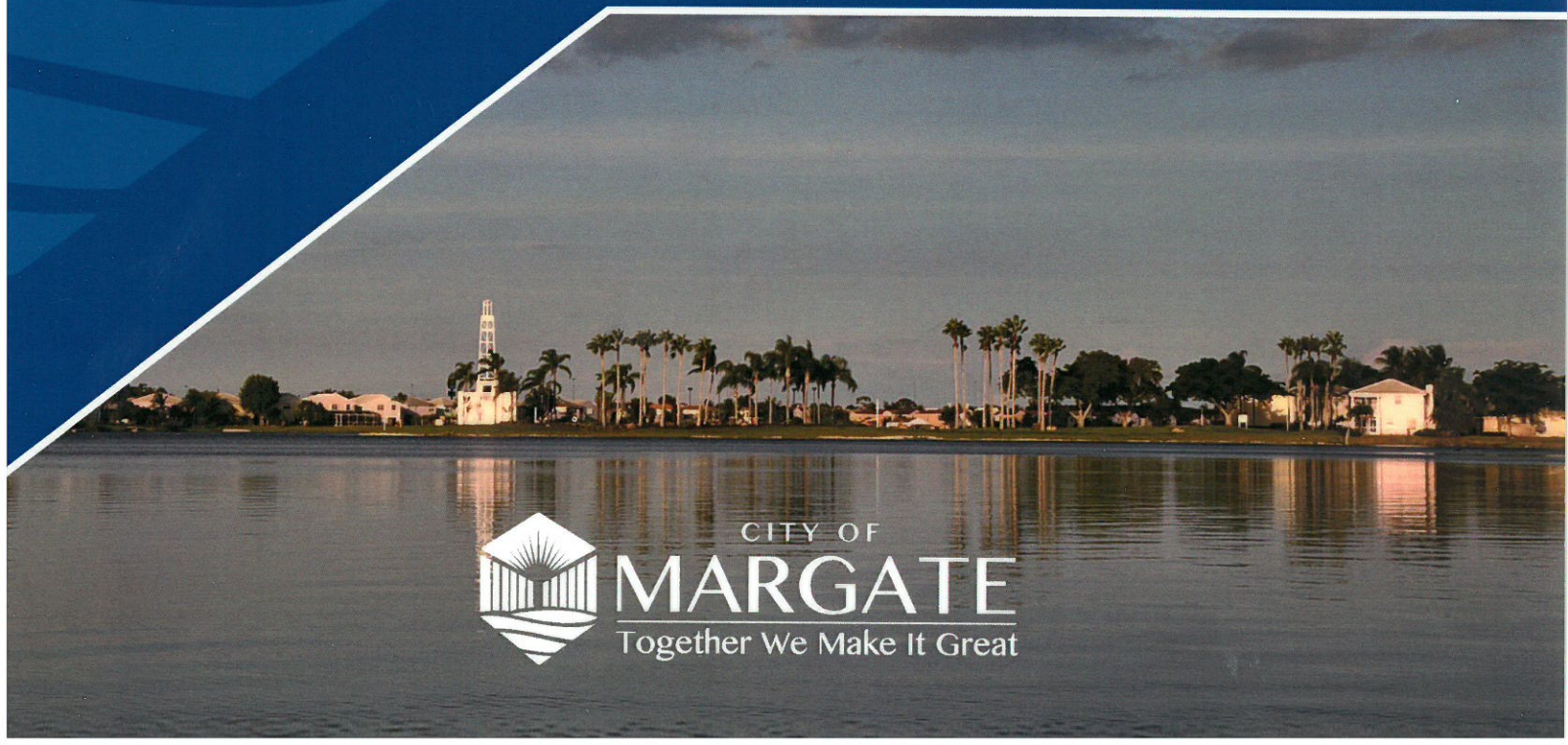


City of Margate, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2017



CITY OF
MARGATE
Together We Make It Great

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF MARGATE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

Prepared by the
Finance Department

Mary Beazley, Finance Director
Kelly Schwartz, Assistant Finance Director

ABOUT THE COVER

Top: This photo of Calypso Cove Aquatic Facility was taken by Alison Saffold, City Manager's Office.

Bottom: This photo submitted by Margate resident Tony Spavento won the November 2017 Photo of the Month contest. This beautiful shot is called "Coral Bay Lake, All is Calm."

Cover Design: Alison Saffold, City Manager's Office

City of Margate, Florida

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INTRODUCTORY SECTION



City Commission

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

City Manager

Samuel A. May

Interim City Attorney

Goren, Cherof,
Doody & Ezrol, P.A.

City Clerk

Joseph J. Kavanagh

March 8, 2018

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, 2017. 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, 2017, 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, 2017. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

As a recipient of federal, state, and county financial assistance, the City is subject to annual single audits in conformity with the 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 of the State of Florida. Expenditures of federal and state awards were below the applicable thresholds for the fiscal year ended September 30, 2017. Therefore, the City was not required to have an audit in accordance with the Uniform Guidance or the Florida Single Audit Act.

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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www.margatefl.com • finance@margatefl.com

Profile of the City of Margate

The City of Margate, (the “City”), was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. In 1961, the Town of Margate was incorporated as a City. The City is located in southeastern Florida in Broward County. It encompasses an area of approximately 9 square miles with a population of approximately 57,900. The U.S. Census Bureau lists a median household income of \$42,430.

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 28 and 29 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 1,750 registered businesses in the City that range from small local stores and service companies, to national and international corporate headquarters. It is home to some major employers including Global Response Corporation (1,410 employees), Northwest Medical Center (930 employees), Broward County Schools (430 employees), JM Lexus (399 employees), Walmart (256 employees), and Qology (180 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 2.3% homeowner vacancy rate and 6.3% rental vacancy rate. The City has mitigated the effects of the foreclosure crisis through property maintenance ordinances and code compliance.

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 \$2.6 billion for FY 2017 is an increase of 8% from FY 2016. 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 8% for condominiums and 7% for single family homes between FY 2016 and FY 2017, 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.

The following development projects are currently in construction or in development/permit review:

- New six-story, 100 unit apartment building, known as Arbor View, is currently under construction at 3100 North State Road 7; construction is expected to be completed in early 2018.
- A self-storage facility (NUVO storage) located at 780 South State Road 7 was approved with plans for future infill development to the south.
- A Burger King with accompanying 3,000 square foot retail building was approved at the 2900 block of North State Road 7. Both are currently under construction and expected to be completed in 2018.
- A new Wawa gas station with 6,000 square foot convenience market was approved at 2000 North State Road 7. The gas station opened in February 2018; there is interest in future infill development on the adjacent vacant parcels.
- A new retail shell building in Peppertree Plaza located at 5594 West Sample Road is under construction and nearing completion.
- Dandee Donuts and Blossman Gas were approved and will be located at 3101 North State Road 7.
- Cumberland Farms gas station with 4,960 square foot convenience market proposed to be located at 5485 West Atlantic Boulevard is in the permitting process.
- The Northwest Medical Center is in the permitting process for a tower addition, and a new parking garage is nearing completion.
- Lennar Homes project on the south parcel of Celebration Pointe development with 160 Townhomes is in permitting.
- Rising Tide Carwash, located at 2970 North State Road 7, is now open for business.

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 CRA worked on the following projects including David Park Improvements which consisted of new playground equipment and new safety poured-in-place rubber surfacing installed; Sports Complex Covered Sports Field (design phase); and Copans Road Median Improvements (design phase).

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. In February 2017, the fund balance policy was amended to commit an additional \$20,030 from the Student Involvement fund balance and the Residents Projects fund balance to increase committed fund balance to \$1,080,332. In addition, a separate bank account was set up for these monies and any interest earned will be added to committed fund balance. All other portions of the fund balance policy remained the same.

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.

As of September 2017, the City's average unemployment rate was 3.7% which was the same as the State of Florida, but lower than last year's rates of 4.6% and 5.0% respectively. 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 39 of this report.

For fiscal year 2017, the City experienced an additional increase in municipal taxable property value based on total real property of approximately \$179 million (8%). The City's total millage of 7.0593 in FY 2017 is a decrease from FY 2016 total millage of 7.3093 (3.4%). 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). The City was recently named the fourth safest City in Florida by SafeHome.org. In addition, the Police Department completed its re-accreditation with the Commission for Florida Law Enforcement Accreditation (CFLEA). The Department has been accredited with CFLEA since 1997 and was first accredited by the Commission on Accreditation for Law Enforcement Agencies in 1994. Also, the Fire Department's Advanced Life Support (ALS) team won the Florida Cup, making this the third time the team won the Cup in six years.

Major Initiatives and transitions

General government initiatives include:

- Department Directors and City Commissioners began working to develop a new Strategic Plan for FY 2018 to 2022.
- A City Commission Monthly Report was developed in March 2017 and provides the Commission with information by Department on major projects, initiatives, and accomplishments.
- The City launched a new website in November 2017 to enhance communication with residents and increase community engagement.
- The City increased the use of electronic payments utilizing various vendors for utility payments with over 54% of payments being received in an electronic format.

- The City continued to use electronic media to get important City news out to the public via Facebook, Twitter, and a smart phone app which proved invaluable in relaying critical information to the public related to Hurricane Irma.
- Current governmental capital projects completed in FY 2017 included Holiday Springs Boulevard improvements (irrigation/landscaping); Southeast Park Improvements design; Sports Complex Improvements (home run fencing, shade canopies, and receipt of fitness equipment/batting cages for installation in FY 2018); Marina Improvements design; City Hall impact windows; Senior Center flooring; and a new network server system.
- Current Department of Environmental and Engineering Services (DEES) projects include the ongoing Electronic Meter Reading project (real-time monitoring/storage of water consumption data); Water Meters/Service Connection project construction; Water/Wastewater Equipment Replacement (pumps, fans, blowers, motors, tanks, etc. for treatment plants and force main projects); Sewer Line Replacement project construction; and GIS applications development (mobile and online).
- City staff worked diligently on Hurricane Irma related tasks to ensure a smooth transition for pre-storm, during the storm, and post-storm issues.
- Over the past seven years, the City has used reserves to help balance the budget. Budget savings were realized in areas, such as contracts, consultants, and other fees.

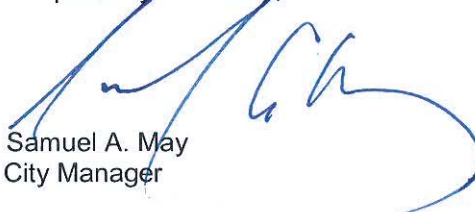
Awards and Acknowledgements

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, 2016. This was the twenty-ninth 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, 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,



Samuel A. May
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, 2016

Christopher P. Morrell

Executive Director/CEO

CITY OF MARGATE, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2017

ELECTED OFFICIALS
CITY COMMISSION

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

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

APPOINTED OFFICIALS

CITY MANAGER
Samuel A. May

CITY ATTORNEY
Douglas R. Gonzales

CITY CLERK
Joseph J. Kavanagh

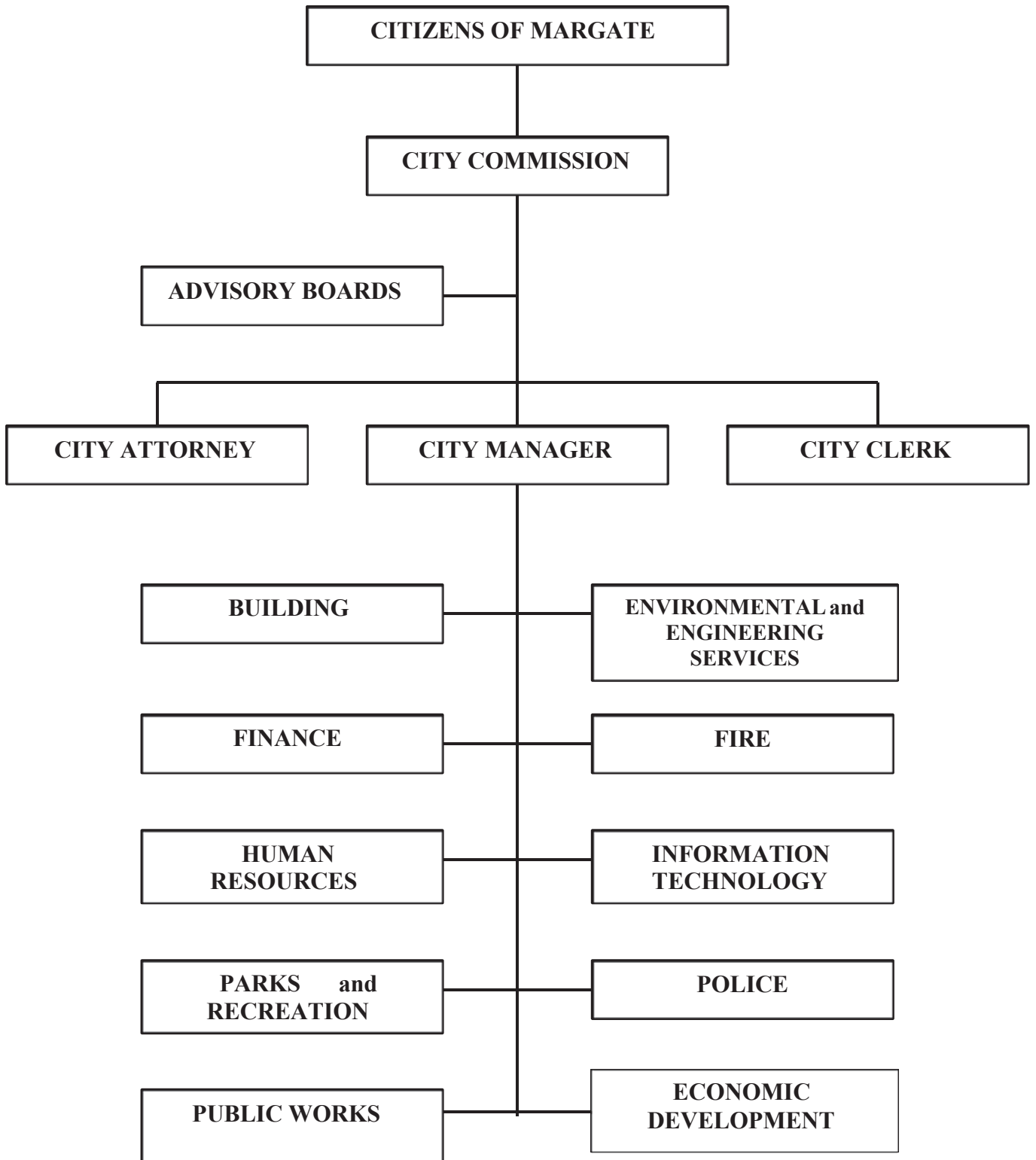
DEPARTMENT DIRECTORS

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

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

Richard R. Nixon
Reddy Chitepu, P.E.
Reddy Chitepu, P.E.
Mary Beazley
Dan Booker, MPA, EFO
Jacqueline M. Wehmeyer,
SPHR, IPMA-CP
James Wilbur, CGCIO
Michael A. Jones, CPRP
Dana Watson
Nick Cucunato, LEED AP
Karin Diaz
Samuel A. May

CITY OF MARGATE, FLORIDA
ORGANIZATIONAL CHART



FINANCIAL SECTION

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 (the "City"), as of and for the year ended September 30, 2017, 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.

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, 2017, 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.

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 4 through 13 and 68 through 74, 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 8, 2018, 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 8, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

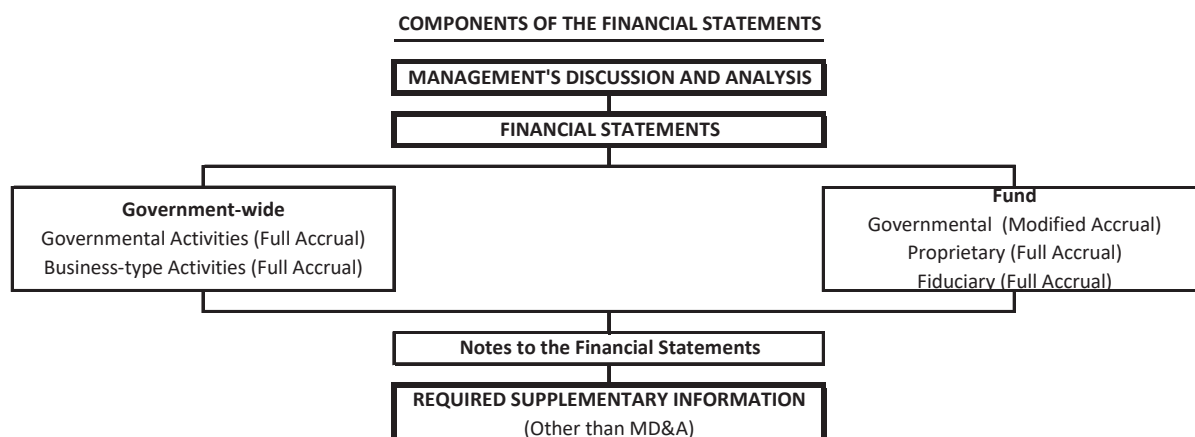
As management of the City of Margate, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. Since the management's discussion and analysis (MD&A) is designed to 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 2017 by \$141.6 million (*net position*). Of this amount, \$8.3 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 \$400,000 in comparison to the prior year. The business-type activities' net position increased by \$4.9 million, while the net position of governmental activities decreased by \$4.5 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$65.4 million, an increase of \$3.2 million in comparison with the prior year. Approximately 53.3% 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 \$9.4 million, or 16.4% of total General Fund expenditures.
- The City's total debt (bonds and capital leases) decreased by \$2.6 million, with debt for governmental activities decreasing by \$1.6 million, and debt for business-type activities decreasing by \$990,000.

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.



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 14 - 15 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.

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

The City maintains 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 Sinking Fund, Margate Community Redevelopment Agency Escrow Account 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 16 through 21 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 22 through 26 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 27 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 28 through 63 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 75 of this report.

Government-wide Financial Analysis

Summary of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$ 141.6 million at the close of the most recent fiscal year.

Net Position (in thousand dollars)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 74,859	\$ 70,240	\$ 56,003	\$ 52,141	\$ 130,862	\$ 122,381
Capital assets	86,341	87,880	51,934	50,468	138,275	138,348
Total assets	161,200	158,120	107,937	102,609	269,137	260,729
Pension related deferred outflows	29,247	23,209	2,664	2,109	31,911	25,318
Deferred charges on refunding	-	-	113	151	113	151
Total deferred outflows of resources	29,247	23,209	2,777	2,260	32,024	25,469
Non-current liabilities	130,920	119,379	13,854	13,544	144,774	132,923
Other liabilities	5,026	4,159	4,159	3,640	9,185	7,799
Total liabilities	135,946	123,538	18,013	17,184	153,959	140,722
Pension related deferred inflows	5,172	3,922	471	356	5,643	4,278
Net Position:						
Net investment in capital assets	60,215	60,133	48,832	46,414	109,047	106,547
Restricted	23,719	26,153	500	500	24,219	26,653
Unrestricted (deficit)	(34,605)	(32,417)	42,898	40,415	8,293	7,998
Total net position	\$ 49,329	\$ 53,869	\$ 92,230	\$ 87,329	\$ 141,559	\$ 141,198

By far the largest portion of the City's net position (77%) reflects its investment in capital assets (for example, land, intangibles, improvements other than buildings, buildings, infrastructure, equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets increased by \$ 2.5 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 (17.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 8.3 million (5.9%) 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 approximately \$ 400,000, from the prior fiscal year as a direct result of operations.

Changes in Net Position

The following schedule is a summary of the City's operations for fiscal year 2017 with comparative information for fiscal year 2016:

	Changes in Net Position (in thousand dollars)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 23,406	\$ 21,520	\$ 25,571	\$ 24,716	\$ 48,977	\$ 46,236
Operating grants and contributions	1,673	1,235	162	-	1,835	1,235
Capital grants and contributions	-	315	754	1,430	754	1,745
General revenues:						
Ad valorem taxes	17,565	16,775	-	-	17,565	16,775
Tax incremental revenues	4,978	4,419	-	-	4,978	4,419
Other taxes	17,905	17,552	-	-	17,905	17,552
Intergovernmental	193	186	-	-	193	186
Investment income	594	392	345	330	939	722
Other	2,586	2,221	9	64	2,595	2,285
Total revenues	68,900	64,615	26,841	26,540	95,741	91,155
Expenses:						
Program Expenses:						
General government	15,566	12,112	-	-	15,566	12,112
Public safety	44,439	40,320	-	-	44,439	40,320
Economic and physical environment	1,656	2,186	-	-	1,656	2,186
Culture and recreation	6,172	5,643	-	-	6,172	5,643
Public works	6,402	5,691	-	-	6,402	5,691
Debt service	987	1,730	-	-	987	1,730
Water and wastewater utility	-	-	18,353	17,269	18,353	17,269
Stormwater utility	-	-	1,805	1,240	1,805	1,240
Total expenses	75,222	67,682	20,158	18,509	95,380	86,191
Increase (decrease) in net position before transfers	(6,322)	(3,067)	6,683	8,031	361	4,964
Transfers	1,782	1,754	(1,782)	(1,754)	-	-
Increase (decrease) in net position	(4,540)	(1,313)	4,901	6,277	361	4,964
Net position, October 1	53,869	55,182	87,329	81,052	141,198	136,234
Net position, September 30	\$ 49,329	\$ 53,869	\$ 92,230	\$ 87,329	\$ 141,559	\$ 141,198

Revenues: For fiscal year ended September 30, 2017, revenues from governmental activities totaled \$ 68.9 million. This was an increase of \$ 4.3 million, or 6.6%, 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 \$ 559,000, or 12.7%. This is the tax revenue that the CRA collects from the City, Broward County and the North Broward Hospital District. These taxes are based on the incremental increase of the real property value and are dedicated to the redevelopment of the area and cannot be used for general governmental purposes.

The City's taxable value increased 8% from fiscal year 2016. The net increase in ad valorem taxes was approximately \$790,000 million or 4.7%.

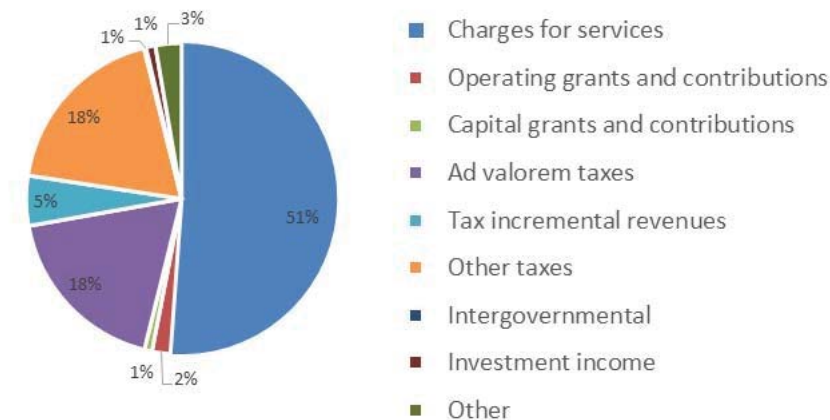
Other changes in governmental activities resulted from the following:

- Charges for services experienced an increase of approximately \$ 1,886,000 or a 8.8% increase over fiscal year 2016 due to increased demand for services.
- Other taxes of the governmental activities, which include gas taxes, utility service taxes, franchise taxes and other taxes increased by approximately \$ 353,000, or 2%. These taxes are tied to usage by the public, so the increase is linked to the continuing recovery of the economy.
- Intergovernmental revenues increased slightly by 4% which resulted in an additional \$7,000 for the City.
- Investment income increased by 52% which resulted in an additional \$ 202,000 for the City due to increased rates.
- Other revenues increased by \$367,000 (16.4%) for the City.
- Capital grants and contributions decreased by approximately \$315,000 due to grants received in 2016 for public safety equipment being a one-time award.
- Operating grants and contributions increased by approximately \$438,000, a 35.5% increase from the previous year. This was largely due to anticipated revenues resulting from Hurricane Irma.

For fiscal year ended September 30, 2017, revenues from business-type activities totaled \$ 26.8 million. This was an increase of \$ 301,000, or 1.1%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

- Business-type charges for services increased by \$ 855,000 to approximately \$ 25.6 million. This increase is approximately 3.5% due to rate increases and increased consumption.
- Capital grants and contributions decreased by approximately \$676,000 in fiscal year 2017 mainly due to a decrease from capital contributions from developers while operating grants and contributions increased by \$162,000 due to Hurricane Irma.
- Investment income increased slightly by 4.5% which resulted in an additional \$15,000 for the City.
- Other revenues decreased by \$55,000 (85.9%) for the City.

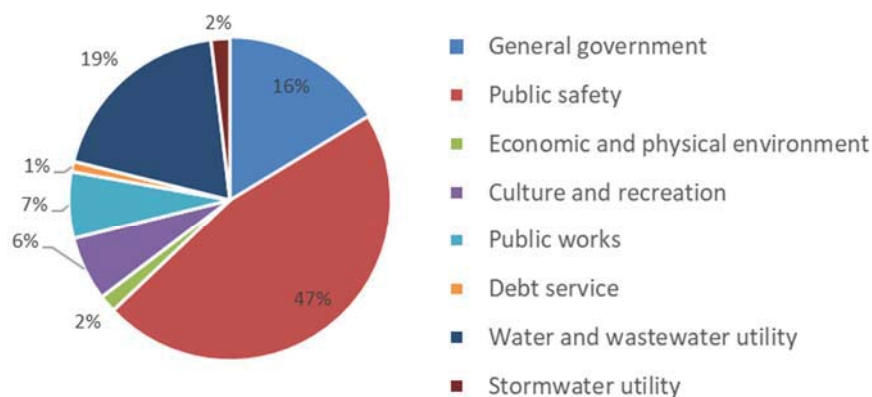
Sources of Revenue: Government-wide for Fiscal Year 2017



Expenses: For fiscal year ended September 30, 2017, expenses for governmental activities totaled \$ 75.2 million, which was an increase of approximately \$ 7.5 million from prior year expenses. This increase was primarily due to an increase in pension expense related to net pension liability for \$ 4.3 million, as well as increases in general government, public safety, and culture and recreation from increases in personnel costs and capital projects. This increase was offset by decreases in economic and physical environment and debt service for approximately \$ 1.3 million, mainly as a result of a decrease in grant related expenses and unfilled positions.

For the fiscal year ended September 30, 2017, expenses for business-type activities totaled \$ 20.2 million or an increase of \$ 1.7 million from prior year expenses. The increase of \$ 1.1 million of expenses in the Water and Wastewater Fund and the increase of \$ 565,000 of expenses in the Stormwater Utility Fund resulted from increased other costs of sales, maintenance, and services; depreciation; and capital related purchases.

Functional Expenses: Government-wide for Fiscal Year 2017



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 \$ 65.4 million in fund balance, including \$ 9.4 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 \$ 35.9 million of which \$ 46,000 is nonspendable, \$ 3.4 million is restricted, \$ 1.1 is committed, \$ 21.9 million is assigned for future obligations, and \$ 9.4 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 (\$ 9.4 million) represents 16.4% of total General Fund expenditures, while total fund balance represents 62.5% of that same amount.

The fund balance of the City's General Fund increased by \$ 651,000. 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, capital related expenditures, and storm related expenditures from Hurricane Irma.

The following Margate Community Redevelopment Agency (CRA) funds were reported as major funds: Trust Fund, Sinking Fund, Escrow Account Fund, Capital Improvement Fund, and Loan Proceeds Fund. The Trust Fund had a zero fund balance at the end of the current fiscal year end. This was the result of a transfer of monies to the CRA Capital Improvement Fund and the Sinking Fund at year end as required by Florida Statutes. The Sinking Fund had an ending fund balance of \$ 516,000 while the Escrow Account Fund had an ending fund balance of \$ 967,000 which may both be used to pay debt service. The Capital Improvement Fund had a total fund balance of \$ 8.8 million at the end of the current fiscal year, all of which is restricted for future redevelopment projects. The decrease in the fund balance of the Capital Improvement Fund of \$ 305,000 during the current fiscal year was mainly due to on-going 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 increased by \$ 7,570 during the year due to interest income earned during the year.

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

The unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$ 41.6 million and \$ 1.3 million in the Stormwater Utility Fund. The Water and Wastewater Fund experienced a \$ 4.8 million increase in net position, while the Stormwater Utility Fund reported a \$ 122,000 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 2017 the City's self-insurance fund, the General Insurance Fund, had assets of \$ 4.1 million and liabilities of approximately \$ 3.7 million of which approximately \$ 3.5 million represented estimated claims payable. Ending fund balance was \$ 403,000. This is a decrease of \$ 131,000 from the prior year mainly due to an increase in claim estimates.

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 \$ 3,800, and a reclassification of the cost allocation to charges for services from miscellaneous revenue. Overall expenditures including transfers out increased approximately \$ 2.1 million with the main movement between general government and public safety related to lease proceeds; salary and wage increases; capital items; 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. The final budget to actual revenues resulted in an increase of approximately \$ 3.8 million. This was primarily due to increases in charges for services (\$ 846,000); licenses and permits (\$ 1.0 million) from the addition of housing, hospital expansion, and new businesses, etc. being constructed throughout the City; and utility service taxes (\$ 664,000) due to an increase in water rates and consumption.

Total General Fund expenditures were less than final budgeted by \$ 4 million. The majority of this favorable budget was recognized in the various operating cost line item expenditures throughout the General Fund due mainly from vacant budgeted positions and cost control measures.

	Original Budget	Final Budget	Actual Amounts
Revenues:			
Property taxes	\$ 15,810,000	\$ 15,810,000	\$ 16,062,719
Permits, fees, and other taxes	11,862,000	11,862,000	13,846,423
Intergovernmental	5,710,438	5,710,438	5,910,263
Charges for services	17,060,240	18,219,500	19,065,315
Other	3,008,917	1,853,498	2,374,260
Total revenues	53,451,595	53,455,436	57,258,980
Total expenditures	59,465,939	61,402,655	57,428,875
Excess (deficiency) of revenues over (under) expenditures	(6,014,344)	(7,947,219)	(169,895)
Other financing sources (uses):			
Capital leases	-	969,242	969,242
Transfers in	1,781,501	1,781,501	1,781,501
Transfers out	(1,750,000)	(1,929,807)	(1,929,807)
Total other financing sources (uses)	31,501	820,936	820,936
Net change in fund balances	\$ (5,982,843)	\$ (7,126,283)	\$ 651,041

City of Margate, Florida
Management's Discussion and Analysis
September 30, 2017

Capital Assets: The City's capital assets for its governmental and business-type activities as of September 30, 2017, amount 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 28,717	\$ 28,717	\$ -	\$ -	\$ 28,717	\$ 28,717
Intangibles	3,228	3,015	-	-	3,228	3,015
Construction in progress	804	318	5,478	4,062	6,282	4,380
Infrastructure	37,284	39,569	40,868	40,451	78,152	80,020
Buildings	9,755	10,075	4,764	4,976	14,519	15,051
Machinery and equipment	3,929	3,822	824	979	4,753	4,801
Improvements other than buildings	2,624	2,364	-	-	2,624	2,364
Total	<u>\$ 86,341</u>	<u>\$ 87,880</u>	<u>\$ 51,934</u>	<u>\$ 50,468</u>	<u>\$ 138,275</u>	<u>\$ 138,348</u>

In the governmental funds, major additions included fitness park shelter, administrative and police vehicles, various police purchases (including: Dell servers, quartermaster, IAPro and Vigilante Access License Plate Recognition (LPR) software packages), sport utility vehicles, fire equipment (including: Matjack air lifting system, Motorola mobile radios, compressor and cascade system and a temporary trailer), DELL Network, message archiver and Cylance Plus software for Information Technology, mowers, batting cages, spreaders, a John Deere utility vehicle and 2017 Ford pickup trucks for Parks and Recreation, a heavy-duty tire changer, mobile lift system and a Ford F-350 vehicle for Public Works. In business-type funds, major additions for utilities included Ford F-350 vehicles, a 6,600 gallon tank, heating, ventilation and air conditioning (HVAC) units, and an ammoniator. Additional information on the City's capital assets can be found in Note 6 on pages 45 through 46 of this report

Debt Administration: At the end of the fiscal year, the City had \$ 22.4 million in general obligation bonds (including \$ 4.0 million in bond premium), \$ 8.0 million in community redevelopment bonds and \$ 3.2 million in revenue bonds outstanding, as well as \$ 1.4 million outstanding in capital leases for a total outstanding debt of \$ 35.0 million.

Outstanding Debt
(in thousand dollars)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 18,405	\$ 18,950	\$ -	\$ -	\$ 18,405	\$ 18,950
Premium on general obligation bonds	3,960	4,194	-	-	3,960	4,194
Community redevelopment bonds	7,955	9,574	-	-	7,955	9,574
Water and sewer revenue bonds	-	-	3,215	4,205	3,215	4,205
Capital leases	1,419	634	-	-	1,419	634
Total	<u>\$ 31,739</u>	<u>\$ 33,352</u>	<u>\$ 3,215</u>	<u>\$ 4,205</u>	<u>\$ 34,954</u>	<u>\$ 37,557</u>

More detailed information about the City's long-term liabilities is presented in Note 7 beginning on page 47 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors affected the development of the Fiscal Year 2017/2018 Budget. The local economy continues to show positive signs. Property taxes, which are 25.7% of the total General Fund revenue budget, are budgeted at an increase in operating millage rate by 0.0629 to 6.5183 from 6.4554, generating \$17.8 million, an increase of \$2.0 million higher than fiscal year 2017 amended budget. The debt service millage reflects a decrease of 0.0629 from 0.6039 to 0.5410. 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, sales, and property 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 ordinance. A stormwater rate study was completed during FY 2016 and rate increases began January 1, 2016 with increases 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.

BASIC FINANCIAL STATEMENTS

City of Margate, Florida
Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 70,481,208	\$ 49,974,827	\$ 120,456,035
Accounts receivable - net	3,347,374	3,832,303	7,179,677
Prepayments and other assets	105,675	-	105,675
Inventories	-	589,555	589,555
Restricted cash, cash equivalents, and investments	924,573	1,607,009	2,531,582
Capital assets:			
Land	28,716,985	-	28,716,985
Intangibles	3,227,757	-	3,227,757
Construction in progress	803,993	5,478,069	6,282,062
Infrastructure	89,791,347	99,449,965	189,241,312
Buildings	16,045,769	26,816,781	42,862,550
Machinery and equipment	17,613,444	6,056,476	23,669,920
Improvements other than building	8,259,520	-	8,259,520
Total capital assets	164,458,815	137,801,291	302,260,106
Less: accumulated depreciation	(78,117,675)	(85,867,642)	(163,985,317)
Total capital assets, net	86,341,140	51,933,649	138,274,789
Total assets	161,199,970	107,937,343	269,137,313
Deferred Outflows of Resources:			
Deferred outflows related to pensions	29,246,981	2,663,800	31,910,781
Deferred charge on refunding	-	112,926	112,926
Total deferred outflows of resources	29,246,981	2,776,726	32,023,707
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	4,422,814	2,541,344	6,964,158
Deposits	52,811	1,618,124	1,670,935
Accrued interest payable	289,657	-	289,657
Unearned revenue	260,751	-	260,751
Noncurrent liabilities:			
Due within one year:			
Claims and judgements	1,418,349	-	1,418,349
Bonds and loans payable	2,225,832	1,030,000	3,255,832
Compensated absences	764,213	132,113	896,326
Leases payable	380,194	-	380,194
Due in more than a year:			
Net OPEB obligation	19,658,055	2,927,090	22,585,145
Claims and judgements	2,109,757	-	2,109,757
Compensated absences	9,476,359	1,743,552	11,219,911
Bonds and loans payable	28,094,251	2,185,000	30,279,251
Leases payable	1,038,452	-	1,038,452
Net pension liability	65,754,757	5,835,856	71,590,613
Total liabilities	135,946,252	18,013,079	153,959,331
Deferred Inflows of Resources:			
Deferred inflows related to pensions	5,171,831	471,219	5,643,050
Net Position:			
Net investment in capital assets	60,215,424	48,831,575	109,046,999
Restricted for:			
Renewal and replacement	-	500,000	500,000
Debt service	1,592,104	-	1,592,104
Culture and recreation	1,081,497	-	1,081,497
Physical and economic redevelopment	10,699	-	10,699
Public safety	5,979,161	-	5,979,161
Highway and streets	6,270,228	-	6,270,228
Community redevelopment	8,785,045	-	8,785,045
Unrestricted (deficit)	(34,605,290)	42,898,196	8,292,906
Total net position	\$ 49,328,868	\$ 92,229,771	\$ 141,558,639

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 15,566,363	\$ 1,247,307	\$ 54,296	\$ -	\$ (14,264,760)	\$ -	\$ (14,264,760)
Public safety	44,439,211	20,764,031	565,429	-	(23,109,751)	-	(23,109,751)
Economic and physical environment	1,656,356	614,604	18,599	-	(1,023,153)	-	(1,023,153)
Culture and recreation	6,171,871	626,102	1,032,911	-	(4,512,858)	-	(4,512,858)
Public works	6,402,118	153,528	1,662	-	(6,246,928)	-	(6,246,928)
Interest expense	986,383	-	-	-	(986,383)	-	(986,383)
Total governmental activities	75,222,302	23,405,572	1,672,897	-	(50,143,833)	-	(50,143,833)
Business-type activities:							
Water and wastewater	18,353,056	23,679,881	155,099	753,965	-	6,235,889	6,235,889
Stormwater utility	1,805,252	1,890,702	6,571	-	-	92,021	92,021
Total business-type activities	20,158,308	25,570,583	161,670	753,965	-	6,327,910	6,327,910
Total primary government	\$ 95,380,610	\$ 48,976,155	\$ 1,834,567	\$ 753,965	(50,143,833)	6,327,910	(43,815,923)
General revenues:							
Taxes:							
Property					17,564,660	-	17,564,660
Franchise					4,187,221	-	4,187,221
Utility service					6,721,183	-	6,721,183
Sales					5,406,711	-	5,406,711
Gas					1,590,299	-	1,590,299
Tax incremental revenue					4,977,575	-	4,977,575
Intergovernmental not restricted to specific program					192,551	-	192,551
Investment income					594,024	344,894	938,918
Miscellaneous					2,584,095	-	2,584,095
Gain on disposal of capital assets					3,728	9,138	12,866
Transfers					1,781,501	(1,781,501)	-
Total general revenues and transfers					45,603,548	(1,427,469)	44,176,079
Change in net position					(4,540,285)	4,900,441	360,156
Net position, beginning					53,869,153	87,329,330	141,198,483
Net position, ending					\$ 49,328,868	\$ 92,229,771	\$ 141,558,639

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Balance Sheet - Governmental Funds
September 30, 2017

	Major Governmental Funds		
	General Fund	Margate Community Redevelopment Agency Trust Fund	Margate Community Redevelopment Agency Sinking Fund
Assets:			
Cash, cash equivalents, and investments	\$ 36,764,678	\$ 243,640	\$ 515,710
Accounts receivable, net	2,602,429	39,553	-
Prepayments and other assets	45,717	-	-
Due from other funds	78,003	-	-
Restricted cash, cash equivalents, and investments	924,573	-	-
Total assets	\$ 40,415,400	\$ 283,193	\$ 515,710
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,597,519	\$ 162,481	\$ -
Tenant deposits	-	52,811	-
Due to other funds	-	-	-
Unearned revenue	197,744	62,717	-
Total liabilities	3,795,263	278,009	-
Deferred Inflows of Resources:			
Unavailable revenues	714,431	5,184	-
Total deferred inflows of resources	714,431	5,184	-
Fund Balances:			
Nonspendable:			
Prepayments and other assets	45,717	-	-
Restricted for:			
Public safety	924,573	-	-
Transportation	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	515,710
Economic development	-	-	-
Tree preservation	138,981	-	-
Building department	2,338,753	-	-
Redevelopment projects	-	-	-
Streetlights	-	-	-
Committed for:			
Citizen project initiatives	1,088,002	-	-
Assigned for:			
Subsequent year appropriation	10,854,243	-	-
Health insurance	1,000,000	-	-
Other insurance	725,000	-	-
Future employee payouts	1,200,000	-	-
Capital projects - parks and recreation	1,250,000	-	-
Computer equipment	200,000	-	-
Capital projects	2,500,000	-	-
Emergency preparedness	3,000,000	-	-
Vehicle replacement	900,000	-	-
Recreation department expansion	300,000	-	-
Other	15,673	-	-
Unassigned	9,424,764	-	-
Total fund balances	35,905,706	-	515,710
Total liabilities and fund balances	\$ 40,415,400	\$ 283,193	\$ 515,710

Margate Community Redevelopment Agency Escrow Account Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Margate Community Redevelopment Agency Loan Proceeds Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 966,863	\$ 8,436,166	\$ 5,613,013	\$ 13,849,495	\$ 66,389,565
32	369,254	-	334,380	3,345,648
-	-	-	53,312	99,029
-	-	-	-	78,003
-	-	-	-	924,573
<u>\$ 966,895</u>	<u>\$ 8,805,420</u>	<u>\$ 5,613,013</u>	<u>\$ 14,237,187</u>	<u>\$ 70,836,818</u>
\$ -	\$ 20,221	\$ 154	\$ 473,187	\$ 4,253,562
-	-	-	-	52,811
-	-	-	78,003	78,003
-	-	-	290	260,751
<u>-</u>	<u>20,221</u>	<u>154</u>	<u>551,480</u>	<u>4,645,127</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>85,417</u>	<u>805,032</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>85,417</u>	<u>805,032</u>
-	-	-	53,312	99,029
-	-	-	2,715,835	3,640,408
-	-	-	5,970,445	5,970,445
-	-	-	942,516	942,516
966,895	-	-	109,499	1,592,104
-	-	-	10,699	10,699
-	-	-	-	138,981
-	-	-	-	2,338,753
-	8,785,199	5,612,859	-	14,398,058
-	-	-	299,783	299,783
-	-	-	-	1,088,002
-	-	-	-	10,854,243
-	-	-	-	1,000,000
-	-	-	-	725,000
-	-	-	-	1,200,000
-	-	-	-	1,250,000
-	-	-	-	200,000
-	-	-	3,498,201	5,998,201
-	-	-	-	3,000,000
-	-	-	-	900,000
-	-	-	-	300,000
-	-	-	-	15,673
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,424,764</u>
<u>966,895</u>	<u>8,785,199</u>	<u>5,612,859</u>	<u>13,600,290</u>	<u>65,386,659</u>
<u>\$ 966,895</u>	<u>\$ 8,805,420</u>	<u>\$ 5,613,013</u>	<u>\$ 14,237,187</u>	<u>\$ 70,836,818</u>

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Reconciliation of the Balance Sheet to the Statement of
Net Position - Governmental Funds
September 30, 2017

Fund balances - total governmental funds (Page 17) **\$ 65,386,659**

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 fund.

Governmental capital assets	164,458,815	
Less: accumulated depreciation	<u>(78,117,675)</u>	86,341,140

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	(30,320,083)	
Capital leases	(1,418,646)	
Compensated absences payable	<u>(10,240,572)</u>	(41,979,301)

Bond interest payable not reported in the governmental funds.	(289,657)
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Net OPEB obligation attributable to retiree benefits financed from governmental fund types.	(19,658,055)
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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.	805,032
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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	(65,754,757)	
Deferred outflows relating to pensions	29,246,981	
Deferred inflows relating to pensions	<u>(5,171,831)</u>	(41,679,607)

Internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>402,657</u>
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Net position of governmental activities (Page 14) **\$ 49,328,868**

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Governmental Funds			
	General Fund	Margate Community Redevelopment Agency Trust Fund	Margate Community Redevelopment Agency Sinking Fund	Margate Community Redevelopment Agency Escrow Account Fund
Revenues:				
Property taxes	\$ 16,062,719	\$ -	\$ -	\$ -
Franchise taxes	4,319,854	-	-	-
Utility service taxes	6,721,183	-	-	-
Tax incremental	-	4,977,575	-	-
Licenses and permits	2,805,386	-	-	-
Intergovernmental	5,910,263	-	-	-
Investment income	350,933	13,282	710	5,096
Charges for services	19,065,315	-	-	-
Rental income	-	614,604	-	-
Fines and forfeitures	559,094	-	-	-
Impact fees	-	-	-	-
Miscellaneous	1,464,233	39,272	-	-
Total revenues	57,258,980	5,644,733	710	5,096
Expenditures:				
Current:				
General government	12,585,129	1,579,317	-	-
Public safety	37,439,621	-	-	-
Economic and physical environment	-	1,053,608	-	-
Culture and recreation	4,235,655	-	-	-
Public works	2,966,255	-	-	-
Debt service:				
Principal retirement	184,452	-	1,618,689	-
Interest and other charges	17,763	-	293,614	-
Total expenditures	57,428,875	2,632,925	1,912,303	-
Excess (deficiency) of revenues over (under) expenditures	(169,895)	3,011,808	(1,911,593)	5,096
Other Financing Sources (Uses):				
Capital leases	969,242	-	-	-
Transfers in	1,781,501	-	2,427,303	-
Transfers out	(1,929,807)	(3,011,808)	-	-
Total other financing sources (uses)	820,936	(3,011,808)	2,427,303	-
Net change in fund balances	651,041	-	515,710	5,096
Fund balances, beginning	35,254,665	-	-	961,799
Fund balances, ending	\$ 35,905,706	\$ -	\$ 515,710	\$ 966,895

Margate Community Redevelopment Agency Capital Improvement Fund	Margate Community Redevelopment Agency Loan Proceeds Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,501,941	\$ 17,564,660
-	-	-	4,319,854
-	-	-	6,721,183
-	-	-	4,977,575
-	-	-	2,805,386
-	-	2,540,064	8,450,327
44,770	7,570	171,663	594,024
-	-	33,946	19,099,261
-	-	-	614,604
-	-	330,726	889,820
-	-	351,226	351,226
-	-	784,313	2,287,818
<u>44,770</u>	<u>7,570</u>	<u>5,713,879</u>	<u>68,675,738</u>
-	-	218,269	14,382,715
-	-	238,929	37,678,550
934,357	-	45,235	2,033,200
-	-	1,691,260	5,926,915
-	-	1,637,280	4,603,535
-	-	545,000	2,348,141
-	-	932,275	1,243,652
<u>934,357</u>	<u>-</u>	<u>5,308,248</u>	<u>68,216,708</u>
<u>(889,587)</u>	<u>7,570</u>	<u>405,631</u>	<u>459,030</u>
-	-	-	969,242
584,505	-	2,239,807	7,033,116
-	-	(310,000)	(5,251,615)
<u>584,505</u>	<u>-</u>	<u>1,929,807</u>	<u>2,750,743</u>
<u>(305,082)</u>	<u>7,570</u>	<u>2,335,438</u>	<u>3,209,773</u>
<u>9,090,281</u>	<u>5,605,289</u>	<u>11,264,852</u>	<u>62,176,886</u>
\$ <u><u>8,785,199</u></u>	\$ <u><u>5,612,859</u></u>	\$ <u><u>13,600,290</u></u>	\$ <u><u>65,386,659</u></u>

The accompanying notes to financial statements are an integral part of these 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, 2017

Net change in fund balances - total governmental funds (Page 20) \$ 3,209,773

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

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	\$ 3,027,217	
Less: current year provision for depreciation	<u>(4,558,292)</u>	(1,531,075)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net position.	(7,400)
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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	545,000	
Community redevelopment bonds	1,618,689	
Capital leases	<u>184,452</u>	2,348,141

Proceeds from debt issuance

Capital lease financing	(969,242)
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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.	212,719
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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 the governmental funds.

Change in accrued compensated absences	(916,382)	
Change in accrued interest payable on bonds	23,333	
Amortization of refunding bond premium	233,936	
Change in net pension liability and other related deferral amounts	<u>(4,348,325)</u>	(5,007,438)

Contributions to the retiree benefits do not use current financial resources and are not recorded in full as expenditures in the governmental funds, however, these disbursements increase the net OPEB obligation in the statement of activities.	(2,663,822)
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Internal service funds are used by management to charge the cost of certain activities to individual funds. The net expense of certain activities in the internal service fund is reported with governmental activities.	<u>(131,941)</u>
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Change in net position of governmental activities (Page 15)	\$ <u>(4,540,285)</u>
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The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Net Position - Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major	Nonmajor	Total	Internal
	Water and	Stormwater	Enterprise	Service
	Wastewater	Utility	Funds	Fund -
	Fund	Fund		General
				Insurance
				Fund
Assets:				
Current assets:				
Cash, cash equivalents, and investments	\$ 48,382,052	\$ 1,592,775	\$ 49,974,827	\$ 4,091,643
Accounts receivable, net	3,662,930	169,373	3,832,303	1,726
Prepayments and other assets	-	-	-	6,646
Inventories	589,555	-	589,555	-
Restricted assets:				
Cash, cash equivalents and investments	1,607,009	-	1,607,009	-
Total current assets	54,241,546	1,762,148	56,003,694	4,100,015
Non-current assets:				
Capital assets:				
Construction in progress	5,478,069	-	5,478,069	-
Infrastructure	96,504,023	2,945,942	99,449,965	-
Buildings	26,816,781	-	26,816,781	-
Machinery and equipment	4,738,678	1,317,798	6,056,476	-
Total capital assets	133,537,551	4,263,740	137,801,291	-
Less: accumulated depreciation	(84,728,346)	(1,139,296)	(85,867,642)	-
Total capital assets, net	48,809,205	3,124,444	51,933,649	-
Total assets	103,050,751	4,886,592	107,937,343	4,100,015
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	2,489,987	173,813	2,663,800	-
Deferred charge on refunding	112,926	-	112,926	-
Total deferred outflows of resources	2,602,913	173,813	2,776,726	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,473,163	\$ 68,181	\$ 2,541,344	\$ 169,252
Customer deposits	11,115	-	11,115	-
Claims and judgements	-	-	-	1,418,349
Compensated absences payable	120,740	11,373	132,113	-
Bonds payable	1,030,000	-	1,030,000	-
Unearned revenue	-	-	-	-
Payable from restricted assets:				
Customer deposits	1,607,009	-	1,607,009	-
Total current liabilities	5,242,027	79,554	5,321,581	1,587,601
Non-current liabilities:				
Net OPEB obligation	2,927,090	-	2,927,090	-
Claims and judgements	-	-	-	2,109,757
Compensated absences payable	1,593,461	150,091	1,743,552	-
Bonds payable	2,185,000	-	2,185,000	-
Net pension liability	5,434,852	401,004	5,835,856	-
Total non-current liabilities	12,140,403	551,095	12,691,498	2,109,757
Total liabilities	17,382,430	630,649	18,013,079	3,697,358

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Net Position - Proprietary Funds
(continued)
September 30, 2017

	Business-type activities - Enterprise Funds			Governmental Activities
	Major Water and Wastewater Fund	Nonmajor Stormwater Utility Fund	Total Enterprise Funds	Internal Service Fund - General Insurance Fund
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	440,443	30,776	471,219	-
Net Position:				
Net investment in capital assets	45,707,131	3,124,444	48,831,575	-
Restricted for renewal and replacement	500,000	-	500,000	-
Unrestricted	41,623,660	1,274,536	42,898,196	402,657
Total net position	\$ 87,830,791	\$ 4,398,980	\$ 92,229,771	\$ 402,657

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Water and Wastewater Fund	Nonmajor Stormwater Utility Fund	Total Enterprise Funds	Internal Service Fund - General Insurance Fund
Operating Revenues:				
Charges for services:				
Residential	\$ 10,806,149	\$ 783,075	\$ 11,589,224	\$ -
Commercial and multi-family	12,290,307	1,107,627	13,397,934	-
Costs billed to other funds	-	-	-	2,313,100
Other services	583,425	-	583,425	72,112
Total operating revenues	23,679,881	1,890,702	25,570,583	2,385,212
Operating and Administrative Expenses:				
Cost of sales, maintenance, and services	14,978,788	1,724,106	16,702,894	785,990
Depreciation	3,168,076	81,146	3,249,222	-
Administrative services	-	-	-	118,455
Claims	-	-	-	1,652,329
Total operating and administrative expenses	18,146,864	1,805,252	19,952,116	2,556,774
Operating income (loss)	5,533,017	85,450	5,618,467	(171,562)
Non-Operating Revenues (Expenses):				
Investment income	314,796	30,098	344,894	39,621
Grant income	155,099	6,571	161,670	-
Gain on disposal of capital assets	9,138	-	9,138	-
Interest expense	(206,192)	-	(206,192)	-
Total non-operating revenues (expenses)	272,841	36,669	309,510	39,621
Income (Loss) Before Transfers and Capital Contributions	5,805,858	122,119	5,927,977	(131,941)
Transfers and Capital Contributions:				
Capital contributions - impact fees	595,613	-	595,613	-
Capital contributions	158,352	-	158,352	-
Transfers out	(1,781,501)	-	(1,781,501)	-
Total transfers and capital contributions	(1,027,536)	-	(1,027,536)	-
Change in net position	4,778,322	122,119	4,900,441	(131,941)
Net Position, beginning	83,052,469	4,276,861	87,329,330	534,598
Net Position, ending	\$ 87,830,791	\$ 4,398,980	\$ 92,229,771	\$ 402,657

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Water and Wastewater Fund	Nonmajor Stormwater Utility Fund	Total Enterprise Funds	Internal Service Fund - General Insurance Fund
Cash Flows From Operating Activities:				
Receipts from customers, users and other	\$ 23,519,316	\$ 1,871,272	\$ 25,390,588	\$ 2,383,974
Payments for interfund services used	(909,260)	(270,000)	(1,179,260)	(118,455)
Payments to suppliers for goods and services	(5,313,951)	(761,165)	(6,075,116)	(1,937,223)
Payments to employees	(7,524,219)	(700,183)	(8,224,402)	-
Net cash provided by operating activities	9,771,886	139,924	9,911,810	328,296
Cash Flows From Noncapital Financing Activities:				
Transfer to other funds	(1,781,501)	-	(1,781,501)	-
Net cash used in noncapital financing activities	(1,781,501)	-	(1,781,501)	-
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	595,613	-	595,613	-
Capital contribution - connection charges	158,352	-	158,352	-
Acquisition and construction of capital assets	(4,705,743)	-	(4,705,743)	-
Principal paid on capital debt	(990,000)	-	(990,000)	-
Interest and other fees paid on capital debt	(168,549)	-	(168,549)	-
Net cash used in capital and related financing activities	(5,110,327)	-	(5,110,327)	-
Cash Flows From Investing Activities:				
Investment income	275,072	25,363	300,435	39,621
Net cash provided by investing activities	275,072	25,363	300,435	39,621
Net increase in cash, cash equivalents, and investments	3,155,130	165,287	3,320,417	367,917
Cash, Cash Equivalents, and Investments, beginning	46,833,931	1,427,488	48,261,419	3,723,726
Cash, Cash Equivalents, and Investments, ending	\$ 49,989,061	\$ 1,592,775	\$ 51,581,836	\$ 4,091,643
Reconciliation to Statement of Net Position:				
Cash, cash equivalents, and investments	\$ 48,382,052	\$ 1,592,775	\$ 49,974,827	\$ 4,091,643
Restricted cash, cash equivalents, and investments	1,607,009	-	1,607,009	-
Cash, cash equivalents, and investments	\$ 49,989,061	\$ 1,592,775	\$ 51,581,836	\$ 4,091,643

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Cash Flows - Proprietary Funds
(continued)
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Water and Wastewater Fund	Nonmajor Stormwater Utility Fund	Total Enterprise Funds	Internal Service Fund - General Insurance Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 5,533,017	\$ 85,450	\$ 5,618,467	\$ (171,562)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,168,076	81,146	3,249,222	-
Change in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(204,173)	(19,430)	(223,603)	(1,238)
Prepayments and other assets	-	-	-	9,450
Inventories	(111,774)	-	(111,774)	-
Deferred outflows relating to pensions	(517,462)	(36,914)	(554,376)	-
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	488,935	(12,639)	476,296	53,131
Unearned revenue	(200)	-	(200)	-
Compensated absences payable	148,533	(21,191)	127,342	-
Net pension liability	782,993	55,857	838,850	-
Claims and judgements	-	-	-	438,515
Customer deposits payable	43,808	-	43,808	-
Net OPEB obligation	332,978	-	332,978	-
Deferred inflows relating to pensions	107,155	7,645	114,800	-
Total adjustments	4,238,869	54,474	4,293,343	499,858
Net cash provided by operating activities	\$ <u>9,771,886</u>	\$ <u>139,924</u>	\$ <u>9,911,810</u>	\$ <u>328,296</u>

The accompanying notes to financial statements are an integral part of these statements.

City of Margate, Florida
Statement of Net Position - Fiduciary Funds
Performance Bond Agency Fund
September 30, 2017

	<u>Total</u>
Assets:	
Cash and cash equivalents	\$ <u>207,567</u>
Total assets	\$ <u><u>207,567</u></u>
Liabilities:	
Performance bonds payable	\$ <u>207,567</u>
Total liabilities	\$ <u><u>207,567</u></u>

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Margate, Florida (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 57,900 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, Chapter 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 through November 2017. Subsequent to calendar year end, the City took over the daily administration and management of the CRA. As a tax increment district, the CRA receives operating revenues from taxing jurisdictions within Broward County. Funds are also provided by fees collected, interest income, and the unexpended fund balance from the previous year.

The CRA includes the following Community Redevelopment Agency funds: Trust Fund, Sinking Fund, Escrow Account Fund, Capital Improvement Fund, and Loan Proceeds Fund, which have all been classified as major funds.

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's 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 either the CRA or the Center (blended component units). Financial statement information related to each entity are included as separate columns in the financial statements reported for the City.

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 was a separate legal entity and was governed by the Board of Directors, which was composed of five voting members appointed by the Commission of the City of Margate, Florida. The members of the City Commission served as the Foundation's Board. The Foundation which was considered a component unit was voluntarily dissolved on May 2, 2017. The financial activities of the Foundation have been immaterial and were not included in the financial statements of the City.

Note 1 - Summary of Significant Accounting Policies (continued)

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, 2017, the City implemented four new GASB statements of financial accounting standards.

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

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

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

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

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

Statement No. 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 other entities. The provisions for this Statement are effective for fiscal year ending September 30, 2018.

Note 1 - Summary of Significant Accounting Policies (continued)

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. 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.

Statement No. 84, Fiduciary Activities, was issued in January 2017. This Statement improves guidance related to identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions for this Statement are effective for fiscal year ending September 30, 2020.

Statement No. 85, Omnibus 2017, was issued in March 2017. The objective of the Statement is to address a variety of issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits). The provisions for this Statement are effective for fiscal year ending September 30, 2018.

Statement No. 86, Certain Debt Extinguishment Issues, was issued in May 2017. The objective of the Statement is to improve financial reporting related to in-substance defeasance of debt by providing that transactions in which cash and other monetary assets acquired with existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The provisions for this Statement are effective for fiscal year ending September 30, 2018.

Statement No. 87, Leases, was issued in June 2017. The Statement will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It also increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities previously classified as operating leases to be recognized as inflows of resources or outflows of resources based on contract payment provisions. The provisions for this Statement are effective for fiscal year ending September 30, 2021.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Property taxes, sales taxes, franchise taxes, utility service 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 service taxes, franchise taxes, licenses and permits, intergovernmental, and charges for services. General operating expenditures, fixed charges, and capital outlay costs that are not paid through other funds are paid from the General Fund.

The *Margate Community Redevelopment Agency Trust Special Revenue Fund* accounts for the redevelopment of certain designated areas. Revenue is derived primarily from tax incremental revenue, which is the revenue that the CRA collects from the City, Broward County, and the North Broward Hospital District. Those taxes are based on the incremental increase of the real property value and are dedicated to the redevelopment of the area. Revenues are also derived from rental of properties owned by the CRA.

The *Margate Community Redevelopment Agency Sinking Debt Service Fund* accounts for the accumulation of monies in a Sinking Fund for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

The *Margate Community Redevelopment Agency Escrow Account Debt Service Fund* accounts for the accumulation of monies for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

In accordance with Florida Statute 163.387, each of these Margate Community Redevelopment Agency funds is presented as a major fund. The annual audit of these funds included an evaluation in light of the applicable requirements of Section 163.387. Per the City's management, the year end fund balances of \$ 8,785,199 and \$ 5,612,859 have been restricted for specific redevelopment projects pursuant to the Community Redevelopment Plan and the year end fund balances of \$ 515,710 and \$ 966,895 have been restricted to reduce the amount of indebtedness to which the tax increment revenues are pledged.

The other governmental funds are a summary of all the nonmajor governmental funds.

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 Fund* is 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 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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"), Florida Education Investment Trust Fund (FEITF), 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.

Note 1 - Summary of Significant Accounting Policies (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 Securities and Exchange Commission (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 also invests surplus funds in the Florida Education Investment Trust Fund (FEITF), which the FEITF indicates is a SEC Rule 2a-7 like external investment pool similar to money market funds in which shares are owned in the fund rather than the underlying investments. These amounts are reported at amortized cost which approximates fair value. The FEITF is rated by Standard and Poor's and has a current rating of AAAm. The investments in FEITF are not insured by FDIC or any other governmental agency.

The City previously adopted *GASB Statement No. 79, Certain External Investment Pools and Pool Participants* (applicable to the Florida PRIME and the FEITF accounts) 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, 2017, 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

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.

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 acquisition 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:

Capital Assets	Years
Infrastructure	20-40
Buildings	40-50
Machinery and equipment	4-15
Improvements other than buildings	6-20

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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.

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

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 2016-2017 fiscal year was 6.4554 mills and the debt service millage was 0.6039 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, 2017 were approximately 96.2% 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 2016-2017 occurred on September 21, 2016. 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, 2017 is shown as follows:

Lien date	January 1, 2016
Levy date, tax bills mailed	November 1, 2016
Last date for 4% discount on taxes paid	November 30, 2016
Last date for 3% discount on taxes paid	December 31, 2016
Last date for 2% discount on taxes paid	January 31, 2017
Last date for 1% discount on taxes paid	February 28, 2017
Final due date of payment of taxes	March 31, 2017
First date for auctioning tax certificates on delinquent accounts	June 1, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable 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.

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.

Note 2 - Deposits and Investments

Deposits: At year-end, the City's carrying amount of deposits was \$ 29,350,204 including petty cash funds and cash on hand totaling \$ 9,320 as of September 30, 2017. 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.

Note 2 - Deposits and Investments (continued)

The City has \$ 24,857,505 invested in the Florida PRIME and \$ 3,011,199 invested in the FEITF as of September 30, 2017. The fair value of both the Florida PRIME and the FEITF 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

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 declines 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 at September 30, 2017 for the SBA Florida PRIME and FEITF was 51 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, 2017.

Note 2 - Deposits and Investments (continued)

Investment Type	Fair Value	Remaining Maturity (in years)	
		Less Than 1	1 to 5
U.S. Agency Notes	1,118,601	695,776	422,825
U.S. Treasury Notes	29,240,430	5,017,170	24,223,260
U.S. Sponsored Agencies	17,173,048	5,153,096	12,019,952
Corporate Notes	13,801,651	5,793,520	8,008,131
Asset Backed Securities	4,558,053	-	4,558,053
Money Market Funds	84,493	84,493	-
	<u>\$ 65,976,276</u>	<u>\$ 16,744,055</u>	<u>\$ 49,232,221</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 and FEITF are rated AAAM by Standard and Poor's. City monies that are invested in U.S. Government obligations are considered to have no credit risk.

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

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

	Fair Value	Percentage of Portfolio
U.S. government guaranteed	\$ 29,324,923	44.45%
AAA	2,186,471	3.31%
AA+	19,268,959	29.21%
AA-	4,317,545	6.54%
A+	2,023,271	3.07%
A-	2,031,799	3.08%
A	2,995,270	4.54%
BBB+	1,456,456	2.21%
NR	2,371,582	3.59%
Total credit risk debt securities	<u>\$ 36,651,353</u>	<u>55.55%</u>
Total fixed income securities	<u>\$ 65,976,276</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; and Level 3 inputs are significant unobservable inputs.

City of Margate, Florida
Notes to Basic Financial Statements
September 30, 2017

Note 2 - Deposits and Investments (continued)

The City has the following recurring fair value measurements as of September 30, 2017:

Investments	September 30, 2017	Level 1	Level 2	Level 3
U.S. Agency Notes	\$ 1,118,601	\$ -	\$ 1,118,601	\$ -
U.S. Treasury Notes	29,240,430	-	29,240,430	-
U.S. Sponsored Agencies	17,173,048	-	17,173,048	-
Corporate Notes	13,801,651	-	13,801,651	-
Asset Backed Securities	4,558,053	-	4,558,053	-
Money Market Funds	<u>84,493</u>	<u>-</u>	<u>84,493</u>	<u>-</u>
Total investments measured at fair value	\$ 65,976,276	\$ <u>-</u>	\$ <u>65,976,276</u>	\$ <u>-</u>
Investments measured at amortized cost:				
Florida PRIME	24,857,505			
FEITF	3,011,199			
Cash and cash equivalents:				
Money market funds and other deposits	29,340,884			
Petty cash	<u>9,320</u>			
Total unrestricted and restricted cash, cash equivalents and investments	\$ <u>123,195,184</u>			

These Level 2 holdings consist of government instrumentality securities and corporate bonds. The fair value of these investments is determined through matrix pricing and the valuations are provided by an independent pricing source which relies upon multiple broker data feeds.

Note 3 - Receivables

Receivables as of September 30, 2017 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 Escrow Account Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Water and Wastewater Fund	Nonmajor and other Funds	Total
Intergovernmental	\$ 909,840	\$ 5,184	\$ -	\$ 369,094	\$ 155,099	\$ 314,326	\$ 1,753,543
Accounts	217,133	-	-	-	3,409,679	157,928	3,784,740
Taxes	749,130	-	-	-	2,905	-	752,035
Others	<u>2,917,362</u>	<u>34,369</u>	<u>32</u>	<u>160</u>	<u>105,247</u>	<u>33,225</u>	<u>3,090,395</u>
Gross receivables	4,793,465	39,553	32	369,254	3,672,930	505,479	9,380,713
Less: allowance for uncollectible	<u>(2,191,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(2,201,036)</u>
Net total receivables	\$ <u>2,602,429</u>	\$ <u>39,553</u>	\$ <u>32</u>	\$ <u>369,254</u>	\$ <u>3,662,930</u>	\$ <u>505,479</u>	\$ <u>7,179,677</u>

Note 4 - Interfund Balances and Transfers

Interfund balances at September 30, 2017, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 78,003

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

Transfers in:					
Transfers Out:	General Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Margate Community Redevelopment Agency Sinking Fund	Nonmajor Governmental Fund	Total
General Fund	\$ -	\$ -	\$ -	\$ 1,929,807 c, e	\$ 1,929,807
Margate Community Redevelopment Agency Trust Fund	-	584,505 b	2,427,303 a,b	-	3,011,808
Nonmajor Governmental Funds	-	-	-	310,000 c	310,000
Water and Wastewater Fund	1,781,501 d	-	-	-	1,781,501
	<u>\$ 1,781,501</u>	<u>\$ 584,505</u>	<u>\$ 2,427,303</u>	<u>\$ 2,239,807</u>	<u>\$ 7,033,116</u>

Reasons for these transfers are set forth below:

- a) Debt obligation
- b) Annual sweep between funds
- c) Capital improvements
- d) Return on Investment (ROI)
- e) Other

Note 5 - Deferred Inflows of Resources and Unearned Revenue

As of September 30, 2017, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned Revenue
Grant revenue	\$ 87,383	\$ -
Intergovernmental revenue	379,326	-
Miscellaneous revenue	338,323	440
Business licenses	-	197,594
Rental income	-	62,717
	<u>\$ 805,032</u>	<u>\$ 260,751</u>

City of Margate, Florida
Notes to Basic Financial Statements
September 30, 2017

Note 6 - Capital Assets

Capital assets activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 28,716,985	\$ -	\$ -	\$ 28,716,985
Intangibles	3,015,783	211,974	-	3,227,757
Construction-in-progress	<u>318,256</u>	<u>552,691</u>	<u>(66,954)</u>	<u>803,993</u>
Total capital assets, not being depreciated	<u>32,051,024</u>	<u>764,665</u>	<u>(66,954)</u>	<u>32,748,735</u>
Capital assets, being depreciated:				
Infrastructure	89,453,678	337,669	-	89,791,347
Buildings	16,045,769	-	-	16,045,769
Machinery and equipment	16,236,802	1,450,345	(73,703)	17,613,444
Improvements other than buildings	<u>7,725,428</u>	<u>541,492</u>	<u>(7,400)</u>	<u>8,259,520</u>
Total capital assets, being depreciated	<u>129,461,677</u>	<u>2,329,506</u>	<u>(81,103)</u>	<u>131,710,080</u>
Less accumulated depreciation for:				
Infrastructure	(49,885,326)	(2,621,684)	-	(52,507,010)
Buildings	(5,970,909)	(320,116)	-	(6,291,025)
Machinery and equipment	(12,415,445)	(1,341,824)	73,703	(13,683,566)
Improvements other than buildings	<u>(5,361,406)</u>	<u>(274,668)</u>	<u>-</u>	<u>(5,636,074)</u>
Total accumulated depreciation	<u>(73,633,086)</u>	<u>(4,558,292)</u>	<u>73,703</u>	<u>(78,117,675)</u>
Total capital assets, being depreciated, net	<u>55,828,591</u>	<u>(2,228,786)</u>	<u>(7,400)</u>	<u>53,592,405</u>
Governmental activities capital assets, net	<u>\$ 87,879,615</u>	<u>\$ (1,464,121)</u>	<u>\$ (74,354)</u>	<u>\$ 86,341,140</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction-in-progress	\$ <u>4,061,995</u>	\$ <u>4,193,880</u>	\$ <u>(2,777,806)</u>	\$ <u>5,478,069</u>
Capital assets, being depreciated:				
Infrastructure	97,130,954	2,319,011	-	99,449,965
Buildings	25,921,814	894,967	-	26,816,781
Machinery and equipment	<u>6,021,649</u>	<u>84,829</u>	<u>(50,002)</u>	<u>6,056,476</u>
Total capital assets, being depreciated	<u>129,074,417</u>	<u>3,298,807</u>	<u>(50,002)</u>	<u>132,323,222</u>

Note 6 - Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Infrastructure	(56,680,482)	(1,901,588)	-	(58,582,070)
Buildings	(20,945,652)	(1,107,046)	-	(22,052,698)
Machinery and equipment	(5,042,288)	(240,588)	50,002	(5,232,874)
Total accumulated depreciation	(82,668,422)	(3,249,222)	50,002	(85,867,642)
Total capital assets, being depreciated, net	46,405,995	49,585	-	46,455,580
Business-type activities capital assets, net	\$ 50,467,990	\$ 4,243,465	\$ (2,777,806)	\$ 51,933,649

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

Governmental activities:		
Public safety	\$	1,135,338
Public works		2,190,928
General government		222,173
Economic and physical environment		421,103
Culture and recreation		588,750
Total depreciation expense - governmental activities	\$	4,558,292
Business-type activities:		
Water and Wastewater Fund	\$	3,168,076
Stormwater Utility Fund		81,146
Total depreciation expense - business-type activities	\$	3,249,222

Construction Commitments

The City has the following active construction commitments with contractors at September 30, 2017:

Projects	Spent-to Date	Remaining Commitment
West WWTP Digester Rehabilitation	\$ 778,790	\$ 190,210
West River Drive & 58th Street Main Improvements	638,542	86,458
Cathedral Drive, NW 63rd Terrace & 14th Court Main Improvements	81,013	289,087
Waterline Replacement	450,526	1,494,574
	\$ 1,948,871	\$ 2,060,329

Note 7 - Long-Term Debt

Governmental Activities

General Obligation Bonds

\$ 18,950,000 General Obligation Refunding Bonds, Series 2016 - In July 2016, the City issued the General Obligation Refunding Bonds, Series 2016. The bonds were 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 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.

\$ 18,405,000

The annual debt service requirements until maturity for the General Obligation Bonds outstanding at September 30, 2017, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Series 2016 Interest</u>	<u>Total</u>
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	680,000	800,500	1,480,500
2023-2027	3,925,000	3,459,250	7,384,250
2028-2032	5,010,000	2,374,500	7,384,500
2033-2037	6,395,000	990,000	7,385,000
	<u>\$ 18,405,000</u>	<u>\$ 11,133,000</u>	<u>\$ 29,538,000</u>

Redevelopment Refunding Revenue Bonds

\$ 12,010,560 Redevelopment Refunding Revenue Bonds, Series 2012A (Taxable) - In December 2012, the Margate CRA entered into a Margate Community Redevelopment Refunding Revenue Bonds, 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.

\$ 6,178,952

Note 7 - Long-Term Debt (continued)

\$ 3,548,737 Redevelopment Refunding Revenue Bonds, Series 2012B - In December 2012, the Margate CRA entered into a Margate Community Redevelopment Refunding Revenue Bonds, 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.

1,775,926
\$ 7,954,878

The annual debt service requirements until maturity for Redevelopment Refunding Revenue Bonds, Series 2012 outstanding at September 30, 2017, are as follows:

Year Ending September 30,	Series 2012A		Series 2012B		Total
	Principal	Interest	Principal	Interest	
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	734,830	12,748	206,349	2,340	956,267
	<u>\$ 6,178,952</u>	<u>\$ 548,302</u>	<u>\$ 1,775,926</u>	<u>\$ 102,300</u>	<u>\$ 8,605,480</u>

Business-type Activities

Revenue Bonds

\$ 11,925,000 Water and Sewer Refunding Revenue Bonds, Series 2007 - In May, 2007, the City issued Water and Sewer Refunding Revenue Bonds, Series 2007. The bonds were 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 Revenue 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.

\$ 3,215,000

Note 7 - Long-Term Debt (continued)

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

Year Ending September 30,	Principal	Series 2007 Interest	Total
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>\$ 3,215,000</u>	<u>\$ 260,600</u>	<u>\$ 3,475,600</u>

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, 2017 was 7.90 to 1. The maximum annual debt service was \$ 1,159,600 at September 30, 2017.

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:	\$ 5,533,017
Additions:	
Interest income which qualifies as operating revenue for coverage purposes	467,197
Provision for depreciation	<u>3,168,076</u>
Subtractions:	
Nonqualifying revenues:	
Meter fees	<u>5,025</u>
Income available for debt service	<u>\$ 9,163,265</u>
Maximum annual debt service	<u>\$ 1,159,600</u>
Coverage	<u>7.90:1</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, 2017, 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, 2017, there are no rebatable arbitrage liabilities for the outstanding bond issues.

City of Margate, Florida
Notes to Basic Financial Statements
September 30, 2017

Note 7 - Long-Term Debt (continued)

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017	Due Within One Year
Governmental Activities:					
Bonds payable and capital leases:					
General Obligation Refunding, Series 2016	\$ 18,950,000	\$ -	\$ (545,000)	\$ 18,405,000	\$ 555,000
CRA Redevelopment Refunding Revenue Bonds, Series 2012A	7,426,895	-	(1,247,943)	6,178,952	1,291,622
CRA Redevelopment Refunding Revenue Bonds, Series 2012B	2,146,672	-	(370,746)	1,775,926	379,210
Total general obligation and revenue bonds	28,523,567	-	(2,163,689)	26,359,878	2,225,832
Deferred amounts:					
Bond issuance premium	4,194,141	-	(233,936)	3,960,205	-
Total bonds payable	32,717,708	-	(2,397,625)	30,320,083	2,225,832
Capital leases	633,856	969,242	(184,452)	1,418,646	380,194
Subtotal	33,351,564	969,242	(2,582,077)	31,738,729	2,606,026
Other long-term liabilities:					
Compensated absences payable	9,324,190	1,437,858	(521,476)	10,240,572	764,213
Net pension liability	56,619,175	9,135,582	-	65,754,757	-
Claims and judgments	3,089,591	2,090,844	(1,652,329)	3,528,106	1,418,349
Net OPEB obligation	16,994,233	3,428,074	(764,252)	19,658,055	-
Subtotal	86,027,189	16,092,358	(2,938,057)	99,181,490	2,182,562
Governmental activity long-term liabilities	\$ 119,378,753	\$ 17,061,600	\$ (5,520,134)	\$ 130,920,219	\$ 4,788,588
Business-type Activities:					
Revenue bonds, Series 2007	\$ 4,205,000	\$ -	\$ (990,000)	\$ 3,215,000	\$ 1,030,000
Other long-term liabilities:					
Compensated absences	1,748,323	221,061	(93,719)	1,875,665	132,113
Net pension liability	4,997,006	838,850	-	5,835,856	-
Net OPEB obligation	2,594,112	428,509	(95,531)	2,927,090	-
Subtotal	9,339,441	1,488,420	(189,250)	10,638,611	132,113
Business-type activity long-term liabilities	13,544,441	1,488,420	(1,179,250)	13,853,611	1,162,113
Total long-term liabilities	\$ 132,923,194	\$ 18,550,020	\$ (6,699,384)	\$ 144,773,830	\$ 5,950,701

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.

Note 7 - Long-Term Debt (continued)

Pledged Revenues

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the aggregate amount of \$ 11.9 million in water and sewer revenue bonds issued in 2007. Proceeds from these bonds provided financing for the refunding of previously issued revenue bonds. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2020. At fiscal year ended September 30, 2017, the maximum annual debt service is at 13% of the net revenues. The total principal and interest remaining to be paid on the bonds is approximately \$ 3.48 million. Principal and interest paid and total customer net revenues for the current year were \$ 1,158,200 and \$ 9,163,265, 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, 2017, the maximum annual debt service is at 38% of the tax incremental revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$ 8.6 million. Principal and interest paid and tax incremental revenues for the current year were \$ 1,912,302 and \$ 4,977,575, respectively.

Note 8 - 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 a six-year estimated useful life. In fiscal year 2017, approximately \$ 143,300 was included in depreciation expense and total accumulated depreciation is approximately \$ 733,200. 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 years. In fiscal year 2017, approximately \$ 31,700 was included in depreciation expense and total accumulated depreciation is approximately \$ 47,570. 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.

In January 2017, the City entered into a lease agreement as a lessee to finance the acquisition of a quint/ladder emergency vehicle and associated equipment, as well as two emergency vehicles in the aggregate amount of approximately \$ 969,200. The vehicles have a six year estimated useful life. In fiscal year 2017, depreciation expense and accumulated depreciation was \$ 6,400. 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.

Note 8 - Capital Lease (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year ending September 30,		
2018	\$	408,124
2019		408,124
2020		273,236
2021		205,909
2022		205,909
Total minimum lease payment		<u>1,501,302</u>
Less: amount representing interest		(82,656)
Present value of minimum lease payment	\$	<u><u>1,418,646</u></u>

Note 9 - Florida Retirement System

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 creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary. 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 creditable service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary.

Note 9 - Florida Retirement System (continued)

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 creditable service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Senior Management Service class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Elected Officers' class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service (3.33% for judges and justices) times their final average compensation based on the five highest years of salary for each year of creditable service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of creditable 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, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular - 7.52% and 7.92%; Special Risk Administrative Support - 28.06% and 34.63%; Special Risk - 22.57% and 23.27%; Senior Management Service - 21.77% and 22.71%; Elected Officers' - 42.47% and 45.50%; and DROP participants - 12.99% and 13.26%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2016 through September 30, 2017.

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.

Note 9 - Florida Retirement System (continued)

Benefits Provided - For the fiscal year ended September 30, 2017, 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.

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, 2017, 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the City reported liabilities of \$ 58,820,352 for its proportionate share of the Pension Plan's net pension liability and \$ 12,770,261 for the HIS Plan's net pension liability for a total pension liability of \$ 71,590,613. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. At June 30, 2017, the City's proportionate share was .198856274 percent for the Pension Plan and .119432380 percent for the HIS Plan, which was an increase of .007674865 percent and .004947615 percent respectively, from the proportionate share measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of 9,141,174 for the Pension Plan and \$ 948,038 for the HIS Plan for a total pension expense of \$ 10,089,212. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 5,398,293	\$ -	\$ 5,398,293
Changes of assumptions	19,767,791	1,795,060	21,562,851
Net difference between projected and actual earnings on pension plan investments	-	7,082	7,082
Changes in proportion and differences between City contributions and proportionate share of contributions	2,889,669	640,348	3,530,017
City contributions subsequent to the measurement date	1,264,459	148,079	1,412,538
	<u>\$ 29,320,212</u>	<u>\$ 2,590,569</u>	<u>\$ 31,910,781</u>

Note 9 - Florida Retirement System (continued)

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 325,835	\$ 26,590	\$ 352,425
Changes of assumptions	-	1,104,258	1,104,258
Net difference between projected and actual earnings on pension plan investments	1,457,715	-	1,457,715
Changes in proportion and differences between City contributions and proportionate share of contributions	2,275,543	453,109	2,728,652
	<u>\$ 4,059,093</u>	<u>\$ 1,583,957</u>	<u>\$ 5,643,050</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, 2018. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Employer Share of Deferred Outflows/Inflows		
	Pension Plan	HIS Plan	Total
2018	2,728,943	\$ 187,469	\$ 2,916,412
2019	7,788,973	186,128	7,975,101
2020	5,921,810	185,485	6,107,295
2021	1,737,688	214,413	1,952,101
2022	4,276,999	165,232	4,442,231
Thereafter	1,542,246	(80,193)	1,462,053

Actuarial Assumptions – The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan's valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Plan 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 Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Note 9 - Florida Retirement System (continued)

	Pension Plan	HIS Plan
Inflation	2.60%	2.60%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

Long-term Expected Rate of Return - 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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.8%
Fixed income	18.0%	4.5%	4.4%	4.2%
Global equity	53.0%	7.8%	6.6%	17.0%
Real estate	10.0%	6.6%	5.9%	12.8%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	9.7%
	<u>100.0%</u>			
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 7.10% for the Pension Plan. 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 calculating the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.58% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's 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 Plan 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 3.58% 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 table presents the sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2017.

Note 9 - Florida Retirement System (continued)

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City's proportionate share of the net pension liability for Pension Plan	\$ <u>106,461,284</u>	\$ <u>58,820,352</u>	\$ <u>19,267,463</u>
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
City's proportionate share of the net pension liability for HIS Plan	\$ <u>14,572,559</u>	\$ <u>12,770,261</u>	\$ <u>11,269,046</u>

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 payroll and by forfeited benefits of plan members. Allocations to the investment members' accounts during the 2016-2017 fiscal year, as established by Section 121.72, Florida Statutes, are based on percentage of gross compensation, by class, as follows:

<u>Class</u>	<u>Allocation Rate</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, 2017, 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.

Note 9 - Florida Retirement System (continued)

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 pension expense for the Investment Plan totaled \$ 814,157 for the fiscal year ended September 30, 2017.

Note 10 - 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 the 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.

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, 2015 to September 30, 2017:

	General Insurance Fund
Liability balance, October 1, 2015	\$ 2,633,811
Claims and changes in estimates	2,229,625
Claims payments	<u>(1,773,845)</u>
Liability balance, September 30, 2016	3,089,591
Claims and changes in estimates	2,090,844
Claims payments	<u>(1,652,329)</u>
Liability balance, September 30, 2017	<u>\$ 3,528,106</u>
Claims and payments due within one year	<u>\$ 1,418,349</u>
Assets available to pay claims at September 30, 2017	<u>\$ 402,657</u>

Note 10 - Risk Management (continued)

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

Note 11 - Commitments and Contingencies

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

In FY 2015, City management noticed inconsistencies in supporting documentation for grant (housing related) awards, notified auditors, and provided information and supporting documentation for review. The grants program became the subject of an active police investigation and a forensic audit. As a result of these actions, the former grants manager pled guilty at arraignment and was sentenced to prison time. Currently, the U.S. Department of Housing and Urban Development Office of Inspector General is performing an audit of the City's Neighborhood Stabilization Program (NSP) grants related to this same issue. A draft report detailing their findings and recommendations is expected to be issued around April 2018. Audits may be forthcoming for other grant programs. 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, 2017, the CRA has not received an update from the OIG with regard to the audit results during 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 credit was later revised to equal (.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 calculation was the regular base pay hourly rate in effect on the last day of the pay period immediately preceding the last day of the month. When a member used the Sick Bank, the value withdrawn from the Sick Bank was equal to his/her pay at the time he/she used the Sick Bank. Sick Bank credits were only maintained for members currently employed with the Fire Department.

Effective with the IAFF collective bargaining agreement approved on February 7, 2018, the Sick Bank was renamed the Medical Leave Assistance Plan (MLAP). Upon ratification of the agreement, the balance from the MLAP was reduced to 1,000,000 units/dollars which are only available for use by existing members as of the date of ratification. Members must first use all available sick leave, then all available vacation, and all available compensatory time before being eligible to withdraw from the MLAP. In addition, no additional credits will be added to the MLAP, and any units/dollars remaining five years from the date of execution will be forfeited. An alternative donation program was also established with this agreement for new members and for use after the MLAP sunsets in 2023.

Note 11 - Commitments and Contingencies (continued)

The Sick Bank/MLAP is not accrued as a liability because use of the program is contingent upon a future event that is beyond the control of both the employer and the employee. There is no payout to the members upon separation.

Note 12 - 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 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, 2017, 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 2017. 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, 2017, 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 2017 ranged from \$ 491 to \$ 618 for single coverage and from \$ 635 to \$ 650 for family coverage. Life insurance coverage for retiree and spouse is 100% retiree paid.

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, 2017 were as follows:

Note 12 - Other Post-Employment Benefits (continued)

Annual required contribution	\$ 4,033,430
Interest on net OPEB obligation	685,592
Adjustment to annual required contribution	(862,439)
Annual OPEB cost	<u>3,856,583</u>
Estimated employer contribution	(859,783)
Change in net OPEB obligation	<u>2,996,800</u>
Estimated net OPEB obligation, beginning of year	19,588,345
Estimated net OPEB obligation, end of year	<u><u>\$ 22,585,145</u></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, 2017 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>
2015	\$ 3,092,585	\$ 1,061,420	34%	\$ 17,439,108
2016	3,208,832	1,059,595	33%	19,588,345
2017	3,856,583	859,783	22%	22,585,145

Methods and Assumptions

Funded status and funding progress: For the actuarial valuation date of October 1, 2016, the actuarial accrued liability for benefits was \$ 41,974,069, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability of \$ 41,974,069. 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 \$ 32,031,181 for that period, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 131.04%. 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.

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.

Note 12 - Other Post-Employment Benefits (continued)

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

Measurement date:	October 1, 2016
Actuarial cost method:	Entry age
Amortization method:	Level percent, closed
Remaining amortization period:	24 years
Asset valuation method:	Unfunded
Investment rate of return:	3.5%
Projected salary increases:	3.7% - 7.8%
Payroll growth rate:	3%
Inflation rate:	2.3%
Healthcare cost trend rate:	20.3% first year; 7.0% second year; 6.8% third year; 4.9% ultimate per capita cost trend; 24 years until ultimate trend; trend rates expected to reach ultimate level of 4.9% in 2040.

Note 13 - Interlocal Agreement

In fiscal year 2016, the City entered into a new interlocal agreement ("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 received \$ 8.5 million from Coconut Creek in fiscal year 2017. Amendment 1 to the ILA was signed in October 2017 and provided for an increase to the annual fee to \$ 8,935,000 for fiscal year 2018.

Note 14 - 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.

Note 15 - 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	\$ 58,888
Margate Community Redevelopment Agency Trust Fund	74,500
Margate Community Redevelopment Agency Capital Improvement Fund	131,340
Nonmajor Funds	<u>1,341,475</u>
Total	<u>\$ 1,606,203</u>

Note 16 - 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 \$ 3.3 million at September 30, 2017. Depreciation expense for the year was approximately \$ 85,520. Total rental revenues from these properties during the fiscal year amounted to \$ 613,156. The leases have a termination clause of 12 months or less.

Note 17 - Subsequent Events

On November 8, 2017 the Margate CRA Board approved a \$ 515,000 repayment of debt as part of the annual budget amendment. The prepayment was made towards the Series 2012A Taxable Refunding Revenue Bond. There was no penalty for this prepayment of the bonds.

Hurricane Irma hit the City on September 10, 2017. The long cleanup process was initiated immediately; however the majority of costs were not incurred until fiscal year 2018. An estimated receivable from the Federal Emergency Management Agency (FEMA) was recorded for fiscal year 2017 based on the costs for the first push debris removal and emergency protective services that were provided. The expenditures were not included on the Schedule of Expenditures of Federal Awards (SEFA) because FEMA has not yet approved the City's Project Worksheet (PW). The City certified the Damage Inventory report in the grants portal in January 2018 and is awaiting FEMA site visits and analysis of the PW to determine the grant funding.

Note 18 – Governmental Grants

In accordance with the Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, the City is required to perform "single audits" when the required threshold of \$ 750,000 in grant expenditures from either source is exceeded. During the year ended September 30, 2017, the City did not exceed the required threshold from either source and thus no single audit was required.

Note 19 - Date of Management Review

The City's management has evaluated subsequent events through March 8, 2018, the date which the financial statements were available for issue.

REQUIRED
SUPPLEMENTARY INFORMATION

City of Margate, Florida
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes:				
Property	\$ 15,810,000	\$ 15,810,000	\$ 16,062,719	\$ 252,719
Franchise	3,999,000	3,999,000	4,319,854	320,854
Utility service	6,057,000	6,057,000	6,721,183	664,183
Licenses and permits	1,806,000	1,806,000	2,805,386	999,386
Intergovernmental	5,710,438	5,710,438	5,910,263	199,825
Investment income	80,000	80,000	350,933	270,933
Charges for services	17,060,240	18,219,500	19,065,315	845,815
Fines and forfeitures	373,500	373,500	559,094	185,594
Miscellaneous	2,555,417	1,399,998	1,464,233	64,235
Total revenues	<u>53,451,595</u>	<u>53,455,436</u>	<u>57,258,980</u>	<u>3,803,544</u>
Expenditures:				
General government:				
City commission	433,988	462,719	415,881	46,838
City manager	674,959	721,545	718,238	3,307
Finance	1,540,233	1,564,576	1,436,509	128,067
Non-departmental	6,167,194	6,567,194	6,470,132	97,062
Human resources	936,956	936,956	796,245	140,711
Economic development	1,038,015	1,088,715	740,562	348,153
City clerk	845,171	845,171	806,758	38,413
City attorney	333,333	368,550	332,764	35,786
Information technology	922,065	922,065	868,040	54,025
Total general government	<u>12,891,914</u>	<u>13,477,491</u>	<u>12,585,129</u>	<u>892,362</u>
Public safety:				
Police	18,867,043	18,916,290	18,780,598	135,692
Fire	17,980,116	18,974,658	17,492,017	1,482,641
Building	1,679,010	1,967,010	1,167,006	800,004
Total public safety	<u>38,526,169</u>	<u>39,857,958</u>	<u>37,439,621</u>	<u>2,418,337</u>
Culture and recreation:				
Administration	501,073	511,573	487,760	23,813
Special activities	518,433	518,566	450,243	68,323
Parks and grounds	2,634,798	2,579,175	2,569,864	9,311
Aquatics	749,591	803,591	727,788	75,803
Total culture and recreation	<u>4,403,895</u>	<u>4,412,905</u>	<u>4,235,655</u>	<u>177,250</u>

City of Margate, Florida
Budgetary Comparison Schedule
General Fund
(continued)
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Public works:				
Administration	540,484	472,584	425,496	47,088
Buildings	1,461,918	1,507,258	1,353,131	154,127
City garage	1,439,344	1,472,244	1,187,628	284,616
Total public works	<u>3,441,746</u>	<u>3,452,086</u>	<u>2,966,255</u>	<u>485,831</u>
Debt service:				
Principal retirement	184,452	184,452	184,452	-
Interest and other charges	17,763	17,763	17,763	-
Total debt service	<u>202,215</u>	<u>202,215</u>	<u>202,215</u>	<u>-</u>
Total expenditures	<u>59,465,939</u>	<u>61,402,655</u>	<u>57,428,875</u>	<u>3,973,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,014,344)</u>	<u>(7,947,219)</u>	<u>(169,895)</u>	<u>7,777,324</u>
Other financing sources (uses):				
Capital leases	-	969,242	969,242	-
Transfers in	1,781,501	1,781,501	1,781,501	-
Transfers out	<u>(1,750,000)</u>	<u>(1,929,807)</u>	<u>(1,929,807)</u>	<u>-</u>
Total other financing sources (uses)	<u>31,501</u>	<u>820,936</u>	<u>820,936</u>	<u>-</u>
Net change in fund balance	<u>(5,982,843)</u>	<u>(7,126,283)</u>	<u>651,041</u>	<u>7,777,324</u>
Fund balance, beginning	<u>35,254,665</u>	<u>35,254,665</u>	<u>35,254,665</u>	<u>-</u>
Fund balance, ending	<u>\$ 29,271,822</u>	<u>\$ 28,128,382</u>	<u>\$ 35,905,706</u>	<u>\$ 7,777,324</u>

City of Margate, Florida
Budgetary Comparison Schedule
Margate Community Redevelopment Agency Trust Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Tax incremental	\$ 5,019,566	\$ 5,019,566	\$ 4,977,575	\$ (41,991)
Investment income	2,500	2,500	13,282	10,782
Rental income	665,500	665,500	614,604	(50,896)
Miscellaneous	45,000	45,000	39,272	(5,728)
Total revenues	5,732,566	5,732,566	5,644,733	(87,833)
Expenditures:				
General government	1,803,263	1,813,154	1,579,317	233,837
Economic and physical environment	1,717,000	1,729,664	1,053,608	676,056
Total expenditures	3,520,263	3,542,818	2,632,925	909,893
Excess of revenues over expenditures	2,212,303	2,189,748	3,011,808	822,060
Other financing uses:				
Transfers out	(2,212,303)	(3,027,303)	(3,011,808)	15,495
Net change in fund balance	-	(837,555)	-	837,555
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ (837,555)	\$ -	\$ 837,555

Note 1 – 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) (Unaudited)
September 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
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%	29,486,715	127.84%
10/1/2016	-	41,974,069	41,974,069	0%	32,031,181	131.04%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contributed	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%
2017	4,033,460	21%

City of Margate, Florida
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Margate, Florida's proportion of the net pension liability	.198856274%	.191181409%	.171705136%
City of Margate, Florida's proportionate share of the net pension liability	\$ 58,820,352	\$ 48,273,456	\$ 22,178,021
City of Margate, Florida's covered-employee payroll	\$ 31,911,431	\$ 29,407,952	\$ 28,039,927
City of Margate, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.32%	164.15%	79.09%
Plan fiduciary net position as a percentage of total pension liability	83.89%	84.88%	92.00%

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Margate, Florida
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Margate, Florida's proportion of the net pension liability	.119432380%	.114484765%	.111228388%
City of Margate, Florida's proportionate share of the net pension liability	\$ 12,770,261	\$ 13,342,725	\$ 11,343,546
City of Margate, Florida's covered-employee payroll	\$ 38,131,582	\$ 35,274,258	\$ 33,842,969
City of Margate, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.49%	37.83%	33.52%
Plan fiduciary net position as a percentage of total pension liability	1.64%	0.97%	0.50%

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Margate, Florida
Required Supplementary Information
Schedule of Contributions
Florida Retirement System Pension Plan
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,771,913	\$ 4,363,156	\$ 4,000,142
Contributions in relation to the contractually required contribution	<u>4,771,913</u>	<u>4,363,156</u>	<u>4,000,142</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City of Margate, Florida's covered employee payroll	\$ 31,528,008	\$ 29,636,151	\$ 28,551,940
Contributions as a percentage of covered employee payroll	15.14%	14.72%	14.01%

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Margate, Florida
Required Supplementary Information
Schedule of Contributions
Retiree Health Insurance Subsidy Program
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 622,594	\$ 590,935	\$ 468,894
Contributions in relation to the contractually required contribution	<u>622,594</u>	<u>590,935</u>	<u>468,894</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
City of Margate, Florida's covered employee payroll	\$ 37,505,614	\$ 35,583,830	\$ 34,286,543
Contributions as a percentage of covered employee payroll	1.66%	1.66%	1.37%

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Margate, Florida
Required Supplementary Information
Schedule of Investment Returns
Florida Retirement System Pension Plan
(Unaudited)

	2017	2016	2015
Net money-weighted rate of return	13.59%	.57%	3.77%

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Margate, Florida
Required Supplementary Information
Schedule of Investment Returns
Retiree Health Insurance Subsidy Program
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net money-weighted rate of return	13.59%	.57%	3.77%

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS
AND SCHEDULES

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 Fund

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 Refunding Bonds, Series 2016.

Capital Projects Fund

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.

Fiduciary Fund

Performance Bond Agency Fund - To account 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, 2017

	Special Revenue Funds	General Obligation Debt Service Fund	General Capital Projects Fund	Total
Assets:				
Cash, cash equivalents, and investments	\$ 9,940,463	\$ 109,770	\$ 3,799,262	\$ 13,849,495
Accounts receivable, net	329,854	43	4,483	334,380
Prepayments and other assets	53,312	-	-	53,312
Total assets	<u>\$ 10,323,629</u>	<u>\$ 109,813</u>	<u>\$ 3,803,745</u>	<u>\$ 14,237,187</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 167,329	\$ 314	\$ 305,544	\$ 473,187
Due to other funds	78,003	-	-	78,003
Unearned revenue	290	-	-	290
Total liabilities	<u>245,622</u>	<u>314</u>	<u>305,544</u>	<u>551,480</u>
Deferred inflows of resources:				
Unavailable revenue	<u>85,417</u>	<u>-</u>	<u>-</u>	<u>85,417</u>
Fund balances:				
Non-spendable:				
Prepayments and other assets	53,312	-	-	53,312
Restricted for:				
Public safety	2,715,835	-	-	2,715,835
Transportation	5,970,445	-	-	5,970,445
Culture and recreation	942,516	-	-	942,516
Debt service	-	109,499	-	109,499
Economic development	10,699	-	-	10,699
Streetlights	299,783	-	-	299,783
Assigned to:				
Capital projects	-	-	3,498,201	3,498,201
Total fund balances	<u>9,992,590</u>	<u>109,499</u>	<u>3,498,201</u>	<u>13,600,290</u>
Total liabilities and fund balances	<u>\$ 10,323,629</u>	<u>\$ 109,813</u>	<u>\$ 3,803,745</u>	<u>\$ 14,237,187</u>

City of Margate, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue Funds	General Obligation Debt Service Fund	General Capital Projects Fund	Total
Revenues:				
Property taxes	\$ -	\$ 1,501,941	\$ -	\$ 1,501,941
Intergovernmental	2,540,064	-	-	2,540,064
Investment income	125,009	1,954	44,700	171,663
Charges for services	33,946	-	-	33,946
Fines and forfeitures	330,726	-	-	330,726
Impact fees	351,226	-	-	351,226
Miscellaneous	784,313	-	-	784,313
Total revenues	4,165,284	1,503,895	44,700	5,713,879
Expenditures:				
Current:				
General government	-	-	218,269	218,269
Public safety	197,624	-	41,305	238,929
Economic and physical environment	45,235	-	-	45,235
Culture and recreation	987,399	-	703,861	1,691,260
Public works	1,381,076	-	256,204	1,637,280
Debt service:				
Principal retirement	-	545,000	-	545,000
Interest and other charges	-	932,275	-	932,275
Total expenditures	2,611,334	1,477,275	1,219,639	5,308,248
Excess (deficiency) of revenues over (under) expenditures	1,553,950	26,620	(1,174,939)	405,631
Other financing sources (uses):				
Transfers in	29,807	-	2,210,000	2,239,807
Transfers out	(310,000)	-	-	(310,000)
Total other financing sources (uses)	(280,193)	-	2,210,000	1,929,807
Net change in fund balances	1,273,757	26,620	1,035,061	2,335,438
Fund balances, beginning	8,718,833	82,879	2,463,140	11,264,852
Fund balances, ending	\$ 9,992,590	\$ 109,499	\$ 3,498,201	\$ 13,600,290

City of Margate, Florida
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2017

	<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>
Assets:									
Cash, cash equivalents, and investments	\$ 6,274,490	\$ 1,291,221	\$ 78,295	\$ 1,345,204	\$ 7,799	\$ 85,688	\$ 284,295	\$ 573,471	\$ 9,940,463
Accounts receivable, net	120,128	3,019	254	1,644	3	78,037	151	126,618	329,854
Prepayments and other assets	-	-	-	-	-	-	-	53,312	53,312
Total assets	<u>\$ 6,394,618</u>	<u>\$ 1,294,240</u>	<u>\$ 78,549</u>	<u>\$ 1,346,848</u>	<u>\$ 7,802</u>	<u>\$ 163,725</u>	<u>\$ 284,446</u>	<u>\$ 753,401</u>	<u>\$ 10,323,629</u>
Liabilities:									
Accounts payable and accrued liabilities	\$ 122,728	\$ -	\$ -	\$ 3,802	\$ 20	\$ 6,368	\$ -	\$ 34,411	\$ 167,329
Due to other funds	-	-	-	-	-	78,003	-	-	78,003
Unearned revenue	-	-	-	-	-	-	-	290	290
Total liabilities	<u>122,728</u>	<u>-</u>	<u>-</u>	<u>3,802</u>	<u>20</u>	<u>84,371</u>	<u>-</u>	<u>34,701</u>	<u>245,622</u>
Deferred inflows of resources:									
Unavailable revenue	<u>1,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,437</u>	<u>-</u>	<u>7,318</u>	<u>85,417</u>
Total deferred inflows of resources	<u>1,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,437</u>	<u>-</u>	<u>7,318</u>	<u>85,417</u>
Fund balances:									
Non-spendable:									
Prepayments and other assets	-	-	-	-	-	-	-	53,312	53,312
Restricted for:									
Public safety	-	1,294,240	78,549	1,343,046	-	-	-	-	2,715,835
Transportation	5,970,445	-	-	-	-	-	-	-	5,970,445
Culture and recreation	-	-	-	-	-	-	284,446	658,070	942,516
Economic development	-	-	-	-	7,782	2,917	-	-	10,699
Streetlights	<u>299,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,783</u>
Total fund balances	<u>6,270,228</u>	<u>1,294,240</u>	<u>78,549</u>	<u>1,343,046</u>	<u>7,782</u>	<u>2,917</u>	<u>284,446</u>	<u>711,382</u>	<u>9,992,590</u>
Total liabilities and fund balances	<u>\$ 6,394,618</u>	<u>\$ 1,294,240</u>	<u>\$ 78,549</u>	<u>\$ 1,346,848</u>	<u>\$ 7,802</u>	<u>\$ 163,725</u>	<u>\$ 284,446</u>	<u>\$ 753,401</u>	<u>\$ 10,323,629</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, 2017

	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
Revenues:									
Intergovernmental	\$ 1,739,968	\$ -	\$ -	\$ -	\$ 139	\$ 13,415	\$ -	\$ 786,542	\$ 2,540,064
Investment income	79,040	19,294	1,559	14,414	329	466	848	9,059	125,009
Charges for services	-	-	-	-	-	-	-	33,946	33,946
Fines and forfeitures	-	-	7,813	322,913	-	-	-	-	330,726
Impact fees	-	351,226	-	-	-	-	-	-	351,226
Miscellaneous	927	-	-	3,728	-	-	593,934	185,724	784,313
Total revenues	1,819,935	370,520	9,372	341,055	468	13,881	594,782	1,015,271	4,165,284
Expenditures:									
Current:									
Public safety	-	1,591	16,102	179,931	-	-	-	-	197,624
Economic and physical environment	-	-	-	-	6,905	38,330	-	-	45,235
Culture and recreation	-	-	-	-	-	-	336	987,063	987,399
Public works	1,381,076	-	-	-	-	-	-	-	1,381,076
Total expenditures	1,381,076	1,591	16,102	179,931	6,905	38,330	336	987,063	2,611,334
Excess (deficiency) of revenues over (under) expenditures	438,859	368,929	(6,730)	161,124	(6,437)	(24,449)	594,446	28,208	1,553,950
Other financing sources (uses):									
Transfers in	-	-	-	-	-	29,807	-	-	29,807
Transfers out	-	-	-	-	-	-	(310,000)	-	(310,000)
Total other financing sources (uses)	-	-	-	-	-	29,807	(310,000)	-	(280,193)
Net change in fund balances	438,859	368,929	(6,730)	161,124	(6,437)	5,358	284,446	28,208	1,273,757
Fund balances (deficit), beginning	5,831,369	925,311	85,279	1,181,922	14,219	(2,441)	-	683,174	8,718,833
Fund balances, ending	\$ 6,270,228	\$ 1,294,240	\$ 78,549	\$ 1,343,046	\$ 7,782	\$ 2,917	\$ 284,446	\$ 711,382	\$ 9,992,590

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, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,609,669	\$ 1,739,968	\$ 130,299
Investment income	2,000	79,040	77,040
Miscellaneous	-	927	927
	<u>1,611,669</u>	<u>1,819,935</u>	<u>208,266</u>
Expenditures:			
Public works	<u>1,872,457</u>	<u>1,381,076</u>	<u>491,381</u>
Excess (deficiency) of revenues over (under) expenditures	(260,788)	438,859	699,647
Fund balance, beginning	<u>5,831,369</u>	<u>5,831,369</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,570,581</u>	<u>\$ 6,270,228</u>	<u>\$ 699,647</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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 500	\$ 19,294	\$ 18,794
Impact fees	<u>20,000</u>	<u>351,226</u>	<u>331,226</u>
Total revenues	<u>20,500</u>	<u>370,520</u>	<u>350,020</u>
Expenditures:			
Public safety	<u>20,500</u>	<u>1,591</u>	<u>18,909</u>
Excess of revenues over expenditures	-	368,929	368,929
Fund balance, beginning	<u>925,311</u>	<u>925,311</u>	<u>-</u>
Fund balance, ending	<u>\$ 925,311</u>	<u>\$ 1,294,240</u>	<u>\$ 368,929</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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 100	\$ 1,559	\$ 1,459
Fines and forfeitures	<u>-</u>	<u>7,813</u>	<u>7,813</u>
Total revenues	<u>100</u>	<u>9,372</u>	<u>9,272</u>
Expenditures:			
Public safety	<u>40,050</u>	<u>16,102</u>	<u>23,948</u>
Excess (deficiency) of revenues over (under) expenditures	(39,950)	(6,730)	33,220
Fund balance, beginning	<u>85,279</u>	<u>85,279</u>	<u>-</u>
Fund balance, ending	<u>\$ 45,329</u>	<u>\$ 78,549</u>	<u>\$ 33,220</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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 1,500	\$ 14,414	\$ 12,914
Fines and forfeitures	-	322,913	322,913
Miscellaneous	-	3,728	3,728
	<u>1,500</u>	<u>341,055</u>	<u>339,555</u>
Total revenues			
	<u>1,500</u>	<u>341,055</u>	<u>339,555</u>
Expenditures:			
Public safety	<u>325,121</u>	<u>179,931</u>	<u>145,190</u>
Excess (deficiency) of revenues over (under) expenditures	(323,621)	161,124	484,745
Fund balance, beginning	<u>1,181,922</u>	<u>1,181,922</u>	<u>-</u>
Fund balance, ending	\$ <u><u>858,301</u></u>	\$ <u><u>1,343,046</u></u>	\$ <u><u>484,745</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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 268,251	\$ 139	\$ (268,112)
Investment income	-	329	329
	<u>268,251</u>	<u>468</u>	<u>(267,783)</u>
Total revenues	<u>268,251</u>	<u>468</u>	<u>(267,783)</u>
Expenditures:			
Economic and physical environment	<u>268,251</u>	<u>6,905</u>	<u>261,346</u>
Deficiency of revenues under expenditures	-	(6,437)	(6,437)
Fund balance, beginning	<u>14,219</u>	<u>14,219</u>	<u>-</u>
Fund balance, ending	<u>\$ 14,219</u>	<u>\$ 7,782</u>	<u>\$ (6,437)</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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 731,962	\$ 13,415	\$ (718,547)
Investment income	<u>-</u>	<u>466</u>	<u>466</u>
Total revenues	<u>731,962</u>	<u>13,881</u>	<u>(718,081)</u>
Expenditures:			
Economic and physical environment	<u>912,657</u>	<u>38,330</u>	<u>874,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180,695)</u>	<u>(24,449)</u>	<u>156,246</u>
Other Financing Sources:			
Transfers in	<u>29,807</u>	<u>29,807</u>	<u>-</u>
Net change in fund balance	(150,888)	5,358	156,246
Fund balance (deficit), beginning	<u>(2,441)</u>	<u>(2,441)</u>	<u>-</u>
Fund balance, ending	\$ <u><u>(153,329)</u></u>	\$ <u><u>2,917</u></u>	\$ <u><u>156,246</u></u>

City of Margate, Florida
Special Revenue Fund - Recreation Trust
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 300	\$ 848	\$ 548
Miscellaneous	<u>310,000</u>	<u>593,934</u>	<u>283,934</u>
Total revenues	<u>310,300</u>	<u>594,782</u>	<u>284,482</u>
Expenditures:			
Culture and recreation	<u>300</u>	<u>336</u>	<u>(36)</u>
Excess of revenues over expenditures	<u>310,000</u>	<u>594,446</u>	<u>284,446</u>
Other Financing Uses:			
Transfers out	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
Net change in fund balance	-	284,446	284,446
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 284,446</u>	<u>\$ 284,446</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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 780,457	\$ 786,542	\$ 6,085
Investment income	400	9,059	8,659
Charges for services	18,000	33,946	15,946
Miscellaneous	<u>186,000</u>	<u>185,724</u>	<u>(276)</u>
Total revenues	<u>984,857</u>	<u>1,015,271</u>	<u>30,414</u>
Expenditures:			
Culture and recreation	<u>1,035,457</u>	<u>987,063</u>	<u>48,394</u>
Excess (deficiency) of revenues over (under) expenditures	(50,600)	28,208	78,808
Fund balance, beginning	<u>683,174</u>	<u>683,174</u>	<u>-</u>
Fund balance, ending	<u>\$ 632,574</u>	<u>\$ 711,382</u>	<u>\$ 78,808</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, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ -	\$ 710	\$ 710
Expenditures:			
Principal retirement	2,133,689	1,618,689	515,000
Interest and other charges	<u>293,614</u>	<u>293,614</u>	<u>-</u>
Total expenditures	<u>2,427,303</u>	<u>1,912,303</u>	<u>515,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,427,303)</u>	<u>(1,911,593)</u>	<u>515,710</u>
Other Financing Sources:			
Transfers in	<u>2,427,303</u>	<u>2,427,303</u>	<u>-</u>
Net change in fund balance	-	515,710	515,710
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 515,710</u>	<u>\$ 515,710</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, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ <u>2,000</u>	\$ <u>5,096</u>	\$ <u>3,096</u>
Excess of revenues over expenditures	2,000	5,096	3,096
Fund balance, beginning	<u>961,799</u>	<u>961,799</u>	<u>-</u>
Fund balance, ending	\$ <u><u>963,799</u></u>	\$ <u><u>966,895</u></u>	\$ <u><u>3,096</u></u>

City of Margate, Florida
Debt Service Fund - General Obligation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 1,478,400	\$ 1,501,941	\$ 23,541
Investment income	250	1,954	1,704
Total revenues	<u>1,478,650</u>	<u>1,503,895</u>	<u>25,245</u>
Expenditures:			
Debt service:			
Principal retirement	545,000	545,000	-
Interest and other charges	<u>933,650</u>	<u>932,275</u>	<u>1,375</u>
Total expenditures	<u>1,478,650</u>	<u>1,477,275</u>	<u>1,375</u>
Excess of revenues over expenditures	-	26,620	26,620
Fund balance, beginning	<u>82,879</u>	<u>82,879</u>	<u>-</u>
Fund balance, ending	<u>\$ 82,879</u>	<u>\$ 109,499</u>	<u>\$ 26,620</u>

City of Margate, Florida
Capital Projects Fund - General
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ <u>600</u>	\$ <u>44,700</u>	\$ <u>44,100</u>
Expenditures:			
General government	325,300	218,269	107,031
Public safety	338,000	41,305	296,695
Culture and recreation	2,860,438	703,861	2,156,577
Public works	<u>521,084</u>	<u>256,204</u>	<u>264,880</u>
Total expenditures	<u>4,044,822</u>	<u>1,219,639</u>	<u>2,825,183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,044,222)</u>	<u>(1,174,939)</u>	<u>2,869,283</u>
Other Financing Sources:			
Transfers in	<u>2,210,000</u>	<u>2,210,000</u>	<u>-</u>
Net change in fund balance	(1,834,222)	1,035,061	2,869,283
Fund balance, beginning	<u>2,463,140</u>	<u>2,463,140</u>	<u>-</u>
Fund balance, ending	\$ <u><u>628,918</u></u>	\$ <u><u>3,498,201</u></u>	\$ <u><u>2,869,283</u></u>

City of Margate, Florida
Capital Projects Fund - Margate Community Redevelopment Agency - Capital Improvement
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 14,000	\$ 44,770	\$ 30,770
Expenditures:			
Economic and physical environment	9,620,158	934,357	8,685,801
Excess (deficiency) of revenues over (under) expenditures	(9,606,158)	(889,587)	8,716,571
Other Financing Sources:			
Transfers in	600,000	584,505	(15,495)
Net change in fund balance	(9,006,158)	(305,082)	8,701,076
Fund balance, beginning	9,090,281	9,090,281	-
Fund balance, ending	\$ 84,123	\$ 8,785,199	\$ 8,701,076

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 3,000	\$ 7,570	\$ 4,570
Expenditures:			
Economic and physical environment	5,607,975	-	5,607,975
Excess (deficiency) of revenues over (under) expenditures	(5,604,975)	7,570	5,612,545
Fund balance, beginning	<u>5,605,289</u>	<u>5,605,289</u>	<u>-</u>
Fund balance, ending	\$ <u><u>314</u></u>	\$ <u><u>5,612,859</u></u>	\$ <u><u>5,612,545</u></u>

City of Margate, Florida
Statement of Changes in Assets and Liabilities - Performance Bond Agency Fund
For the Year Ended September 30, 2017

	<u>October 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2017</u>
Assets:				
Cash and cash equivalents	\$ <u>229,157</u>	\$ <u>176,553</u>	\$ <u>198,143</u>	\$ <u>207,567</u>
Total assets	\$ <u><u>229,157</u></u>	\$ <u><u>176,553</u></u>	\$ <u><u>198,143</u></u>	\$ <u><u>207,567</u></u>
Liabilities:				
Performance bonds payable	\$ <u>229,157</u>	\$ <u>176,553</u>	\$ <u>198,143</u>	\$ <u>207,567</u>
Total liabilities	\$ <u><u>229,157</u></u>	\$ <u><u>176,553</u></u>	\$ <u><u>198,143</u></u>	\$ <u><u>207,567</u></u>

City of Margate, Florida
Water and Wastewater Enterprise Fund
Debt Service - Water and Sewer Refunding Revenue Bond, Series 2007
For the Year Ended September 30, 2017

<u>Fiscal Year</u>	<u>Principal Due October 1,</u>	<u>Interest Due October 1,</u>	<u>Interest Due April 1,</u>	<u>Total</u>
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

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.

<u>CONTENTS</u>	<u>PAGE</u>
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.	95-105
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	106-109
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.	110-113
Demographic and Economic 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 provide comparison over time and with other governments.	114-115
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.	116-118

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Margate, Florida
Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011 *
Governmental Activities:				
Net investment in capital assets	\$ 63,555,399	\$ 63,469,602	\$ 60,748,215	\$ 59,236,569
Restricted	10,537,977	9,771,015	10,899,393	9,840,289
Unrestricted (deficit)	5,840,625	8,442,805	16,900,014	19,724,171
Total governmental activities net position	<u>\$ 79,934,001</u>	<u>\$ 81,683,422</u>	<u>\$ 88,547,622</u>	<u>\$ 88,801,029</u>
Business-type Activities:				
Net investment in capital assets	37,244,297	39,888,342	40,996,634	41,905,219
Restricted	8,682,305	8,188,313	500,000	500,000
Unrestricted	11,636,867	11,725,181	19,965,778	22,591,075
Total business-type activities net position	<u>\$ 57,563,469</u>	<u>\$ 59,801,836</u>	<u>\$ 61,462,412</u>	<u>\$ 64,996,294</u>
Primary Government:				
Net investment in capital assets	100,799,696	103,357,944	101,744,849	101,141,788
Restricted	19,220,282	17,959,328	11,399,393	10,340,289
Unrestricted	17,477,492	20,167,986	36,865,792	42,315,246
Total government net position	<u>\$ 137,497,470</u>	<u>\$ 141,485,258</u>	<u>\$ 150,010,034</u>	<u>\$ 153,797,323</u>

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

Table 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 60,008,760	\$ 57,513,624	\$ 59,679,684	\$ 60,387,578	\$ 60,133,494	\$ 60,215,424
9,793,414	24,103,414	25,349,566	25,929,103	26,152,283	23,718,734
22,746,251	11,472,320	2,861,835	(31,134,727)	(32,416,624)	(34,605,290)
<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>	<u>\$ 49,328,868</u>
42,398,535	41,685,485	40,903,406	43,771,693	46,413,559	48,831,575
500,000	500,000	500,000	500,000	500,000	500,000
26,673,721	31,493,783	35,329,241	36,780,207	40,415,771	42,898,196
<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>	<u>\$ 92,229,771</u>
102,407,295	99,199,109	100,583,090	104,159,271	106,547,053	109,046,999
10,293,414	24,603,414	25,849,566	26,429,103	26,652,283	24,218,734
49,419,972	42,966,103	38,191,076	5,645,480	7,999,147	8,292,906
<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>	<u>\$ 141,558,639</u>

City of Margate, Florida
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011*
Expenses:				
Governmental activities:				
General government	\$ 9,634,020	\$ 9,685,303	\$ 9,892,537	\$ 8,082,190
Public safety	35,009,043	35,599,215	35,460,818	34,906,406
Economic and physical environment	4,157,341	5,005,091	3,475,742	2,592,179
Culture and recreation	4,767,627	4,077,221	3,785,437	3,641,131
Public works	7,574,304	6,682,336	7,321,527	8,171,353
Interest expense	1,834,783	1,780,246	2,611,907	1,637,523
Total governmental activities	<u>62,977,118</u>	<u>62,829,412</u>	<u>62,547,968</u>	<u>59,030,782</u>
Business-type activities:				
Water and wastewater	16,895,327	17,896,733	17,865,819	17,267,605
Stormwater utility	891,962	886,905	1,018,322	1,083,531
Total business-type activities	<u>17,787,289</u>	<u>18,783,638</u>	<u>18,884,141</u>	<u>18,351,136</u>
Total expenses	<u>\$ 80,764,407</u>	<u>\$ 81,613,050</u>	<u>\$ 81,432,109</u>	<u>\$ 77,381,918</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 1,751,138	\$ 675,000	\$ 675,000	\$ 910,386
Public safety	18,343,939	14,290,780	15,023,691	15,150,035
Economic and physical environment	51,932	72,588	79,092	-
Culture and recreation	520,052	453,120	459,054	475,564
Public works	12,505	40,176	87,866	-
Operating grants and contributions	4,101,252	3,935,458	3,087,643	2,611,494
Capital grants and contributions	-	-	-	215,748
Total governmental activities	<u>24,780,818</u>	<u>19,467,122</u>	<u>19,412,346</u>	<u>19,363,227</u>
Business-type activities:				
Charges for services:				
Water and wastewater	15,776,859	19,448,397	20,659,032	21,862,498
Stormwater utility	923,869	1,156,091	1,231,258	1,252,815
Operating grants and contributions	-	-	-	104,263
Capital grants and contributions	-	-	-	135,346
Total business-type activities	<u>16,700,728</u>	<u>20,604,488</u>	<u>21,890,290</u>	<u>23,354,922</u>
Total program revenues	<u>\$ 41,481,546</u>	<u>\$ 40,071,610</u>	<u>\$ 41,302,636</u>	<u>\$ 42,718,149</u>
Net (Expense)/Revenue:				
Governmental activities	\$ (38,196,300)	\$ (43,362,290)	\$ (43,135,622)	\$ (39,667,555)
Business-type activities	(1,086,561)	1,820,850	3,006,149	5,003,786
Total net expense	<u>\$ (39,282,861)</u>	<u>\$ (41,541,440)</u>	<u>\$ (40,129,473)</u>	<u>\$ (34,663,769)</u>

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

Table 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 9,422,672	\$ 9,242,469	\$ 11,010,723	\$ 10,237,660	\$ 12,111,517	\$ 15,566,363
34,524,960	35,380,426	37,593,750	33,491,912	40,320,179	44,439,211
2,442,984	3,550,866	2,623,786	2,332,157	2,186,059	1,656,356
3,256,597	4,160,376	4,981,341	5,136,787	5,643,172	6,171,871
6,409,320	7,311,453	10,981,715	7,099,119	5,691,156	6,402,118
1,992,924	1,730,543	1,651,830	1,537,960	1,729,592	986,383
<u>58,049,457</u>	<u>61,376,133</u>	<u>68,843,145</u>	<u>59,835,595</u>	<u>67,681,675</u>	<u>75,222,302</u>
17,544,105	18,673,006	18,693,949	17,201,687	17,268,787	18,353,056
953,271	1,083,291	1,035,953	1,094,793	1,239,865	1,805,252
<u>18,497,376</u>	<u>19,756,297</u>	<u>19,729,902</u>	<u>18,296,480</u>	<u>18,508,652</u>	<u>20,158,308</u>
<u>\$ 76,546,833</u>	<u>\$ 81,132,430</u>	<u>\$ 88,573,047</u>	<u>\$ 78,132,075</u>	<u>\$ 86,190,327</u>	<u>\$ 95,380,610</u>
\$ 931,193	\$ 874,971	\$ 886,109	\$ 112,679	\$ 102,527	\$ 1,247,307
18,385,589	18,383,201	18,469,940	19,009,361	18,905,230	20,764,031
-	542,850	568,145	606,746	644,712	614,604
455,773	452,487	511,007	620,378	590,480	626,102
-	27,863	23,209	26,793	182,365	153,528
2,495,450	3,095,508	2,158,337	2,054,187	1,234,999	1,672,897
526,111	-	-	-	315,776	-
<u>22,794,116</u>	<u>23,376,880</u>	<u>22,616,747</u>	<u>22,430,144</u>	<u>21,976,089</u>	<u>25,078,469</u>
22,313,454	22,693,640	22,732,250	23,119,770	23,041,571	23,679,881
1,253,182	1,249,716	1,248,354	1,249,029	1,674,706	1,890,702
12,722	-	-	-	-	161,670
962,251	1,317,929	318,930	3,574,749	1,429,870	753,965
<u>24,541,609</u>	<u>25,261,285</u>	<u>24,299,534</u>	<u>27,943,548</u>	<u>26,146,147</u>	<u>26,486,218</u>
<u>\$ 47,335,725</u>	<u>\$ 48,638,165</u>	<u>\$ 46,916,281</u>	<u>\$ 50,373,692</u>	<u>\$ 48,122,236</u>	<u>\$ 51,564,687</u>
\$ (35,255,341)	\$ (37,999,253)	\$ (46,226,398)	\$ (37,405,451)	\$ (45,705,586)	\$ (50,143,833)
6,044,233	5,504,988	4,569,632	9,647,068	7,637,495	6,327,910
<u>\$ (29,211,108)</u>	<u>\$ (32,494,265)</u>	<u>\$ (41,656,766)</u>	<u>\$ (27,758,383)</u>	<u>\$ (38,068,091)</u>	<u>\$ (43,815,923)</u>

City of Margate, Florida
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting) (continued)

	Fiscal			
	2008	2009	2010	2011
General Revenues:				
Governmental activities:				
Taxes:				
Property	\$ 18,369,864	19,917,843	19,822,680	15,816,304
Franchise	4,164,306	4,163,741	3,945,916	3,901,966
Utility service	6,080,705	6,413,933	6,398,925	6,307,503
Sales	4,473,092	3,996,063	3,836,884	3,997,337
Gas	1,482,316	1,435,609	1,394,143	1,406,512
Tax incremental revenue	5,949,939	6,430,395	6,164,507	4,266,914
Intergovernmental not restricted to specific program	247,201	162,534	138,318	148,025
Investment income	2,010,753	591,770	462,470	224,645
Miscellaneous	1,877,484	1,840,809	1,772,299	2,105,331
Gain on disposal of capital assets	45,895	159,014	-	-
Transfers	-	-	1,744,150	1,746,425
Total governmental activities	<u>44,701,555</u>	<u>45,111,711</u>	<u>45,680,292</u>	<u>39,920,962</u>
Business-type activities:				
Intergovernmental not restricted to specific program	100,000	-	-	-
Investment income	658,652	413,199	398,577	239,740
Gain on disposal of capital assets	8,906	4,318	-	36,781
Transfers	-	-	(1,744,150)	(1,746,425)
Total business-type activities	<u>767,558</u>	<u>417,517</u>	<u>(1,345,573)</u>	<u>(1,469,904)</u>
Total primary government	\$ <u>45,469,113</u>	\$ <u>45,529,228</u>	\$ <u>44,334,719</u>	\$ <u>38,451,058</u>
Change in Net Position:				
Governmental activities	\$ 6,505,255	1,749,421	2,544,670	253,407
Business-type activities	<u>(319,003)</u>	<u>2,238,367</u>	<u>1,660,576</u>	<u>3,533,882</u>
Total change in net position	\$ <u>6,186,252</u>	\$ <u>3,987,788</u>	\$ <u>4,205,246</u>	\$ <u>3,787,289</u>

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

Table 2

Year						
	2012	2013	2014	2015	2016	2017
\$	15,360,612	14,920,830	15,211,654	15,587,799	16,775,348	17,564,660
	3,845,702	3,799,673	4,062,878	4,181,165	4,227,712	4,187,221
	6,311,257	6,541,179	6,573,918	6,583,890	6,549,625	6,721,183
	4,155,678	4,446,926	4,817,410	5,109,632	5,255,180	5,406,711
	1,385,513	1,385,386	1,450,728	1,493,761	1,518,724	1,590,299
	3,686,138	3,604,128	4,326,277	4,180,496	4,419,493	4,977,575
	232,758	134,625	174,228	176,397	185,753	192,551
	341,950	(116,184)	152,571	221,859	392,078	594,024
	1,902,327	2,022,200	1,893,816	3,049,471	3,287,990	2,584,095
	32,564	54,385	-	69,179	26,444	3,728
	1,748,238	1,747,038	1,746,163	2,276,162	1,754,438	1,781,501
	<u>39,002,737</u>	<u>38,540,186</u>	<u>40,409,643</u>	<u>42,929,811</u>	<u>44,392,785</u>	<u>45,603,548</u>
	-	-	-	-	-	-
	213,458	284,897	259,292	227,561	330,676	344,894
	66,509	64,165	29,944	33,468	63,697	9,138
	(1,748,238)	(1,747,038)	(1,746,163)	(2,276,162)	(1,754,438)	(1,781,501)
	<u>(1,468,271)</u>	<u>(1,397,976)</u>	<u>(1,456,927)</u>	<u>(2,015,133)</u>	<u>(1,360,065)</u>	<u>(1,427,469)</u>
\$	<u>37,534,466</u>	<u>\$ 37,142,210</u>	<u>\$ 38,952,716</u>	<u>\$ 40,914,678</u>	<u>\$ 43,032,720</u>	<u>\$ 44,176,079</u>
	3,747,396	540,933	(5,816,755)	5,524,360	(1,312,801)	(4,540,285)
	<u>4,575,962</u>	<u>4,107,012</u>	<u>3,112,705</u>	<u>7,631,935</u>	<u>6,277,430</u>	<u>4,900,441</u>
\$	<u>8,323,358</u>	<u>\$ 4,647,945</u>	<u>\$ (2,704,050)</u>	<u>\$ 13,156,295</u>	<u>\$ 4,964,629</u>	<u>\$ 360,156</u>

City of Margate, Florida

Table 3

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years (accrual basis of accounting) (in thousands of dollars)

<u>Fiscal Year</u>	<u>Property</u>	<u>Franchise</u>	<u>Utility Service</u>	<u>Sales</u>	<u>Gas</u>	<u>Incremental</u>	<u>Total</u>
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	34,746
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
2017	17,565	4,320	6,721	5,407	1,590	4,978	40,581

City of Margate, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Fund:				
Reserved (1)	\$ 384,721	\$ 46,149	\$ 64,851	\$ -
Unreserved (1)	9,410,121	13,421,509	16,650,440	-
Nonspendable	-	-	-	-
Restricted	-	-	-	905,230
Committed	-	-	-	311,642
Assigned	-	-	-	7,829,551
Unassigned	-	-	-	11,222,721
Total general fund	<u>\$ 9,794,842</u>	<u>\$ 13,467,658</u>	<u>\$ 16,715,291</u>	<u>\$ 20,269,144</u>
All Other Governmental Funds:				
Reserved (1)	\$ 9,630,093	\$ 649,361	\$ 669,963	\$ -
Unreserved (1), reported in:				
Special revenue funds	20,036,324	20,531,648	22,696,917	-
Capital projects funds	1,139,931	1,220,319	1,058,802	-
Nonspendable, reported in:				
Special revenue funds	-	-	-	33,891
Restricted, reported in:				
Special revenue funds	-	-	-	21,236,254
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	665,427
Committed, reported in:				
Capital projects funds	-	-	-	273,822
Assigned, reported in:				
Capital projects funds	-	-	-	555,598
Unassigned, reported in:				
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 30,806,348</u>	<u>\$ 22,401,328</u>	<u>\$ 24,425,682</u>	<u>\$ 22,764,992</u>

(1) Information for fiscal years 2008-2010 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 1, D Net position/fund balance.

Table 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	16,447	21,019	-	45,717
1,024,314	1,223,945	1,498,012	1,240,019	1,737,109	3,402,307
108,947	313,585	-	1,060,302	1,060,302	1,088,002
7,173,003	6,913,495	19,076,067	22,619,686	23,935,029	21,944,916
14,033,380	17,263,869	7,751,670	7,956,394	8,522,225	9,424,764
<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>	<u>\$ 35,905,706</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
452,140	484,751	51,961	48,137	46,348	53,312
22,114,987	22,563,427	8,401,957	8,751,956	8,674,926	9,939,278
-	-	1,001,488	1,014,927	1,044,678	1,592,104
580,680	375,436	14,690,375	14,922,201	14,695,570	14,398,058
179,723	132,581	-	-	-	-
848,904	789,576	1,929,942	1,587,696	2,463,140	3,498,201
-	-	(25,005)	-	(2,441)	-
<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>	<u>\$ 29,480,953</u>

City of Margate, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Property taxes	\$ 18,369,864	\$ 19,917,843	\$ 19,822,680	\$ 15,816,304
Franchise taxes	4,164,306	4,163,741	3,945,916	3,901,966
Utility service taxes	6,080,705	6,413,933	6,398,925	6,307,503
Tax incremental	5,949,939	6,430,395	6,164,507	4,266,914
Licenses and permits	1,862,200	1,626,161	2,013,158	1,730,177
Intergovernmental	10,303,860	9,529,664	8,407,819	8,329,483
Investment income	2,010,754	591,770	462,470	224,645
Charges for services	12,815,976	13,251,853	13,681,562	14,259,912
Rental income	-	-	-	495,172
Fines and forfeitures	4,700,253	653,650	679,152	595,526
Impact fees	-	-	-	-
Miscellaneous	1,923,380	1,923,962	1,772,299	1,610,158
Total revenues	<u>68,181,237</u>	<u>64,502,972</u>	<u>63,348,488</u>	<u>57,537,760</u>
Expenditures:				
General government	9,675,177	9,265,980	9,630,576	7,768,338
Public safety	34,801,890	32,744,809	33,750,328	34,350,220
Economic and physical environment	6,461,806	6,391,763	5,440,320	1,502,861
Culture and recreation	3,947,529	3,235,489	8,746,442	2,909,365
Redevelopment projects	-	-	-	956,582
Public works	6,199,981	4,746,267	4,650,345	4,555,188
Debt Service:				
Principal	1,175,048	1,071,985	2,310,528	2,130,207
Interest	1,936,706	1,736,832	2,086,760	2,096,703
Issuance costs	-	-	-	-
Capital outlay	14,119,142	13,783,746	205,352	2,031,111
Total expenditures	<u>78,317,279</u>	<u>72,976,871</u>	<u>66,820,651</u>	<u>58,300,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,136,042)</u>	<u>(8,473,899)</u>	<u>(3,472,163)</u>	<u>(762,815)</u>
Other Financing Sources (Uses):				
Issuance of refunding bond	-	-	7,000,000	-
Premium on refunding bond	-	-	-	-
Discount on general obligation debt	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-
Capital leases	-	-	-	-
Proceeds from insurance recoveries	-	-	-	-
Transfers in	1,889,330	1,492,150	2,460,660	2,231,126
Transfers out	(1,889,330)	(1,492,150)	(716,510)	(484,701)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,744,150</u>	<u>1,746,425</u>
Net change in fund balances	<u>\$ (10,136,042)</u>	<u>\$ (8,473,899)</u>	<u>\$ 5,271,987</u>	<u>\$ 983,610</u>
Debt service as a percentage of noncapital expenditures (restated)	4.8%	4.8%	7.6%	7.6%

Table 5

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 15,360,612	\$ 14,920,830	\$ 15,211,654	\$ 15,587,799	\$ 16,775,348	\$ 17,564,660
3,845,702	3,799,673	4,062,878	4,181,165	4,095,079	4,319,854
6,311,257	6,541,179	6,573,918	6,583,890	6,549,625	6,721,183
3,686,138	3,604,128	4,326,277	4,180,496	4,419,493	4,977,575
1,722,747	1,642,538	1,877,792	2,567,975	2,213,850	2,805,386
8,795,510	9,062,446	8,795,630	8,803,540	8,467,575	8,450,327
341,950	(116,184)	152,571	221,859	392,078	594,024
16,389,096	17,150,655	16,972,896	16,521,975	18,272,314	19,099,261
526,848	542,850	568,145	606,746	644,712	614,604
1,660,712	945,328	1,049,448	862,313	750,256	889,820
-	-	-	-	19,979	351,226
1,408,042	2,076,585	1,689,018	2,966,035	1,507,090	2,287,818
<u>60,048,614</u>	<u>60,170,028</u>	<u>61,280,227</u>	<u>63,083,793</u>	<u>64,107,399</u>	<u>68,675,738</u>
8,868,487	8,864,648	9,683,148	9,900,269	11,327,985	14,382,715
35,252,351	35,758,857	32,536,389	33,662,839	35,541,311	37,678,550
1,304,565	1,487,821	2,247,114	1,931,976	2,190,024	2,033,200
2,969,257	3,046,418	4,152,605	4,365,561	5,049,683	5,926,915
703,925	700,110	1,064,790	-	-	-
4,158,225	4,411,430	4,698,554	4,497,875	4,802,219	4,603,535
2,224,025	2,510,383	2,600,937	2,686,915	2,851,608	2,348,141
2,004,483	1,814,940	1,650,987	1,561,185	1,464,264	1,243,652
-	-	-	-	133,148	-
829,592	829,592	812,791	1,923,912	-	-
<u>58,314,910</u>	<u>59,424,199</u>	<u>59,447,315</u>	<u>60,530,532</u>	<u>63,360,242</u>	<u>68,216,708</u>
<u>1,733,704</u>	<u>745,829</u>	<u>1,832,912</u>	<u>2,553,261</u>	<u>747,157</u>	<u>459,030</u>
-	15,559,414	-	-	18,950,000	-
-	-	-	-	4,210,851	-
-	-	-	-	-	-
-	(15,559,414)	-	-	(23,025,000)	-
-	859,878	-	-	317,103	969,242
-	-	-	-	-	-
3,077,044	2,312,152	20,503,194	8,358,322	5,572,149	7,033,116
<u>(1,328,806)</u>	<u>(565,114)</u>	<u>(18,757,031)</u>	<u>(6,082,160)</u>	<u>(3,817,711)</u>	<u>(5,251,615)</u>
<u>1,748,238</u>	<u>2,606,916</u>	<u>1,746,163</u>	<u>2,276,162</u>	<u>2,207,392</u>	<u>2,750,743</u>
\$ <u>3,481,942</u>	\$ <u>3,352,745</u>	\$ <u>3,579,075</u>	\$ <u>4,829,423</u>	\$ <u>2,954,549</u>	\$ <u>3,209,773</u>
7.8%	7.4%	7.3%	7.3%	7.3%	5.5%

City of Margate, Florida

Table 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Tax Year	Real Property				Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Market Value	Total Assessed Value as a Percentage of Estimated Market Value
		Residential Property	Commercial Property	Industrial Property	Other (1)					
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%
2017	2016	2,300,737	556,026	116,066	275,405	803,051	2,445,183	7.0593	4,061,741	60.20%

Source: Broward County Property Appraiser.

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

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

City of Margate, Florida
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years (rate per \$1,000 of assessed value)

Table 7

Fiscal Year	City of Margate			Overlapping Rates*						Total Direct and 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 Navigation District	
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
2017	6.4554	0.6039	7.0593	6.9063	5.6690	0.3307	0.4882	1.3462	0.0320	21.8317

Source: Broward County Property Appraiser's Office.

Notes: The City's basic property tax rate may be increased only by 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.

City of Margate, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
IMT Capital II Pinebrook Pointe LLC	\$ 52,412,950	1	2.14%	\$ -	-	-
Northwest Regional Hospital Inc.	47,930,040	2	1.96%	-	-	-
Morguard Blue Isle LLC	36,369,690	3	1.49%	-	-	-
LSREF3 Peppertree LLC	32,431,590	4	1.33%	-	-	-
MHC Coral Cay Plantation LLC	29,005,490	5	1.19%	-	-	-
Behringer Harvard Margate LLC	27,828,430	6	1.14%	-	-	-
Fairfield Fairways Carolina LLC	24,902,760	7	1.02%	-	-	-
JM Auto Inc.	24,323,100	8	0.99%	28,474,130	3	0.85%
Lakewood Retail LLC	20,181,570	9	0.83%	-	-	-
Mullinax Ford South Inc.	19,642,700	10	0.80%	-	-	-
Prisa Acquisition LLC	-	-	-	50,320,280	1	1.51%
Snowbirdland Vistas Inc.	-	-	-	30,284,750	2	0.91%
Kimco Realty Corporation	-	-	-	28,386,210	4	0.85%
Florida Power & Light Company	-	-	-	28,010,252	5	0.84%
WRI-TC Palm Lakes Plaza LLC	-	-	-	22,137,880	6	0.66%
Lakes of Margate Apartments	-	-	-	21,946,530	7	0.66%
MB Margate Lakewood I LLC	-	-	-	20,105,830	8	0.60%
Cross Creek Realty Holdings LLC	-	-	-	19,707,790	9	0.59%
P G Fry Properties	-	-	-	13,785,830	10	0.41%
Total	\$ 315,028,320		12.89%	\$ 263,159,482		7.88%

Source: Broward County Revenue Collector.

City of Margate, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years (in thousands of dollars)

Table 9

Fiscal Year	Tax 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
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%	61	19,659	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%	182	15,423	97.0%
2015	2014	16,355	15,667	95.8%	371	16,038	98.1%
2016	2015	17,490	16,758	95.8%	5	16,763	95.8%
2017	2016	18,225	17,533	96.2%	-	17,533	96.2%

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

Note: Fiscal year 2008-2009 data is incomplete and only reflects monies received from fiscal year 2010 and later for subsequent collections.

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

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			
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
2017	22,365	(2) 7,955	1,419	3,215	-	34,954	2.57%	603

Note: 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.

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (dollars in thousands, except per capita)

Fiscal Year	Tax Year	Assessed Value (1)	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Bonded Debt Per Capita (2)
			General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
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%	453.33
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
2017	2016	2,445,182	22,365	110	22,255	0.91%	383.97

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

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

(2) Population data can be found on Table 14.

City of Margate, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017 (dollars in thousands)

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes			
Broward County School Board	\$ 1,735,313	1.44%	\$ 25,056
Broward County	<u>207,550</u>	1.59%	<u>3,290</u>
Subtotal, overlapping debt			28,346
City of Margate direct debt			<u>31,737</u>
Total direct and overlapping debt			\$ <u><u>60,083</u></u>

Sources: Taxable value data used to estimate applicable percentages provided by the Broward County Property Appraiser.
Debt outstanding data provided by each government unit as listed above.

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 other governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Margate, Florida
Pledged-Revenue Coverage
Water and Wastewater Enterprise Fund
Last Ten Fiscal Years (dollars in thousands)

Table 13

Water and Sewer Refunding 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			
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	7.49
2014	22,987	14,693	8,294	8,294	1,163	7.13
2015	22,346	13,500	9,846	9,846	1,160	8.49
2016	23,354	13,933	9,421	9,421	1,160	8.12
2017	24,142	14,979	9,163	9,163	1,160	7.90

Notes: 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 and the Renewal and Replacement Fund 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 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.

City of Margate, Florida
Demographic and Economic Statistics
Last Ten Calendar Years

Table 14

Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	School Enrollment (3)	Broward County Unemployment Rate (4)
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%
2017	57,961	1,362,547	23,508	7,447	3.30%

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

City of Margate, Florida
Principal Employers
Current Year and Nine Years Ago

Table 15

	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Global Response Corporation	1,410	1	4.64%	-	-	-
Northwest Medical Center	930	2	3.06%	1,000	1	6.04%
City of Margate, Florida	554	3	1.82%	608	2	3.67%
Broward County Schools	430	4	1.42%	524	4	3.17%
JM Lexus	399	5	1.31%	310	7	1.87%
Walmart	256	6	0.84%	385	6	2.33%
Qology	180	7	0.59%	-	-	-
Penn Dutch	165	8	0.54%	210	8	1.27%
Autonation Ford Margate	136	9	0.45%	-	-	-
Publix	135	10	0.44%	-	-	-
Atlantic Technical Center	-	-	-	534	3	3.23%
Wyndham Vacation Resort	-	-	-	405	5	2.45%
Maroone Ford	-	-	-	135	9	0.82%
United States Postal Service	-	-	-	132	10	0.80%
Total	<u>4,595</u>		<u>15.11%</u>	<u>4,243</u>		<u>25.65%</u>

Sources: Broward Planning Services Division, City-wide data.com, U.S. Bureau of Labor Statistics, Finance Department survey, and the Florida Department of Economic Opportunity.

City of Margate, Florida
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Table 16

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
City commission	5	5	5	5	5	5	5	5	5	5
City manager	5	6	6	6	6	6	7	6	4	4
Economic development	-	-	-	-	5	5	7	7	9	10
Finance	20	19	19	19	20	20	20	21	8	9
Purchasing *	-	-	-	-	-	-	-	-	4	4
Human resources	8	7	7	5	6	6	6	6	6	7
City clerk	8	6	6	6	6	7	7	7	7	7
City attorney	2	1	1	1	1	1	1	1	1	1
Building	18	15	15	19	14	13	13	11	11	13
Information technology	7	7	7	7	7	6	5	5	6	6
Police:										
Officers	120	111	111	107	107	110	111	111	112	111
Non-certified personnel	91	83	81	75	75	69	40	39	35	35
Fire:										
Firefighters/Paramedics	105	104	105	108	107	107	108	108	116	116
Firefighters/EMTs	4	3	3	2	2	2	2	2	2	2
Non-certified personnel	2	2	2	2	2	2	2	2	2	2
Public Works:										
Administration	5	5	4	3	3	3	3	4	4	4
Building	12	10	10	9	9	9	9	8	7	8
Garage	12	10	10	10	10	10	10	8	9	9
Transportation	13	12	11	-	-	-	-	-	-	-
Roads	4	4	3	3	3	3	3	3	3	3
Stormwater utility	8	8	9	9	9	9	9	10	10	11
Parks and Recreation	74	59	57	53	56	46	47	55	50	54
Environment & Engineering Services:										
Treatment	39	38	40	40	38	39	38	37	36	36
Transmission, distribution & collection	30	30	30	30	30	30	30	31	32	32
Utility billing *	-	-	-	-	-	-	-	-	6	6
Administration & engineering	16	16	17	18	15	15	15	15	16	17
Total	608	561	559	537	536	523	498	502	501	512

Source: City's Finance Department

Note: 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 2,080.

* Purchasing and Utility Billing were previously included in Finance.

City of Margate, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 17

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Building permits issued	4,909	4,537	4,893	3,922	3,998	4,371	4,441	4,836	4,722	5,080
Lien inquiries	1,020	2,888	2,640	1,873	2,389	2,204	1,777	2,241	2,147	2,079
Police:										
Physical arrests	3,029	2,964	2,346	1,858	1,713	1,528	1,024	1,046	1,025	1,093
Parking citations	502	209	124	80	62	63	63	118	81	126
Traffic citations	12,404	8,960	8,401	5,945	5,555	5,447	4,816	5,097	5,253	6,563
Fire:										
Emergency responses	15,158	13,892	14,155	14,062	14,450	14,585	14,950	15,089	16,390	17,627
Inspections	2,368	1,075	2,239	2,137	2,488	2,877	2,849	2,782	3,360	3,512
Public works:										
Total route miles - Margate mini buses	70	62	62	46	46	46	57	58	67	55
Transit passengers - Margate mini buses	159,483	140,822	117,037	109,996	67,935	60,560	66,198	62,981	71,323	93,473
Culture and Recreation:										
Pool admissions	33,132	33,309	32,508	37,230	33,345	32,052	37,795	50,958	39,477	45,274
Summer camp participants	238	185	167	150	191	172	179	198	209	251
Library circulation	181,200	177,164	168,725	160,098	149,464	161,766	124,833	114,456	100,171	85,974
Environmental and Engineering Services:										
Water and wastewater system:										
Number of billed accounts monthly	16,738	16,776	16,781	16,770	16,775	16,771	16,779	16,811	16,811	16,873
Average number of gallons of water consumed daily (thousands of gallons)	7,752	7,933	7,823	7,983	7,762	6,945	7,425	6,777	6,462	6,093
Average number of gallons of wastewater treated daily (thousands of gallons)	6,900	7,125	6,551	6,808	6,940	6,900	6,602	6,246	6,484	6,716

Sources: Various City Departments

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

City of Margate, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 18

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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)	94	91	91	101	112	116	115	89	89	100
Administrative buildings - Fire	-	-	-	-	-	1	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	10	10	10	7	5	5
Number of rescue transport vehicles	9	9	9	9	9	9	9	7	5	5
Public Works:										
Public roads (miles)	110.49	110.49	110.71	110.71	110.71	110.71	110.71	110.71	110.71	110.71
City roads (miles)	100.91	100.91	101.28	101.28	101.28	101.28	101.28	101.28	101.28	101.28
Transit-minibus	6	6	6	6	4	4	4	4	4	4
Culture and Recreation:										
Number of parks	18	18	18	18	19	19	19	19	19	19
Park acreage	131.90	131.90	131.90	131.90	131.90	131.90	131.90	132.00	131.90	131.90
Conservation land use (acres)	56.31	52.24	52.24	52.25	52.24	52.24	52.24	52.24	52.24	52.24
Community Center	1	1	1	1	1	1	2	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	209.69	211.33	211.46	211.51	211.51	211.51	211.27	211.00	212.00	212.67
Miles of wastewater mains	176.29	185.07	174.68	176.42	176.42	176.42	176.68	178.00	179.00	179.09
Water treatment capacity per day (thousands of gallons)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	20,000	20,000

Sources: Various City Departments.

COMPLIANCE SECTION

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, 2017, 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 8, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 8, 2018

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, 2017, and have issued our report thereon dated March 8, 2018.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports which are dated March 8, 2018, 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 findings and recommendations made in the preceding annual financial audit report have been cleared.

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

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify 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 for the City. 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.

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City, for the fiscal year ended September 30, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate 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 us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

City of Margate, Florida

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 8, 2018

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, 2017. 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, 2017.

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

Keefe McCullough

KEEFE MCCULLOUGH

Fort Lauderdale, Florida
March 8, 2018