u>
Total liabilities and fund balances	<u>\$ 5,908,472</u>	<u>\$ 925,311</u>	<u>\$ 85,279</u>	<u>\$ 1,200,951</u>	<u>\$ 282,490</u>	<u>\$ 216,418</u>	<u>\$ -</u>	<u>\$ 719,083</u>	<u>\$ 9,338,004</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, 2016

	<u>Road Fund</u>	<u>Impact Fees Fund</u>	<u>Police Officers Training Fund</u>	<u>Confiscated Properties Fund</u>	<u>State Housing Initiatives Partnership (SHIP) Fund</u>	<u>Housing and Urban Development (HUD) Grant Fund</u>	<u>Recreation Trust Fund</u>	<u>Northwest Focal Point Senior Center Fund</u>	<u>Total</u>
REVENUES:									
Intergovernmental	\$ 1,660,323	\$ -	\$ -	\$ -	\$ 3,834	\$ 1,799	\$ -	\$ 785,044	\$ 2,451,000
Interest income	24,034	1,508	129	2,848	438	-	163	799	29,919
Charges for services	-	-	-	-	-	-	-	27,878	27,878
Fines and forfeitures	-	-	7,305	353,081	-	-	-	-	360,386
Impact fees	-	19,979	-	-	-	-	-	-	19,979
Miscellaneous	15,175	-	-	12,025	-	-	333,710	168,974	529,884
Total revenues	<u>1,699,532</u>	<u>21,487</u>	<u>7,434</u>	<u>367,954</u>	<u>4,272</u>	<u>1,799</u>	<u>333,873</u>	<u>982,695</u>	<u>3,419,046</u>
EXPENDITURES:									
Current:									
Public safety	-	489	3,639	105,033	-	-	-	-	109,161
Economic and physical environment	-	-	-	-	260	114,884	-	-	115,144
Culture and recreation	-	-	-	-	-	-	42	988,862	988,904
Public works	1,515,904	-	-	-	-	-	-	-	1,515,904
Total expenditures	<u>1,515,904</u>	<u>489</u>	<u>3,639</u>	<u>105,033</u>	<u>260</u>	<u>114,884</u>	<u>42</u>	<u>988,862</u>	<u>2,729,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>183,628</u>	<u>20,998</u>	<u>3,795</u>	<u>262,921</u>	<u>4,012</u>	<u>(113,085)</u>	<u>333,831</u>	<u>(6,167)</u>	<u>689,933</u>
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	-	5,455	-	5,455
Transfers out	-	-	-	-	-	-	(776,648)	-	(776,648)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(771,193)</u>	<u>-</u>	<u>(771,193)</u>
Net change in fund balances	183,628	20,998	3,795	262,921	4,012	(113,085)	(437,362)	(6,167)	(81,260)
Fund balances - beginning	<u>5,647,741</u>	<u>904,313</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>
Fund balances (deficit) - ending	<u>\$ 5,831,369</u>	<u>\$ 925,311</u>	<u>\$ 85,279</u>	<u>\$ 1,181,922</u>	<u>\$ 14,219</u>	<u>\$ (2,441)</u>	<u>\$ -</u>	<u>\$ 683,174</u>	<u>\$ 8,718,833</u>

CITY OF MARGATE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
SEPTEMBER 30, 2016

	Margate Community Redevelopment Agency - Sinking Fund	Margate Community Redevelopment Agency - Escrow Account Fund	General Obligation Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 961,799	\$ 82,534	\$ 1,044,333
Accounts receivable	-	-	345	345
Total assets	<u>-</u>	<u>961,799</u>	<u>82,879</u>	<u>1,044,678</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Debt service	<u>-</u>	<u>961,799</u>	<u>82,879</u>	<u>1,044,678</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 961,799</u>	<u>\$ 82,879</u>	<u>\$ 1,044,678</u>

CITY OF MARGATE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Margate Community Redevelopment Agency - Sinking Fund	Margate Community Redevelopment Agency - Escrow Account Fund	General Obligation Debt Service Fund	Total
REVENUES:				
Property taxes	\$ -	\$ -	\$ 2,224,119	\$ 2,224,119
Interest income	-	3,143	1,139	4,282
Total revenues	<u>-</u>	<u>3,143</u>	<u>2,225,258</u>	<u>2,228,401</u>
EXPENDITURES:				
Debt service:				
Principal retirement	1,568,213	-	1,093,739	2,661,952
Interest and other charges	344,091	-	1,107,614	1,451,705
Issuance costs	-	-	133,148	133,148
Total expenditures	<u>1,912,304</u>	<u>-</u>	<u>2,334,501</u>	<u>4,246,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,912,304)</u>	<u>3,143</u>	<u>(109,243)</u>	<u>(2,018,404)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of refunding bond	-	-	18,950,000	18,950,000
Premium on refunding bond	-	-	4,210,851	4,210,851
Payment to refunded bond escrow agent	-	-	(23,025,000)	(23,025,000)
Transfers in	1,912,304	-	-	1,912,304
Total other financing sources (uses)	<u>1,912,304</u>	<u>-</u>	<u>135,851</u>	<u>2,048,155</u>
Net change in fund balances	-	3,143	26,608	29,751
Fund balances - beginning	<u>-</u>	<u>958,656</u>	<u>56,271</u>	<u>1,014,927</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 961,799</u>	<u>\$ 82,879</u>	<u>\$ 1,044,678</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, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Intergovernmental	\$ 1,581,599	\$ 1,660,323	\$ 78,724
Interest income	1,500	24,034	22,534
Miscellaneous	<u>35,000</u>	<u>15,175</u>	<u>(19,825)</u>
Total revenues	<u>1,618,099</u>	<u>1,699,532</u>	<u>81,433</u>
EXPENDITURES:			
Public works	<u>2,017,855</u>	<u>1,515,904</u>	<u>501,951</u>
Excess (deficiency) of revenues over (under) expenditures	(399,756)	183,628	583,384
Fund balances - beginning	<u>5,647,741</u>	<u>5,647,741</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,247,985</u>	<u>\$ 5,831,369</u>	<u>\$ 583,384</u>

CITY OF MARGATE, FLORIDA
SPECIAL REVENUE FUND - IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest income	\$ 500	\$ 1,508	\$ 1,008
Impact fees	<u>20,000</u>	<u>19,979</u>	<u>(21)</u>
Total revenues	<u>20,500</u>	<u>21,487</u>	<u>987</u>
EXPENDITURES:			
Public safety	<u>20,500</u>	<u>489</u>	<u>20,011</u>
Excess of revenues over expenditures	-	20,998	20,998
Fund balances - beginning	<u>904,313</u>	<u>904,313</u>	<u>-</u>
Fund balances - ending	<u>\$ 904,313</u>	<u>\$ 925,311</u>	<u>\$ 20,998</u>

CITY OF MARGATE, FLORIDA
SPECIAL REVENUE FUND - POLICE OFFICERS TRAINING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest income	\$ 100	\$ 129	\$ 29
Fines and forfeitures	<u>-</u>	<u>7,305</u>	<u>7,305</u>
Total revenues	<u>100</u>	<u>7,434</u>	<u>7,334</u>
EXPENDITURES:			
Public safety	<u>40,050</u>	<u>3,639</u>	<u>36,411</u>
Excess (deficiency) of revenues over (under) expenditures	(39,950)	3,795	43,745
Fund balances - beginning	<u>81,484</u>	<u>81,484</u>	<u>-</u>
Fund balances - ending	<u>\$ 41,534</u>	<u>\$ 85,279</u>	<u>\$ 43,745</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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
Interest income	\$ 1,500	\$ 2,848	\$ 1,348
Fines and forfeitures	-	353,081	353,081
Miscellaneous	-	12,025	12,025
Total revenues	<u>1,500</u>	<u>367,954</u>	<u>366,454</u>
EXPENDITURES:			
Public safety	<u>210,260</u>	<u>105,033</u>	<u>105,227</u>
Excess (deficiency) of revenues over (under) expenditures	(208,760)	262,921	471,681
Fund balances - beginning	<u>919,001</u>	<u>919,001</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 710,241</u></u>	<u><u>\$ 1,181,922</u></u>	<u><u>\$ 471,681</u></u>

CITY OF MARGATE, FLORIDA
SPECIAL REVENUE FUND - STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Intergovernmental	\$ 265,202	\$ 3,834	\$ (261,368)
Interest income	-	438	438
Total revenues	<u>265,202</u>	<u>4,272</u>	<u>(260,930)</u>
EXPENDITURES:			
Economic and physical environment	<u>265,202</u>	<u>260</u>	<u>264,942</u>
Excess of revenues over expenditures	-	4,012	4,012
Fund balances - beginning	<u>10,207</u>	<u>10,207</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,207</u>	<u>\$ 14,219</u>	<u>\$ 4,012</u>

CITY OF MARGATE, FLORIDA
SPECIAL REVENUE FUND - HOUSING AND URBAN DEVELOPMENT (HUD) GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Intergovernmental	\$ 569,661	\$ 1,799	\$ (567,862)
EXPENDITURES:			
Economic and physical environment	607,661	114,884	492,777
Deficiency of revenues under expenditures	(38,000)	(113,085)	(75,085)
Fund balances - beginning	110,644	110,644	-
Fund balances (deficit) - ending	<u>\$ 72,644</u>	<u>\$ (2,441)</u>	<u>\$ (75,085)</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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
Interest income	\$ 300	\$ 163	\$ (137)
Miscellaneous	<u>390,000</u>	<u>333,710</u>	<u>(56,290)</u>
Total revenues	<u>390,300</u>	<u>333,873</u>	<u>(56,427)</u>
EXPENDITURES:			
Culture and recreation	<u>300</u>	<u>42</u>	<u>258</u>
Excess (deficiency) of revenues over (under) expenditures	390,000	333,831	(56,169)
OTHER FINANCING SOURCES (USES):			
Transfers in	5,455	5,455	-
Transfers out	<u>(782,103)</u>	<u>(776,648)</u>	<u>5,455</u>
Total other financing sources (uses)	<u>(776,648)</u>	<u>(771,193)</u>	<u>5,455</u>
Net change in fund balance	(386,648)	(437,362)	(50,714)
Fund balances - beginning	<u>437,362</u>	<u>437,362</u>	<u>-</u>
Fund balances - ending	<u>\$ 50,714</u>	<u>\$ -</u>	<u>\$ (50,714)</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, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Intergovernmental	\$ 697,163	\$ 785,044	\$ 87,881
Interest income	-	799	799
Charges for services	37,000	27,878	(9,122)
Miscellaneous	<u>166,000</u>	<u>168,974</u>	<u>2,974</u>
Total revenues	<u>900,163</u>	<u>982,695</u>	<u>82,532</u>
EXPENDITURES:			
Culture and recreation	<u>1,026,944</u>	<u>988,862</u>	<u>38,082</u>
Excess (deficiency) of revenues over (under) expenditures	(126,781)	(6,167)	120,614
Fund balances - beginning	<u>689,341</u>	<u>689,341</u>	<u>-</u>
Fund balances - ending	<u>\$ 562,560</u>	<u>\$ 683,174</u>	<u>\$ 120,614</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, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Principal retirement	\$ 1,568,213	\$ 1,568,213	\$ -
Interest and other charges	<u>344,091</u>	<u>344,091</u>	<u>-</u>
Total expenditures	1,912,304	1,912,304	-
Deficiency of revenues under expenditures	<u>(1,912,304)</u>	<u>(1,912,304)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>1,912,304</u>	<u>1,912,304</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MARGATE, FLORIDA
DEBT SERVICE FUND - MARGATE COMMUNITY REDEVELOPMENT AGENCY - ESCROW ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest income	\$ 2,000	\$ 3,143	\$ 1,143
Excess of revenues over expenditures	2,000	3,143	1,143
Fund balances - beginning	<u>958,656</u>	<u>958,656</u>	<u>-</u>
Fund balances - ending	<u>\$ 960,656</u>	<u>\$ 961,799</u>	<u>\$ 1,143</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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
Property taxes	\$ 2,206,780	\$ 2,224,119	\$ 17,339
Interest income	<u>-</u>	<u>1,139</u>	<u>1,139</u>
Total revenues	<u>2,206,780</u>	<u>2,225,258</u>	<u>18,478</u>
EXPENDITURES:			
Debt service			
Principal retirement	1,093,739	1,093,739	-
Interest and other charges	1,115,744	1,107,614	8,130
Issuance costs	<u>133,148</u>	<u>133,148</u>	<u>-</u>
Total expenditures	<u>2,342,631</u>	<u>2,334,501</u>	<u>8,130</u>
Excess (deficiency) of revenues over (under) expenditures	(135,851)	(109,243)	26,608
OTHER FINANCING SOURCES (USES):			
Issuance of refunding bond	18,950,000	18,950,000	-
Premium on refunding bond	4,210,851	4,210,851	-
Payment to refunded bond escrow agent	<u>(23,025,000)</u>	<u>(23,025,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>135,851</u>	<u>135,851</u>	<u>-</u>
Net change in fund balances	-	26,608	26,608
Fund balances - beginning	<u>56,271</u>	<u>56,271</u>	<u>-</u>
Fund balances - ending	<u>\$ 56,271</u>	<u>\$ 82,879</u>	<u>\$ 26,608</u>

CITY OF MARGATE, FLORIDA
CAPITAL PROJECTS FUND - GENERAL CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Interest income	\$ -	\$ 4,856	\$ 4,856
EXPENDITURES:			
Culture and recreation	2,011,284	185,009	1,826,275
Public works	<u>294,776</u>	<u>146,051</u>	<u>148,725</u>
Total expenditures	<u>2,306,060</u>	<u>331,060</u>	<u>1,975,000</u>
Excess (deficiency) of revenues over (under) expenditures	(2,306,060)	(326,204)	1,979,856
OTHER FINANCING SOURCES:			
Transfers in	<u>1,201,648</u>	<u>1,201,648</u>	<u>-</u>
Net change in fund balance	(1,104,412)	875,444	1,979,856
Fund balances - beginning	<u>1,587,696</u>	<u>1,587,696</u>	<u>-</u>
Fund balances - ending	<u>\$ 483,284</u>	<u>\$ 2,463,140</u>	<u>\$ 1,979,856</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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
Interest income	\$ 14,000	\$ 24,831	\$ 10,831
EXPENDITURES:			
Economic and physical environment	9,614,096	627,118	8,986,978
Excess (deficiency) of revenues over (under) expenditures	(9,600,096)	(602,287)	8,997,809
OTHER FINANCING SOURCES:			
Transfers in	698,304	698,304	-
Net change in fund balance	(8,901,792)	96,017	8,997,809
Fund balances - beginning	8,994,264	8,994,264	-
Fund balances - ending	\$ 92,472	\$ 9,090,281	\$ 8,997,809

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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
Interest income	\$ 3,000	\$ 2,060	\$ (940)
Miscellaneous	<u>-</u>	<u>3,311</u>	<u>3,311</u>
Total revenues	<u>3,000</u>	<u>5,371</u>	<u>2,371</u>
EXPENDITURES:			
Economic and physical environment	<u>6,970,075</u>	<u>328,019</u>	<u>6,642,056</u>
Excess (deficiency) of revenues over (under) expenditures	(6,967,075)	(322,648)	6,644,427
Fund balances - beginning	<u>5,927,937</u>	<u>5,927,937</u>	<u>-</u>
Fund balances - ending	<u>\$ (1,039,138)</u>	<u>\$ 5,605,289</u>	<u>\$ 6,644,427</u>

CITY OF MARGATE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PERFORMANCE BOND AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2016</u>
ASSETS				
Cash and cash equivalents	\$ 212,642	\$ 92,493	\$ 75,978	\$ 229,157
Total assets	<u>\$ 212,642</u>	<u>\$ 92,493</u>	<u>\$ 75,978</u>	<u>\$ 229,157</u>
LIABILITIES				
Performance bonds payable	\$ 212,642	\$ 92,493	\$ 75,978	\$ 229,157
Total liabilities	<u>\$ 212,642</u>	<u>\$ 92,493</u>	<u>\$ 75,978</u>	<u>\$ 229,157</u>

CITY OF MARGATE, FLORIDA
WATER AND WASTEWATER ENTERPRISE FUND
DEBT SERVICE - WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2007
SEPTEMBER 30, 2016

<u>Year Ending September 30</u>	<u>Principal Due October 1</u>	<u>Interest Due October 1</u>	<u>Interest Due April 1</u>	<u>Total</u>
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>\$ 4,205,000</u>	<u>\$ 214,400</u>	<u>\$ 214,400</u>	<u>\$ 4,633,800</u>

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

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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.

108-111

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.

112-115

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.

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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>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>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 60,133,494
Restricted	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	26,152,283
Unrestricted (deficit)	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)	(32,416,624)
Total governmental activities net position	<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>	<u>\$ 53,869,153</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 46,413,559
Restricted	9,211,605	8,682,305	8,188,313	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Unrestricted	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	40,415,771
Total business-type activities net position	<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>	<u>\$ 87,329,330</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 106,547,053
Restricted	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	26,652,283
Unrestricted	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	7,999,147
Total primary government net position	<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>	<u>\$ 141,198,483</u>

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

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

	Fiscal Year									
	<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>	<u>2016</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$ 12,111,517
Public safety	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	40,320,179
Economic and physical environment	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	2,186,059
Culture and recreation	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	5,643,172
Public works	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	5,691,156
Interest expense	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	1,729,592
Total governmental activities	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	67,681,675
Business-type activities:										
Water and wastewater	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	17,268,787
Stormwater utility	593,768	891,962	886,905	1,018,322	1,083,531	953,271	1,083,291	1,035,953	1,094,793	1,239,865
Total business-type activities	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	18,508,652
Total expenses	\$ 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	\$ 86,190,327
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,994,167	\$ 1,751,138	\$ 675,000	\$ 675,000	\$ 910,386	\$ 931,193	\$ 874,971	\$ 886,109	\$ 112,679	\$ 102,527
Public safety	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	18,905,230
Economic and physical environment	-	51,932	72,588	79,092	-	-	542,850	568,145	606,746	644,712
Culture and recreation	597,017	520,052	453,120	459,054	475,564	455,773	452,487	511,007	620,378	590,480
Public works	12,270	12,505	40,176	87,866	-	-	27,863	23,209	26,793	182,365
Operating grants and contributions	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	1,234,999
Capital grants and contributions	20,000	-	-	-	215,748	526,111	-	-	-	315,776
Total governmental activities	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	21,976,089
Business-type activities:										
Charges for services:										
Water and wastewater	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	23,041,571
Stormwater utility	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	1,674,706
Operating grants and contributions	-	-	-	-	104,263	12,722	-	-	-	-
Capital grants and contributions	-	-	-	-	135,346	962,251	1,317,929	318,930	3,574,749	1,429,870
Total business-type activities	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	26,146,147
Total program revenues	\$ 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	\$ 48,122,236
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (45,705,586)
Business-type activities	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	7,637,495
Total net expense	\$ (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)	\$ (38,068,091)

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011 *	2012	2013	2014	2015	2016
General Revenues										
Governmental activities:										
Taxes:										
Property	\$ 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	\$ 16,775,348
Franchise	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	4,227,712
Utility service	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	6,549,625
Sales	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	5,255,180
Gas	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	1,518,724
Tax incremental revenue	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	4,419,493
Intergovernmental not restricted to specific program	246,850	247,201	162,534	138,318	148,025	232,758	134,625	174,228	176,397	185,753
Investment income	2,024,156	2,010,753	591,770	462,470	224,645	341,950	(116,184)	152,571	221,859	392,078
Miscellaneous	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	3,287,990
Gain on disposal of capital assets	85,238	45,895	159,014	-	-	32,564	54,385	-	69,179	26,444
Transfers	978,140	-	-	1,744,150	1,746,425	1,748,238	1,747,038	1,746,163	2,276,162	1,754,438
Total governmental activities	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	44,392,785
Business-type activities:										
Intergovernmental not restricted to specific program	-	100,000	-	-	-					
Investment income	836,168	658,652	413,199	398,577	239,740	213,458	284,897	259,292	227,561	330,676
Gain on disposal of capital assets	13,571	8,906	4,318	-	36,781	66,509	64,165	29,944	33,468	63,697
Transfers	(978,140)	-	-	(1,744,150)	(1,746,425)	(1,748,238)	(1,747,038)	(1,746,163)	(2,276,162)	(1,754,438)
Total business-type activities	(128,401)	767,558	417,517	(1,345,573)	(1,469,904)	(1,468,271)	(1,397,976)	(1,456,927)	(2,015,133)	(1,360,065)
Total primary government	\$ 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	\$ 43,032,720
Change in Net Position										
Governmental activities	\$ 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	\$ (1,312,801)
Business-type activities	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	6,277,430
Total change in net position	\$ 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	\$ 4,964,629

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

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		Franchise		Utility Service		Sales		Gas		Incremental		Total
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
2016		16,775		4,228		6,550		5,255		1,519		4,419		38,746

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved (1)	\$ 535,535	\$ 384,721	\$ 46,149	\$ 64,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	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	1,737,109
Committed	-	-	-	-	311,642	108,947	313,585	-	1,060,302	1,060,302
Assigned	-	-	-	-	7,829,551	7,173,003	6,913,495	19,076,067	22,619,686	23,935,029
Unassigned	-	-	-	-	11,222,721	14,033,380	17,263,869	7,751,670	7,956,394	8,522,225
Total general fund	<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>	<u>\$ 35,254,665</u>
All Other Governmental Funds										
Reserved (1)	\$ 489,457	\$ 9,630,093	\$ 649,361	\$ 669,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1), reported in:										
Special revenue funds	32,884,918	20,036,324	20,531,648	22,696,917	-	-	-	-	-	-
Capital projects funds	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	46,348
Restricted, reported in:										
Special revenue funds	-	-	-	-	21,236,254	22,114,987	22,563,427	8,401,957	8,751,956	8,674,926
Debt service funds	-	-	-	-	-	-	-	1,001,488	1,014,927	1,044,678
Capital projects funds	-	-	-	-	665,427	580,680	375,436	14,690,375	14,922,201	14,695,570
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	2,463,140
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	(25,005)	-	(2,441)
Total all other governmental funds	<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>	<u>\$ 26,922,221</u>

(1) Information for fiscal years 2007-2010 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 I D 11, 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property taxes	\$ 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	\$ 16,775,348
Franchise taxes	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	4,095,079
Utility service taxes	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	6,549,625
Tax incremental	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	4,419,493
Licenses and permits	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	2,213,850
Intergovernmental	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	8,467,575
Administrative services	-	-	-	-	-	-	-	-	-	1,094,941
Interest income	2,024,155	2,010,754	591,770	462,470	224,645	341,950	(116,184)	152,571	221,859	392,078
Charges for services	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	17,177,373
Rental income	-	-	-	-	495,172	526,848	542,850	568,145	606,746	644,712
Fines and forfeitures	820,791	4,700,253	653,650	679,152	595,526	1,660,712	945,328	1,049,448	862,313	750,256
Impact fees	-	-	-	-	-	-	-	-	-	19,979
Miscellaneous	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	1,507,090
Total revenues	62,557,306	68,181,237	64,502,972	63,348,488	57,537,760	60,048,614	60,170,028	61,280,227	63,083,793	64,107,399
Expenditures										
General government	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	11,327,985
Public safety	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	35,541,311
Economic and physical environment	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	2,190,024
Culture and recreation	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	5,049,683
Redevelopment projects	-	-	-	-	956,582	703,925	700,110	1,064,790	-	-
Public works	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	4,802,219
Debt service										
Principal retirement	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	2,851,608
Interest	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	1,464,264
Issuance costs	-	-	-	-	-	-	-	-	-	133,148
Capital outlay	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	111,751,470	78,317,279	72,976,871	66,820,651	58,300,575	58,314,910	59,424,199	59,447,315	60,530,532	63,360,242
Excess (Deficiency) of Revenues over (under) Expenditures	(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	747,157
Other Financing Sources (Uses)										
Issuance of refunding bond	40,070,000	-	-	7,000,000	-	-	15,559,414	-	-	18,950,000
Premium on refunding bond	-	-	-	-	-	-	-	-	-	4,210,851
Discount on general obligation debt	(99,125)	-	-	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	(15,559,414)	-	-	(23,025,000)
Capital leases	437,792	-	-	-	-	-	859,878	-	-	317,103
Proceeds from insurance recoveries	554,988	-	-	-	-	-	-	-	-	-
Transfers in	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	5,572,149
Transfers out	(306,428)	(1,889,330)	(1,492,150)	(716,510)	(484,701)	(1,328,806)	(565,114)	(18,757,031)	(6,082,160)	(3,817,711)
Total other financing sources (uses)	41,941,795	-	-	8,744,150	1,746,425	1,748,238	2,606,916	1,746,163	2,276,162	2,207,392
Net change in fund balance	\$ (7,252,369)	\$ (10,136,042)	\$ (8,473,899)	\$ 5,271,987	\$ 983,610	\$ 3,481,942	\$ 3,352,745	\$ 3,579,075	\$ 4,829,423	\$ 2,954,549
Debt service as a percentage of noncapital expenditures (restated)	2.1%	4.8%	4.8%	7.6%	7.6%	7.8%	7.4%	7.3%	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	
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%	
2016	2015	2,160,635	507,459	110,480	273,271	785,590	2,266,255	7.3093	3,718,806	60.94%	

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
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
2016	6.3402	0.9691	7.3093	7.2740	5.7230	0.3551	0.4882	1.4425	0.0320	22.6241

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

	2016			2007		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
IMT Capital II Pinebrook Pointe LLC	\$ 48,034,677	1	2.12%	\$ -	-	-
Northwest Regional Hospital Inc.	47,114,460	2	2.08%	31,763,720	2	1.07%
Florida Power & Light Company	37,201,252	3	1.64%	26,611,395	7	0.90%
Morguard Blue Isle LLC	33,326,440	4	1.47%	-	-	-
LSREF3 Peppertree LLC	29,488,940	5	1.30%	-	-	-
MHC Coral Cay Plantation LLC	27,690,000	6	1.22%	-	-	-
Behringer Harvard Margate LLC	25,536,160	7	1.13%	-	-	-
Fairfield Fairways Carolina LLC	22,804,947	8	1.01%	-	-	-
JM Auto Inc.	22,111,910	9	0.98%	29,526,000	3	1.00%
Mullinax Ford South Inc.	17,857,010	10	0.79%	20,704,690	10	0.70%
Prisa Acquisition LLC	-	-	-	47,527,920	1	1.60%
Cingular Wireless LLC	-	-	-	28,345,935	4	0.96%
Snowbirdland Vistas Inc.	-	-	-	28,101,770	5	0.95%
Fairfield Margate LLC	-	-	-	27,573,300	6	0.93%
Coral Key Investors LLC	-	-	-	26,380,830	8	0.89%
Kimco Realty Corporation	-	-	-	24,430,010	9	0.82%
Total	\$ 311,165,796		13.73%	\$ 290,965,570		9.82%

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
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%	148	20,620	99.7%
2010	2009	20,647	19,598	94.9%	58	19,656	95.2%
2011	2010	16,585	15,721	94.8%	31	15,752	95.0%
2012	2011	15,900	15,334	96.4%	(81)	15,253	95.9%
2013	2012	15,550	14,949	96.1%	(133)	14,816	95.3%
2014	2013	15,902	15,241	95.8%	181	15,422	97.0%
2015	2014	16,355	15,667	95.8%	13	15,680	95.9%
2016	2015	17,490	16,758	95.8%	-	16,758	95.8%

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

Note: Fiscal year 2007-2009 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			
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
2016	23,144 (2)	9,574	634	4,205	-	37,557	2.87%	656

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

(1) See Table 14, Demographic and Economic Statistics, for personal income and population data.

(2) Includes bond premium for GO Refunding Bonds, Series 2016 for \$4,194,000.

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 (1)	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Bonded Debt Per Capita (2)	
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	
2016	2015	2,266,255	23,144	83	23,061	1.02%	402.98	

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

(1) See the Table 6, Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found on page 116.

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	\$ 1,840,000	1.50%	\$ 27,684
Broward County	232,035	1.50%	3,491
Subtotal, overlapping debt			<u>31,175</u>
City of Margate direct debt			<u>33,352</u>
Total direct and overlapping debt			<u><u>\$ 64,527</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				
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	
2016	23,354	13,933	9,421	9,421	1,159	8.12	

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>
2007	56,597	\$ 1,149,372	\$ 20,308	4,330	3.80%
2008	53,053	1,077,400	20,308	4,106	6.10%
2009	53,207	1,080,528	20,308	4,109	9.80%
2010	53,369	1,083,818	20,308	6,097	10.60%
2011	53,714	1,271,303	23,668	7,142	9.30%
2012	55,116	1,304,485	23,668	7,140	7.50%
2013	55,245	1,226,936	22,209	7,118	5.60%
2014	55,417	1,197,783	21,614	7,172	5.20%
2015	55,851	1,240,283	22,207	7,297	4.90%
2016	57,226	1,309,045	22,875	7,446	4.60%

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>	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Global Response Corporation	1,210	1	3.98%	-	-	-
Northwest Medical Center	1,067	2	3.51%	1,400	1	8.46%
City of Margate, Florida	551	3	1.81%	617	3	3.73%
Broward County Schools	428	4	1.41%	438	5	2.65%
JM Lexus	422	5	1.39%	230	7	1.39%
Walmart	303	6	1.00%	385	6	2.33%
Nationwide Move Management *	267	7	0.88%	-	-	-
Publix	200	8	0.66%	535	4	3.23%
Penn Dutch	170	9	0.56%	210	8	1.27%
Autonation Ford Margate	148	10	0.49%	-	-	-
Wyndham Vacation Resort	-	-	-	780	2	4.71%
Maroone Ford	-	-	-	203	9	1.23%
United States Postal Service	-	-	-	129	10	0.78%
Total	<u><u>4,766</u></u>		<u><u>15.69%</u></u>	<u><u>4,927</u></u>		<u><u>29.78%</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.

* - Formerly Nationwide Relocation Services

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

	<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>	<u>2016</u>
Function/Program										
General government										
City commission	5	5	5	5	5	5	5	5	5	5
City manager	5	5	6	6	6	6	6	7	6	4
Economic development	0	0	0	0	0	5	5	7	7	9
Finance	21	20	19	19	19	20	20	20	21	12
Human resources	8	8	7	7	5	6	6	6	6	6
City clerk	9	8	6	6	6	6	7	7	7	7
City attorney	2	2	1	1	1	1	1	1	1	1
Building	18	18	15	15	19	14	13	13	11	11
Information technology	7	7	7	7	7	7	6	5	5	6
Police										
Officers	120	120	111	111	107	107	110	111	111	112
Non-certified personnel	94	91	83	81	75	75	69	40	39	35
Fire										
Firefighter/Paramedics	104	105	104	105	108	107	107	108	108	116
Firefighters/EMTs	5	4	3	3	2	2	2	2	2	2
Non-certified personnel	2	2	2	2	2	2	2	2	2	2
Public works										
Administration	5	5	5	4	3	3	3	3	4	4
Building	12	12	10	10	9	9	9	9	8	7
Garage	12	12	10	10	10	10	10	10	8	9
Transportation	13	13	12	11	0	0	0	0	0	0
Roads	6	4	4	3	3	3	3	3	3	3
Stormwater utility	8	8	8	9	9	9	9	9	10	10
Parks and recreation	77	74	59	57	53	56	46	47	55	50
Environmental & engineering services										
Treatment	40	39	38	40	40	38	39	38	37	36
Transmission, distribution & collection	28	30	30	30	30	30	30	30	31	32
Utility Billing *	0	0	0	0	0	0	0	0	0	6
Administration & engineering	16	16	16	17	18	15	15	15	15	16
Total	<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>	<u>501</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.

* - Utility Billing was previously included in Finance.

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

	Fiscal Year									
	<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>	<u>2016</u>
General Government										
Building permits issued	7,355	4,909	4,537	4,893	3,922	3,998	4,371	4,441	4,836	4,722
Lien inquiries	1,270	1,020	2,888	2,640	1,873	2,389	2,204	1,777	2,241	2,147
Police										
Physical arrests	2,051	3,029	2,964	2,346	1,858	1,713	1,528	1,024	1,046	1,025
Parking citation	694	502	209	124	80	62	63	63	118	81
Traffic citation	8,102	12,404	8,960	8,401	5,945	5,555	5,447	4,816	5,097	5,253
Fire										
Emergency Responses	14,915	15,158	13,892	14,155	14,062	14,450	14,585	14,950	15,089	16,390
Inspections	2,814	2,368	1,075	2,239	2,137	2,488	2,877	2,849	2,782	3,360
Public works										
Total route miles - Margate mini buses	70	70	62	62	46	46	46	57	58	67
Transit passengers - Margate mini buses	188,119	159,483	140,822	117,037	109,996	67,935	60,560	66,198	62,981	71,323
Culture and Recreation										
Pool Admissions	53,387	33,132	33,309	32,508	37,230	33,345	32,052	37,795	50,958	39,477
Summer Camp Participants	360	238	185	167	150	191	172	179	198	209
Library circulation	161,741	181,200	177,164	168,725	160,098	149,464	161,766	124,833	114,456	100,171
Environmental and engineering services										
Water and wastewater system										
Number of billed accounts monthly	16,657	16,738	16,776	16,781	16,770	16,775	16,771	16,779	16,811	16,811
Average number of gallons of water consumed daily (thousands of gallons)	7,897	7,752	7,933	7,823	7,983	7,762	6,945	7,425	6,777	6,462
Average number of gallons of wastewater treated daily (thousands of gallons)	7,053	6,900	7,125	6,551	6,808	6,940	6,900	6,602	6,246	6,484

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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)	95	94	91	91	101	112	116	115	89	89
Administrative buildings - Fire	0	0	0	0	0	0	1	1	1	1
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of fire engines	8	8	8	8	8	10	10	10	7	5
Number of rescue transport vehicles	9	9	9	9	9	9	9	9	7	5
Public works										
Public roads (miles)	110.49	110.49	110.49	110.71	110.71	110.71	110.71	110.71	110.71	110.71
City roads (miles)	100.91	100.91	100.91	101.28	101.28	101.28	101.28	101.28	101.28	101.28
Transit-minibuses	6	6	6	6	6	4	4	4	4	4
Culture and Recreation										
Number of parks	18	18	18	18	18	19	19	19	19	19
Park acreage	131.90	131.90	131.90	131.90	131.90	131.90	131.90	131.90	132	131.90
Conservation land use (acres)	56.31	56.31	52.24	52.24	52.24	52.24	52.24	52.24	52.24	52.24
Community Center	1	1	1	1	1	1	1	2	2	2
Libraries	1	1	1	1	1	1	1	1	1	1
Environmental and engineering services										
Administrative buildings	1	1	1	1	1	1	1	1	1	1
Water and Wastewater System										
Miles of water mains	207.77	209.69	211.33	211.46	211.51	211.51	211.51	211.27	211	212
Miles of wastewater mains	176.29	176.29	185.07	174.68	176.42	176.42	176.42	176.68	178	179
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	20,000

Sources: Various City departments.

Compliance Section

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INDEPENDENT AUDITOR'S 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 and
Members of the City Commission
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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 1, 2017.

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 were not 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited City of Margate, Florida's (the "City") compliance with the types of compliance requirements described in *the OMB 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, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

CPA's + Trusted Advisors

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Margate, Florida (the "City") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 1, 2017.

Auditor's 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 1, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of findings and recommendations made in the preceding annual financial audit report are discussed in the accompanying Schedule of Findings and Questioned Costs, Part E.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Margate, Florida was incorporated as a municipality in 1961 under Chapter 30962, Laws of Florida, Acts of 1955. The City includes the following blended component units: Margate Community Redevelopment Agency (CRA) established under the authority of Florida Statute Chapter 163, Section III in 1996 and the Northwest Focal Point Senior Center (Center) was established as a dependent special district in August 2009 by the City of Margate Ordinance 2009-11.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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 same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City, for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings in the current year.

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 Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE MCCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415 FLORIDA STATUTES

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

We have examined the City of Margate, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. 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, 2016.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

**CITY OF MARGATE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Agency Pass-through Entity Federal Program	CFDA Number	Grant Number	Expenditures
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	B-14-MC-12-0045	\$ 1,872
Community Development Block Grant	14.218	B-15-MC-12-0045	1,579
Community Development Block Grant - NSP 1	14.218	B-08-MN-12-0015	24,799
Subtotal			<u>28,250</u>
Pass-through Broward County			
Community Development Block Grant - HOME	14.239	14-HFCD-136-HOME	1,360
<i>Total U.S. Department of Housing and Urban Development</i>			<u>29,610</u>
<i>U.S. Department of Homeland Security</i>			
Assistance to Firefighters Grant	97.044	EMW-2014-FO-02118	289,333
<i>Total U.S. Department of Homeland Security</i>			<u>289,333</u>
<i>U.S. Department of Transportation Federal Highway Administration</i>			
Pass-through University of South Florida Board of Trustees			
Pedestrian and Bicycle Safety Enforcement Campaign	20.205	BDV25	13,253
<i>Total U.S. Department of Transportation Federal Highway Administration</i>			<u>13,253</u>
<i>U.S. Department of Justice</i>			
Pass-through Broward Sheriff's Office			
Edward Byrne Memorial Justice			
Assistance Grant Program	16.738	2014-DJ-BX-0394	5,076
Pass-through Florida Office of the Attorney General			
Crime Victim Assistance	16.575	V073-14155	40,628
Bulletproof Vest Partnership Program	16.607	N/A	6,411
Equitable Sharing Program	16.922	N/A	65,729
Organized Crime Drug Enforcement Task Force	16.xxx	N/A	12,577
<i>Total U.S. Department of Justice</i>			<u>130,421</u>
<i>U.S. Department of Treasury</i>			
Pass-through Broward Sheriff's Office			
Equitable Sharing Program	21.000	N/A	14
<i>Total U.S. Department of Treasury</i>			<u>14</u>
<i>U.S. Department of Health and Human Services</i>			
Pass-through Areawide Council on Aging of Broward County			
Older Americans Act IIIB - 2015	93.044	JA115-08-2015	77,652
Older Americans Act IIIB - 2016	93.044	JA116-08-2016	156,325
Subtotal			<u>233,977</u>
Older Americans Act IIIE - 2015	93.052	JA115-08-2015	1,199
Older Americans Act IIIE - 2016	93.052	JA116-08-2016	2,154
Subtotal			<u>3,353</u>
Energy Assistance - 2016	93.568	JP115-08-2016	9,823
Energy Assistance - 2017	93.568	JP116-08-2017	12,793
Subtotal			<u>22,616</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>259,946</u>
<i>Executive Office of the President</i>			
Pass-through Broward Sheriff's Office			
High Intensity Drug Trafficking Area (HIDTA)	95.001	N/A	53,272
Pass-through Monroe County Sheriff's Office			
High Intensity Drug Trafficking Area (HIDTA)	95.001	N/A	12,615
Pass-through Broward County Healthcare Coalition, Inc.			
ALS Competition	93.889	N/A	2,222
<i>Total Executive Office of the President</i>			<u>68,109</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 790,686</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF MARGATE, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2 – Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City of Margate, Florida.

Note 3 – Indirect Cost Rate

The City did not elect to use the 10 percent de minimis indirect cost rate.

City of Margate, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of the City of Margate, Florida were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal program are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The independent auditor's report on compliance for each major federal program for the City of Margate, Florida expresses an unmodified opinion.
6. No audit findings relative to the major federal program for the City of Margate, Florida, are reported in Part C of this schedule.
7. The program tested as a major program is as follows:

Federal Program:

Federal CFDA No.

United States Department of Homeland
Security - Assistance to Firefighters
Grants

97.044

8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000 for the major federal programs.
9. The City of Margate, Florida was determined to be a low-risk auditee pursuant to the Uniform Guidance.

B. Findings - Financial Statements Audit

No matters are reported.

C. Findings and Questioned Costs - Major Federal Award Programs

No matters are reported.

D. Other Issues

1. No Corrective Action Plan is required because there were no findings reported under the Uniform Guidance.

E. Summary Schedule of Prior Audit Findings - Major Federal Award Programs

Finding: 2015-001 - Controls over grants

Status: City's 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 investigation report is in process. The final forensic report will need approval for release by law enforcement.

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

Condition: During the testing of eligibility, it was 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 credited for completeness.

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

Cause: During the fiscal year ending September 30, 2015, it appeared that the City did not have proper controls over applicant files.

Recommendation: It was recommended that procedures be implemented requiring written approval of each grant award by the grant manager and the director of 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 April 18, 2016, final results have not been presented to City management.

