

City of Margate, Florida



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019



CITY OF
MARGATE
Together We Make It Great

This Page Intentionally Left Blank

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF MARGATE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

Prepared by the
Finance Department

Mary Beazley, Finance Director
Kelly Schwartz, Assistant Finance Director

ABOUT THE COVER

City of Margate Cover Photos (from top to bottom): Firefighters Park, Sports Complex, and Firefighters Park.

Cover Design: Melissa VanKannel, City Manager's Office

City of Margate, Florida

Table of Contents

Introductory Section

Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
List of Elected and Appointed Officials	ix
Organizational Chart	x

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16-17
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19-20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	21
Statement of Net Position - Proprietary Funds	22-23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Net Position- Fiduciary Funds - Performance Bond Agency Fund	27
Notes to Basic Financial Statements	28-65

City of Margate, Florida

Table of Contents (continued)

Required Supplementary Information

Budgetary Comparison Schedules:

General Fund	66-67
Special Revenue Fund - Margate Community Redevelopment Agency Trust Fund	68
Notes to Budgetary Comparison Schedules	69
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)	70
Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System Pension Plan (Unaudited)	71
Schedule of Proportionate Share of Net Pension Liability - Retiree Health Insurance Subsidy Program (Unaudited)	72
Schedule of Contributions - Florida Retirement System Pension Plan (Unaudited)	73
Schedule of Contributions - Retiree Health Insurance Subsidy Program (Unaudited)	74

Other Supplementary Information

Combining and Individual Fund Financial Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	76
Combining Balance Sheet - Nonmajor Special Revenue Funds	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	78
Combining Balance Sheet - Nonmajor Capital Projects Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	80
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Special Revenue Fund - Road	81
Special Revenue Fund - Impact Fees	82
Special Revenue Fund - Police Officers Training	83
Special Revenue Fund - Confiscated Properties	84

City of Margate, Florida

Table of Contents (continued)

Special Revenue Fund - State Housing Initiatives Partnership (SHIP)	85
Special Revenue Fund - Housing and Urban Development (HUD) Grant	86
Special Revenue Fund - Recreation Trust	87
Special Revenue Fund - Northwest Focal Point Senior Center	88
Debt Service Fund - Margate Community Redevelopment Agency - Sinking	89
Debt Service Fund - Margate Community Redevelopment Agency - Escrow Account	90
Debt Service Fund - General Obligation Refunding Bonds, Series 2016	91
Capital Projects Fund - General	92
Capital Projects Fund – General Obligation Bonds Proceeds 2019 Construction	93
Capital Projects Fund - Margate Community Redevelopment Agency - Capital Improvement	94
Capital Projects Fund - Margate Community Redevelopment Agency - Loan Proceeds	95
Statement of Changes in Assets and Liabilities - Performance Bond Agency Fund	96
Water and Wastewater Enterprise Fund:	
Debt Service - Water and Sewer Refunding Revenue Bond, Series 2007	97

Statistical Section

Financial Trends:

Table 1 - Net Position by Component	98-99
Table 2 - Changes in Net Position	100-103
Table 3 – Governmental Activities Tax Revenues by Source	104
Table 4 - Fund Balances of Governmental Funds	105-106
Table 5 - Changes in Fund Balances of Governmental Funds	107-108

Revenue Capacity:

Table 6 - Assessed Value and Estimated Actual Value of Taxable Property	109
Table 7 - Property Tax Rates - Direct and Overlapping Governments	110
Table 8 - Principal Property Taxpayers	111

City of Margate, Florida

Table of Contents (continued)

Table 9 - Property Tax Levies and Collections	112
---	-----

Debt Capacity:

Table 10 - Ratios of Outstanding Debt by Type	113
---	-----

Table 11 - Ratios of General Bonded Debt Outstanding	114
--	-----

Table 12 - Direct and Overlapping Governmental Activities Debt	115
--	-----

Table 13 - Pledged Revenue Coverage - Water and Wastewater Enterprise Fund	116
--	-----

Demographic and Economic Information:

Table 14 - Demographic and Economic Statistics	117
--	-----

Table 15 - Principal Employers	118
--------------------------------	-----

Operating Information:

Table 16 - Full-Time Equivalent City Government Employees by Function/Program	119
---	-----

Table 17 - Operating Indicators by Function/Program	120
---	-----

Table 18 - Capital Asset Statistics by Function/Program	121
---	-----

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	122-123
--	---------

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	124-126
---	---------

Independent Auditor's Report to City Management	127-128
---	---------

Independent Accountant's Report on Compliance with Section 218.415 Florida Statutes	129
--	-----

Schedule of Expenditures of Federal Awards	130-131
--	---------

Notes to Schedule of Expenditures of Federal Awards	132
---	-----

Schedule of Findings and Questioned Costs	133-134
---	---------

Corrective Action Plan	135-136
------------------------	---------

INTRODUCTORY SECTION

This Page Intentionally Left Blank



City Commission

Mayor Tommy Ruzzano
Vice Mayor Arlene R. Schwartz
Antonio V. Arserio
Anthony N. Caggiano
Joanne Simone

City Manager

Cale Curtis

City Attorney

Janette M. Smith

City Clerk

Joseph J. Kavanagh

February 26, 2020

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, 2019. 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, 2019, 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, 2019. 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 awards were above the applicable threshold for the fiscal year ended September 30, 2019. Therefore, the City was required to have an audit in accordance with the Uniform Guidance.

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

5790 Margate Boulevard, Margate, FL 33063 • Phone: (954) 972-6454 • Fax: (954) 935-5258

www.margatefl.com • finance@margatefl.com

Profile of the City of Margate

The City of Margate, (the "City"), was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. In 1961, the Town of Margate was incorporated as a City. The City is located in southeastern Florida in Broward County. It encompasses an area of approximately 9 square miles with a population of approximately 59,100. The U.S. Census Bureau lists a median household income of \$45,667.

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, City Clerk, Assistant City Manager, Police Chief, and Fire Chief. 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, Sawgrass Expressway, 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, job market, tourism/travel, construction, tax reform, weather events, and various other items.

There are approximately 2,011 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 (1,800 employees), Northwest Medical Center (1,180 employees), JM Lexus (450 employees), Broward County Schools (414 employees), and Walmart (245 employees).

The local economy in Margate continues to show positive signs. Margate currently has a 2.3% homeowner vacancy rate and 6.2% rental vacancy rate. The City's total taxable assessed value provided by the Broward County Property Appraiser of \$3.1 billion for FY 2019 is an increase of 9.1% from FY 2018. According to the Broward County Property Appraiser, the average assessed value for single family homes in the City was \$149,447.

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

- A self-storage facility (NUVO storage) located at 750 South State Road 7 is under construction and expected to be completed in 2020.
- The Northwest Medical Center new tower addition has been completed.
- Lennar Homes project on the south parcel of Celebration Pointe development with 160 townhomes has been completed.
- Improvements at David Park, 6199 NW 10 Street, are under construction and expected to be completed in 2020.
- A new Culvers Restaurant is proposed at 5510 W Copans Road. The project is currently under construction.
- A design/build has been approved for a new covered sports field at the City's Sports Complex, 1695 Banks Road. Dugouts and batting cages have been completed with the rest of the project expected to be completed in 2020.
- A 220-unit apartment complex is proposed at the northwest corner of Coconut Creek Parkway and Banks Road; the project is currently being processed for a replat and a plat note amendment.
- A new medical office, located at 3251 North State Road 7, is currently under construction.
- A new self-storage building at 5600 NW 31st Street is currently under review for modifications to architectural elevations, pedestrian elements, and landscaping. It is expected to be constructed in 2020.
- AutoNation has proposed an expansion of its body shop at 5355 NW 24 Street. The first phase has been completed and the second phase is under DRC review.
- Bethel Church of God Ministries, 5300 W Atlantic Boulevard has proposed an expansion of its sanctuary. The project is currently under DRC review.

The business community in the City of Margate continues to show signs of steady growth. The last of the vacant lots are being developed and there has been an increase in redeveloping existing commercial areas. Going forward, redevelopment will be the primary activity for growth. The Development Services Department has been tasked with analyzing the City's comprehensive plans to best attract a variety of new businesses to the City.

The CRA continues to move forward in implementing the programs and projects contained in the Community Redevelopment Plan. The CRA completed several projects during the year including Colonial Drive Median and Pedestrian Safety Improvements and Copans Road Median Improvements. The CRA also continued to proceed with work on projects including design of David Park Improvements consisting of new playground equipment and new safety poured-in-place rubber surfacing, design of the new Sports Complex Covered Sports Field, initiation of a wayfinding signage program, and renovation of the CRA-owned Ace Hardware Shopping Plaza.

The CRA has a series of Commercial Property Improvement Grant Programs designed to encourage property owners to voluntarily upgrade the exteriors of their property. The programs are the Commercial Property Facade Improvement Grant and the Commercial

Property Landscape Improvement Grant. In addition, the CRA has a Business Incentive Grant Program which is designed to help facilitate the establishment of new businesses and aid in the expansion or renovation of existing businesses.

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. During FY 2019, the Commission passed a resolution to use some of the funds to pay for a weekly bulk trash pickup throughout the City. As of September 30, 2019, the current balance in the committed fund balance is \$1,029,045. In addition, a separate investment 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 where people can live, work, shop, and enjoy entertainment in one central location. In addition, the CRA has worked to carry out the CRA's goal of creating an active and walkable entertainment, recreation, and commercial district.

As of September 2019, the City's average unemployment rate was 2.9% which was lower than last year's rate of 3.3%. However, the unemployment rate was slightly above the County unemployment rates of 2.8%, but slightly lower than the statewide unemployment rate of 3.0%. The positive economic climate in Margate can be attributed to the foresight of the City Commission to have a well-planned City incorporating key components to ensure a positive quality of life for the residents, and an economically stimulating environment for businesses to prosper.

Tax reform legislation or Amendment 1, effective in October 2008, provided for an additional \$25,000 property tax exemption for homesteaded properties, portability of the Save Our Homes benefit, and a \$25,000 exemption on personal tangible property. Effective in November 2012, tax reform legislation or Amendment 2, provided that veterans disabled due to combat injury would receive a homestead property tax discount; Amendment 9, provided for the homestead property tax exemption for the surviving spouse of military veterans or first responders; and Amendment 11, provided for an additional homestead exemption to low-income seniors who maintain long-term residency. This legislation has impacted the City's current and future property tax revenues and is described in detail in the notes to the financial statements beginning on page 38.

For fiscal year 2019, the City experienced an increase in municipal taxable property value of approximately \$241 million (9.1%). The City's total millage of 7.0593 in FY 2019 was the same as FY 2018 total millage. The City continues to adjust to economic challenges, while managing resources effectively, to maintain a high quality of services that Margate's residents have come to expect and enjoy.

The City has an award winning Police Department and an ISO Class I Fire Department. Other recognitions and awards include Playful City, USA; the National Association of Town Watch's "National Night Out" Award; the Government Finance Officers Association (GFOA) award for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR), as well as the award for Distinguished Budget Presentation. The Fire Department took first place in 2019 at the First There First Care (FTFC) ALS Competition.

In 2019, the City of Margate was recognized with the prestigious Sustainability Practices Award from the American Public Works Association (APWA), honoring the City's commitment to lead our community by example in the efficient use of resources. The City participates in the Department of Energy's Better Building Challenge and is on track to meet its goal to reduce energy use intensity (EUI) of City buildings by 20 percent by 2023.

Major Initiatives and transitions

General government initiatives include:

- Department Directors and City Commissioners began working to develop a new Strategic Plan for FY 2020 to 2025.
- The November 2018 ballot approved including the issuance of not to exceed \$10,000,000 General Obligation (G.O.) bonds for Parks and Recreation projects. The voters passed the bonds and projects were finalized/prioritized and financing length terms selected. S&P Global Ratings assigned a long-term rating of AA to the City reflecting a stable outlook with a view of the City's strong management, good financial policies and practices, strong budgetary performance/flexibility, very strong liquidity/debt position, and strong institutional framework. The City closed on the bonds and received the funds on April 30th. In June, the City issued

the first purchase order for Southeast Park Improvements, including new artificial turf fields and a covered playground.

- The City was awarded the GFOA Distinguished Budget Presentation Award for the second time for the FY 2019 Adopted Budget Book representing a major achievement for the City and the meeting of nationally recognized requirements for an effective budget presentation.
- The City began the implementation of a new electronic plan review system to allow customers to submit permit requests and schedule inspections at any time, as well as streamline the permitting process.
- The City began a two-year desktop computer replacement program which will be completed in FY 20. In addition, the City began updating computer security, operating system, and upgrading Wi-Fi systems.
- The City secured grant funds to expand the scope of two Parks and Recreation projects, Southgate Park and Blueway Trail Improvements.
- The City introduced new strategies for enhancing services to job applicants and City staff, as well as began expanding the use of applicant tracking system capabilities; streamlining review/approval process to increase efficiency to fill open positions; and began re-designing onboarding processes to provide comprehensive overview of policies and training opportunities.
- In April 2019, the City Commission approved Evaluation and Appraisal Report based amendments to the Comprehensive Plan.
- The City re-branded the Police Fleet and the new design represents the progressive nature of the Agency with a foundation rooted in patriotism/service.
- A City Commission Monthly Report developed in March 2017 continues to provide the Commission with information by Department on major projects, initiatives, and accomplishments.
- City staff continued to work diligently on Hurricane Irma tasks and documentation to begin the reimbursement process for eligible costs from both the federal and state government.
- The City continued to use electronic media to get important City news out to the public via Facebook, Twitter, and a smart phone app.
- Governmental capital projects completed or in process in FY 2019 consisted of the purchase of certain desktop computers, City Hall elevators, Sports Complex Improvements, Southeast Park Improvements, Marina Improvements, Firefighter Park Improvements, design of Fire Station #58, Copans Road landscaping, Colonial Drive improvements, and Ace Hardware Plaza improvements.
- Department of Environmental and Engineering Services (DEES) continued to replace various water mains and wastewater gravity/force mains throughout the City. In addition, DEES projects in FY 2019 included the rehabilitation of Lift Stations 1 and 2; replacement of the Wastewater Treatment Plant (WWTP) Coagulant Tanks, two HVAC units, Water Treatment Plant (WTP) Coagulant Tanks, and WTP AC Generator building; construction of West WWTP containment expansion and Coral Gate generator enclosures; rehabilitation of five raw water wells; and recoating of the chlorine contact chamber, DEES Administration roof, and two WTP roofs. Projects started in FY 19 and continuing in FY 20 include the

rehabilitation of Lift Stations 20 and 21, as well as 187 critical water valves; continued recording of critical information to be used in emergency repairs; and design of the WTP backwash holding tank.

- Over the past nine years, the City has used reserves to help balance the budget. Although the budget may use monies from fund balance/net position to balance the budget, savings are typically realized in areas, such as vacant position personnel related costs, contracts, consultants, fees, and other cost control resources.

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, 2018. This was the thirty-first 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, Charlotte Jackson, Controller, Jacqueline Chin-Kidd, Accounting Supervisor, Jackie Earll, Utility Accounting Manager, and Decia Smith-Burke, Budget Manager for their tremendous efforts and support. Sincere appreciation is also extended to the City's independent auditors for their guidance and patience in producing this report. In closing, due credit should be given to the Mayor and City Commissioners for their dedicated support/policy guidance for City operations.

Respectfully submitted,



Cale Curtis
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, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF MARGATE, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2019

ELECTED OFFICIALS

CITY COMMISSION

Mayor	Anthony N. Caggiano
Vice Mayor	Tommy Ruzzano
Commissioner	Antonio V. Arserio
Commissioner	Arlene R. Schwartz
Commissioner	Joanne Simone

APPOINTED OFFICIALS

CITY MANAGER

Cale Curtis

ASSISTANT CITY MANAGER

Larry Vignola

CITY ATTORNEY

Janette M. Smith, Esq.

CITY CLERK

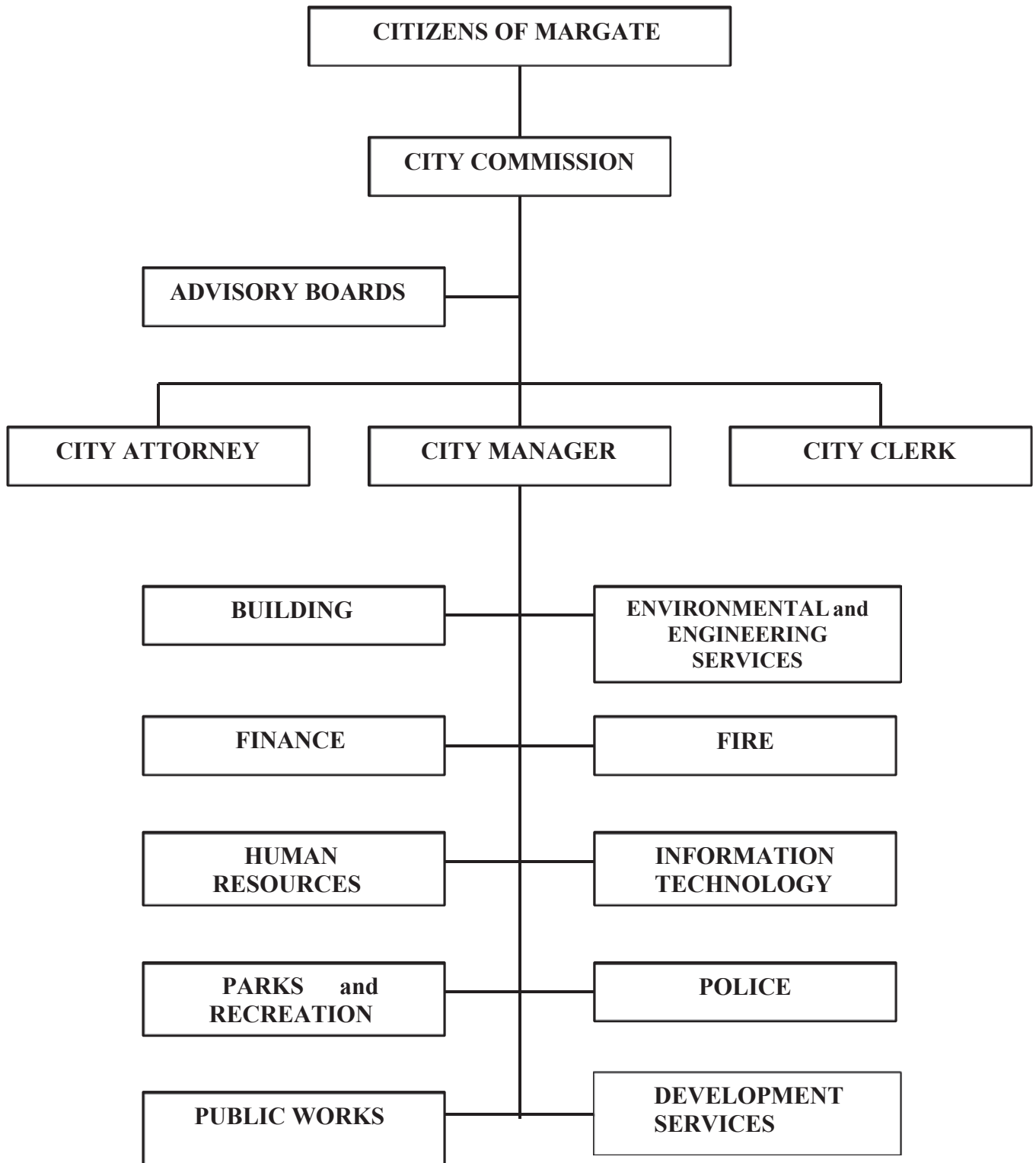
Joseph J. Kavanagh

DEPARTMENT DIRECTORS

Building, Director	Richard R. Nixon
Development Services, Director	Robert Massarelli
Environmental and Engineering Services, Interim Director	Curt Keyser
Finance, Director	Mary Beazley
Fire, Chief	Roberto Lorenzo
Human Resources, Director	Laurie Meyer
Information Technology, Director	James Wilbur, CGCIO
Parks and Recreation, Director	Michael Jones, CPRP
Police, Chief	Jonathan Shaw
Public Works, Director	Mark E. Collins
Northwest Focal Point Senior Center, Director	Karin Diaz
CRA, Director	Jeffrey Oris

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, 2019, 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, 2019, 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 70 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2020, 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
February 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This Page Intentionally Left Blank

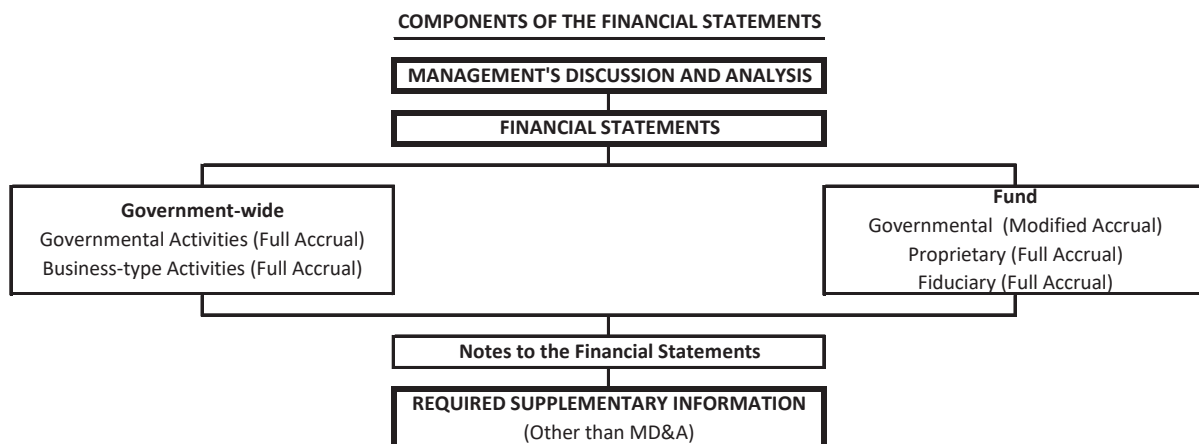
As management of the City of Margate, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. Since the management's discussion and analysis (MD&A) is designed to 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 2019 by \$ 161.6 million (*net position*). Of this amount, \$ 15.6 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net position increased by approximately \$ 6.1 million in comparison to the prior year. The business-type activities' net position increased by \$ 7.1 million, while the net position of governmental activities decreased by \$ 973,000.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 81.8 million, an increase of \$ 15.1 million in comparison with the prior year. Approximately 47.8% of this total amount, or \$ 39.1 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 \$ 12.6 million, or 18.8% of total General Fund expenditures.
- The City's total debt (bonds and capital leases) increased by \$ 6.0 million, with debt for governmental activities increasing by \$ 7.1 million, and debt for business-type activities decreasing by \$ 1.1 million.

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 general government, public safety, economic and physical environment, culture and recreation, and public works, 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 Utility.

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 Margate Community Redevelopment Agency (CRA) and the Northwest Focal Point Senior Center (Center). Both entities are legally separate, but the City is financially accountable. Financial information for these blended component units is reported in the financial information presented for the primary government itself.

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 seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Margate Community Redevelopment Agency Trust Fund, Margate Community Redevelopment Agency 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 65 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 \$ 161.6 million at the close of the most recent fiscal year.

	Net Position (in thousand dollars)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 95,872	\$ 79,833	\$ 64,271	\$ 57,867	\$ 160,143	\$ 137,700
Capital assets	86,419	86,414	54,273	54,025	140,692	140,439
Total assets	182,291	166,247	118,544	111,892	300,835	278,139
Pension related deferred outflows	24,272	27,663	2,240	2,524	26,512	30,187
OPEB related deferred outflows	4,235	449	943	95	5,178	544
Deferred charges on refunding	-	-	38	75	38	75
Total deferred outflows of resources	28,507	28,112	3,221	2,694	31,728	30,806
Non-current liabilities	137,650	120,661	12,599	12,508	150,249	133,169
Other liabilities	5,902	5,587	3,511	3,784	9,413	9,371
Total liabilities	143,552	126,248	16,110	16,292	159,662	142,540
Pension related deferred inflows	5,808	7,639	537	690	6,345	8,329
OPEB related deferred inflows	4,074	2,135	888	454	4,962	2,589
Total deferred inflows of resources	9,882	9,774	1,425	1,144	11,307	10,918
Net Position:						
Net investment in capital assets	65,787	62,970	53,195	51,915	118,982	114,885
Restricted	26,490	26,704	500	500	26,990	27,204
Unrestricted (deficit)	(34,913)	(31,337)	50,535	44,735	15,622	13,398
Total net position	\$ 57,364	\$ 58,337	\$ 104,230	\$ 97,150	\$ 161,594	\$ 155,487

By far the largest portion of the City's net position (73.6%) 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 \$ 4.1 million during the year which is primarily due to additions to infrastructure in business-type activities, as well as equipment in both governmental and business-type activities.

An additional portion of the City's net position (16.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 15.6 million (9.7%) 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 \$ 6.1 million, from the prior fiscal year primarily as a result of a change in benefit terms for postemployment benefits other than pensions, as well as a result of direct operations.

Changes in Net Position

The following schedule is a summary of the City's operations for fiscal year 2019 with comparative information for fiscal year 2018:

	Changes in Net Position (in thousand dollars)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 26,936	\$ 27,726	\$ 27,457	\$ 25,735	\$ 54,393	\$ 53,461
Operating grants and contributions	2,783	3,332	-	-	2,783	3,332
Capital grants and contributions	200	205	752	713	952	918
General revenues:						
Ad valorem taxes	21,039	19,434	-	-	21,039	19,434
Tax incremental revenues	6,363	5,868	-	-	6,363	5,868
Other taxes	18,405	18,328	-	-	18,405	18,328
Intergovernmental	226	201	-	-	226	201
Investment income	2,508	601	1,977	434	4,485	1,035
Other	3,071	3,191	16	88	3,087	3,279
Total revenues	<u>81,531</u>	<u>78,886</u>	<u>30,202</u>	<u>26,970</u>	<u>111,733</u>	<u>105,856</u>
Expenses:						
Program Expenses:						
General government	17,376	16,030	-	-	17,376	16,030
Public safety	50,010	23,748	-	-	50,010	23,748
Economic and physical environment	2,727	2,150	-	-	2,727	2,150
Culture and recreation	5,771	4,393	-	-	5,771	4,393
Public works	7,445	5,529	-	-	7,445	5,529
Debt service	1,027	959	-	-	1,027	959
Water and wastewater utility	-	-	19,200	13,357	19,200	13,357
Stormwater utility	-	-	2,071	1,614	2,071	1,614
Total expenses	<u>84,356</u>	<u>52,809</u>	<u>21,271</u>	<u>14,971</u>	<u>105,627</u>	<u>67,780</u>
Increase (decrease) in net position before transfers	(2,825)	26,077	8,931	11,999	6,106	38,076
Transfers	<u>1,852</u>	<u>1,815</u>	<u>(1,852)</u>	<u>(1,815)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(973)	27,892	7,079	10,184	6,106	38,076
Net position, October 1	<u>58,337</u>	<u>30,445</u>	<u>97,151</u>	<u>86,966</u>	<u>155,488</u>	<u>117,411</u>
Net position, September 30	<u>\$ 57,364</u>	<u>\$ 58,337</u>	<u>\$ 104,230</u>	<u>\$ 97,150</u>	<u>\$ 161,594</u>	<u>\$ 155,487</u>

Revenues: For fiscal year ended September 30, 2019, revenues from governmental activities totaled \$ 81.5 million. This was an increase of approximately \$2.6 million, or 3.4%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

Governmental activities tax incremental revenues increased by approximately \$ 495,000, or 8.4%. 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, are dedicated to the redevelopment of the designated CRA area and cannot be used for general governmental purposes.

The City's taxable value increased 8.3% from fiscal year 2018. The net increase in ad valorem taxes was approximately \$ 1.6 million or 8.3%.

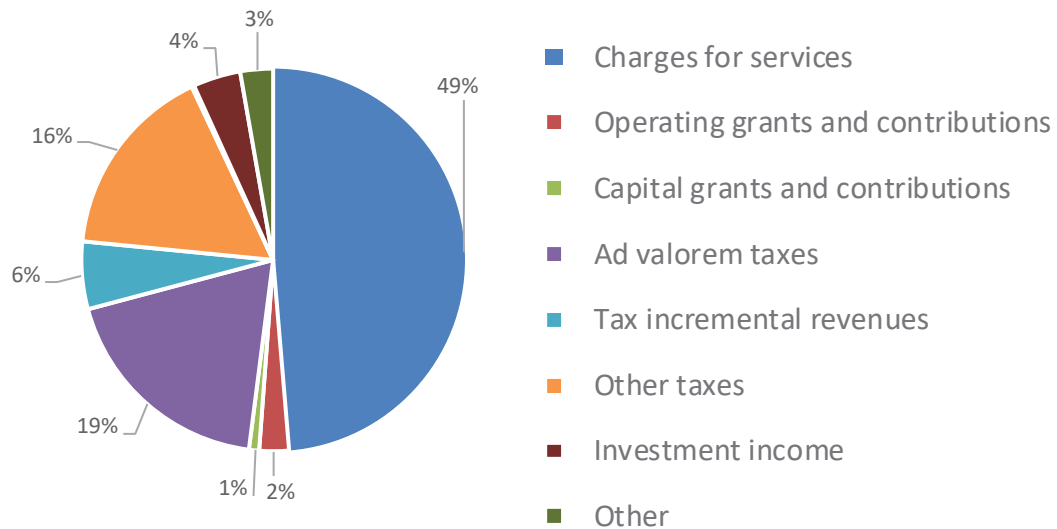
Other changes in governmental activities resulted from the following:

- Charges for services experienced a decrease of approximately \$ 790,000 (2.9%) over fiscal year 2018 due primarily from the Northwest Medical Center expansion in fiscal year 2018.
- Other taxes of the governmental activities, which include gas taxes, utility services taxes, franchise taxes and other taxes increased by approximately \$ 77,000 or .42%. 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 12.4% which resulted in an additional \$ 25,000 for the City.
- Investment income increased by 317.3% which resulted in an additional \$ 1,907,000 for the City due to recognition of unrealized gains.
- Other revenues decreased by \$ 120,000 (3.8%) for the City.
- Capital grants and contributions decreased by approximately \$5,000 due to a FRDAP grant recognized in 2018 for the City's Sports Complex as a one-time award.
- Operating grants and contributions decreased by approximately \$ 549,000, a 16.5% decrease from the previous year. This was largely due to anticipated revenues resulting from Hurricane Irma recognized in FY 2018.

For fiscal year ended September 30, 2019, revenues from business-type activities totaled \$ 30.2 million. This was an increase of \$ 3.2 million, or 12.0%, from the prior fiscal year. Additional details on the components of this change will be discussed below.

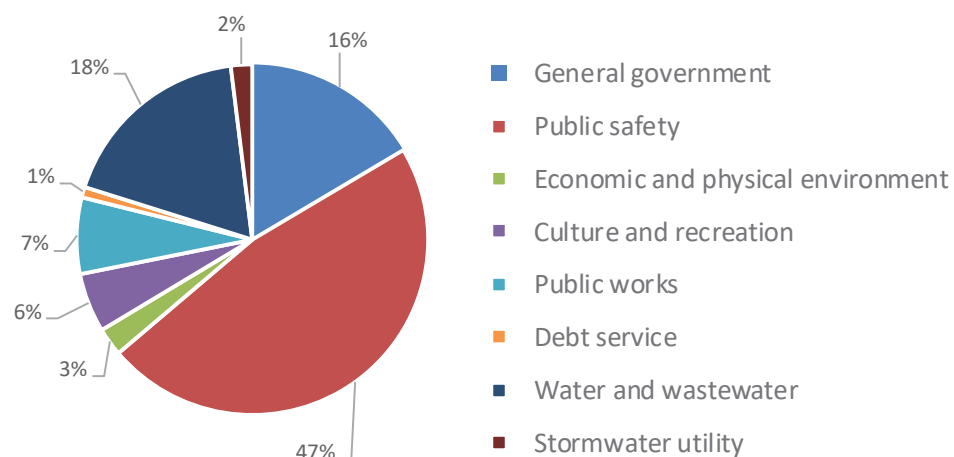
- Business-type charges for services increased slightly by \$ 1.7 million to approximately \$ 27.5 million. This increase is approximately 6.7% due to rate increases and increased consumption.
- Capital grants and contributions increased slightly by approximately \$ 39,000 in fiscal year 2019 mainly due to a capital grant for sewer pipe re-lining.
- Investment income increased by 355.5% which resulted in an additional \$ 1.5 million for the City.
- Other revenues decreased by \$ 72,000 (81.8%) for the City.

Sources of Revenue: Government-wide for Fiscal Year 2019



Expenses: For fiscal year ended September 30, 2019, expenses for governmental activities totaled \$ 84.4 million, which was an increase of approximately \$ 31.5 million from prior year expenses. For the fiscal year ended September 30, 2019, expenses for business-type activities totaled approximately \$ 21.3 million or an increase of \$ 6.3 million from prior year expenses. This was due primarily from increased pension plan expenses.

Functional Expenses: Government-wide for Fiscal Year 2019



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 \$ 81.8 million in fund balance, including \$ 12.6 million in unassigned fund balance.

The *General Fund* is the main operating fund of the City. At the end of the current fiscal year, fund balance totaled \$ 32.4 million of which approximately \$ 252,000 is nonspendable, \$ 968,000 is restricted, \$ 1.0 million is committed, \$ 17.6 million is assigned for future obligations, and \$ 12.6 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 (\$ 12.6 million) represents 18.8% of total General Fund expenditures, while total fund balance represents 48.5% of that same amount.

The fund balance of the City's General Fund increased by approximately \$ 322,000. The increase included additional property taxes resulting from higher taxable assessed values in the City, increased cost allocation from the Water and Wastewater Fund and Stormwater Utility Fund, and additional amounts received from charges for services. Total expenditures increased in the General Fund due to increases in personnel costs and capital related expenditures.

The following Margate Community Redevelopment Agency (CRA) funds were reported as major funds: 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 at year end as required by Florida Statutes. The Sinking Fund had an ending fund balance of \$ 9,900 while the Escrow Account Fund had an ending fund balance of \$ 989,140 which may both be used to pay debt service. The CRA Capital Improvement Fund had a total fund balance of \$ 12.7 million at the end of the current fiscal year, all of which is restricted for future redevelopment projects. The increase of \$2.0 million in the fund balance of the Capital Improvement Fund was due to transfers from the Trust Fund for on-going capital projects. The CRA Loan Proceeds Fund had a \$ 4.9 million fund balance at fiscal year-end, all of which is restricted for future development projects. The fund balance of the CRA Loan Proceeds Fund increased by \$ 1,576 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 City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$ 49.9 million and \$ 605,000 in the Stormwater Utility Fund. The Water and Wastewater Fund experienced a \$ 7.1 million increase in net position, while the Stormwater Utility Fund reported a \$ 45,000 decrease in net position.

At the end of fiscal year 2019 the City's self-insurance fund, the General Insurance Fund, had assets of \$ 7.8 million and liabilities of approximately \$ 3.2 million of which approximately \$ 3.0 million represented estimated claims payable. Ending net position was \$ 4.6 million. This is an increase of \$ 2.0 million from the prior year mainly due to an increase in investment income and charges billed to other funds.

Original budget compared to final budget.

During the year, there was a significant amendment to the budget for expenditures, with an overall increase in budgeted expenditures of approximately \$ 4.0 million, due primarily to a transfer out (\$ 2.5 million) to the Capital Projects Fund for monies to be used to fund the Building Department expansion, as well as increased costs for outside legal services, recycling, weekly bulk residential trash pick-up, and capital purchases. Monies utilized to fund the expenditures were from fund balance reserves.

General Fund Budgetary Highlights

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 \$ 5.5 million. This was primarily due to increases in intergovernmental (\$ 2.2 million) primarily from Hurricane Irma reimbursement; investment income (\$ 1.4 million); charges for services (\$ 774,000); and licenses and permits (\$ 452,000) from the addition of housing and new businesses being constructed throughout the City.

Total General Fund expenditures were less than final budgeted by approximately \$ 4.8 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, cost control measures, and purchase orders encumbered to be expended in the following fiscal year.

	Original Budget	Final Budget	Actual Amounts
Revenues:			
Property taxes	\$ 19,400,000	\$ 19,400,000	\$ 19,548,754
Permits, fees, and other taxes	12,730,132	12,730,132	13,474,172
Intergovernmental	5,876,818	5,876,818	8,110,828
Charges for services	22,579,609	22,579,609	23,353,961
Other	2,137,756	2,339,487	3,956,026
Total revenues	62,724,315	62,926,046	68,443,741
Total expenditures	70,357,628	71,705,404	66,863,264
Excess (deficiency) of revenues over (under) expenditures	(7,633,313)	(8,779,358)	1,580,477
Other financing sources (uses):			
Transfers in	1,851,657	1,851,657	1,851,657
Transfers out	(295,844)	(3,109,694)	(3,109,694)
Total other financing sources (uses)	1,555,813	(1,258,037)	(1,258,037)
Net change in fund balances	\$ (6,077,500)	\$ (10,037,395)	\$ 322,440

Capital Assets: The City's capital assets for its governmental and business-type activities as of September 30, 2019, amount to \$ 140.7 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 28,908	\$ 28,908	\$ -	\$ -	\$ 28,908	\$ 28,908
Intangibles	3,623	3,567	-	-	3,623	3,567
Construction in progress	3,288	1,965	10,438	7,854	13,726	9,819
Infrastructure	32,264	34,680	39,041	40,460	71,305	75,140
Buildings	9,591	9,921	3,419	4,188	13,010	14,109
Machinery and equipment	5,765	4,906	1,374	1,523	7,139	6,429
Improvements other than buildings	2,980	2,467	-	-	2,980	2,467
Total	\$ 86,419	\$ 86,414	\$ 54,272	\$ 54,025	\$ 140,691	\$ 140,439

In the governmental funds, major additions included improvements to the Sports Complex, Human Resources Office, Fire Station #18 gear room, two Community Centers impact windows, as well as the acquisition of various utility easements. In addition, there were purchases of three pick-up trucks and a custom bucket splash pad fountain for the Parks and Recreation Department; six no smoke filtering systems, thermal imaging camera, multi-force entry training door simulator, and 65 Motorola portable radios for the Fire Department; two vehicles and a FuelMaster system for the Public Works Department; and a fingerprinting system, recording system, twenty-four vehicles, an off-road utility vehicle, and 141 Motorola portable radios for the Police Department. CRA additions included pedestrian/bicycle crossing safety improvements, median landscape beautifications, as well as on-going work on Ace and Chevy Chase Plazas.

Business-type additions included a GIS DesignJet printer, two pickup trucks, and a flatbed trailer for the Water and Wastewater Department, as well as a Johnston compact street sweeper for the Stormwater Utility.

Additional information on the City's capital assets can be found in Note 6 on pages 44 and 45 of this report.

Debt Administration: At the end of the fiscal year, the City had \$ 30.8 million in general obligation bonds (including \$ 4.4 million in bond premium), \$ 4.0 million in community redevelopment bonds and \$ 1.1 million in revenue bonds outstanding, as well as \$ 620,000 outstanding in capital leases for a total outstanding debt of \$ 36.6 million.

	Outstanding Debt (in thousand dollars)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 26,370	\$ 17,850	\$ -	\$ -	\$ 26,370	\$ 17,850
Premium on general obligation bonds	4,442	3,760	-	-	4,442	3,760
Community redevelopment bonds	4,044	5,769	-	-	4,044	5,769
Water and sewer revenue bonds	-	-	1,115	2,185	1,115	2,185
Capital leases	620	1,004	-	-	620	1,004
Total	\$ 35,476	\$ 28,383	\$ 1,115	\$ 2,185	\$ 36,591	\$ 30,568

More detailed information about the City's long-term liabilities is presented in Note 7 beginning on page 46 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors affected the development of the Fiscal Year 2019/2020 budget. The local economy continues to show positive signs. Property taxes, which are 31.4% of the total General Fund revenue budget, are budgeted at an increase in operating millage rate by 8.50 % to 7.1171 from 6.5594, generating \$ 22.5 million, an increase of \$ 3.1 million higher than fiscal year 2019 amended budget. The debt service millage reflects an increase of 0.1496 from 0.4999 to 0.6495 due to the issuance of the General Obligation Bonds, Series 2019 for parks and recreation projects. The property taxes associated with the debt service millage are recorded in the General Obligation Debt Service Fund.

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

Water and wastewater rates increased beginning October 1, 2015 and will continue to increase through FY 2021 based on the consumer price index stated in the rate ordinances. A stormwater rate study was completed during FY 2016 and rate increases began January 1, 2016 with increases scheduled for each fiscal year based on the consumer price index through FY 2020 as stated in the rate ordinance. A new stormwater study was in process at September 30, 2019 with new rates approved beginning January 2020.

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

This Page Intentionally Left Blank

City of Margate, Florida
Statement of Net Position
September 30, 2019

		Primary Government	
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 92,177,514	\$ 57,392,263	\$ 149,569,777
Accounts receivable - net	3,375,353	4,508,732	7,884,085
Prepayments and other assets	318,370	-	318,370
Inventories	-	672,752	672,752
Restricted cash, cash equivalents, and investments	-	1,697,224	1,697,224
Capital assets:			
Land	28,908,072	-	28,908,072
Intangibles	3,622,677	-	3,622,677
Construction in progress	3,288,157	10,438,282	13,726,439
Infrastructure	89,978,534	101,715,100	191,693,634
Buildings	16,537,134	27,238,173	43,775,307
Machinery and equipment	21,010,287	7,086,040	28,096,327
Improvements other than buildings	9,199,010	-	9,199,010
Total capital assets	172,543,871	146,477,595	319,021,466
Less: accumulated depreciation	(86,124,629)	(92,204,891)	(178,329,520)
Total capital assets, net	86,419,242	54,272,704	140,691,946
Total assets	182,290,479	118,543,675	300,834,154
Deferred Outflows of Resources:			
Deferred outflows related to pensions	24,271,989	2,240,339	26,512,328
Deferred outflows related to OPEB	4,235,382	943,257	5,178,639
Deferred charge on refunding	-	37,642	37,642
Total deferred outflows of resources	28,507,371	3,221,238	31,728,609
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	5,173,710	1,812,077	6,985,787
Deposits	50,664	1,698,829	1,749,493
Accrued interest payable	402,038	-	402,038
Unearned revenue	276,071	-	276,071
Noncurrent liabilities:			
Due within one year:			
Claims and judgements	1,294,299	-	1,294,299
Bonds and loans payable	2,620,342	1,115,000	3,735,342
Compensated absences	863,426	192,301	1,055,727
Leases payable	225,439	-	225,439
Due in more than a year:			
Other post employment benefits (OPEB) liability	14,659,092	3,140,088	17,799,180
Claims and judgements	1,668,524	-	1,668,524
Bonds and loans payable	32,236,047	-	32,236,047
Compensated absences	10,393,204	1,686,046	12,079,250
Leases payable	394,809	-	394,809
Net pension liability	73,294,737	6,465,290	79,760,027
Total liabilities	143,552,402	16,109,631	159,662,033
Deferred Inflows of Resources:			
Deferred inflows related to pensions	5,807,526	536,546	6,344,072
Deferred inflows related to OPEB	4,074,356	888,112	4,962,468
Total deferred inflows of resources	9,881,882	1,424,658	11,306,540
Net Position:			
Net investment in capital assets	65,787,214	53,195,346	118,982,560
Restricted for:			
Renewal and replacement	-	500,000	500,000
Debt service	1,145,063	-	1,145,063
Culture and recreation	1,012,092	-	1,012,092
Physical and economic redevelopment	402,652	-	402,652
Public safety	4,000,674	-	4,000,674
Highway and streets	7,191,210	-	7,191,210
Community redevelopment	12,737,255	-	12,737,255
Unrestricted (deficit)	(34,912,594)	50,535,278	15,622,684
Total net position	\$ 57,363,566	\$ 104,230,624	\$ 161,594,190

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, 2019

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	\$ 17,375,785	\$ 1,864,890	\$ 60,235	\$ -	\$ (15,450,660)	\$ -	\$ (15,450,660)
Public safety	50,009,874	23,755,654	750,691	-	(25,503,529)	-	(25,503,529)
Economic and physical environment	2,727,004	583,439	926,000	-	(1,217,565)	-	(1,217,565)
Culture and recreation	5,771,761	588,010	1,046,488	200,000	(3,937,263)	-	(3,937,263)
Public works	7,445,183	143,718	-	-	(7,301,465)	-	(7,301,465)
Interest expense	1,026,789	-	-	-	(1,026,789)	-	(1,026,789)
Total governmental activities	84,356,396	26,935,711	2,783,414	200,000	(54,437,271)	-	(54,437,271)
Business-type activities:							
Water and wastewater	19,199,737	25,479,357	-	752,643	-	7,032,263	7,032,263
Stormwater utility	2,070,907	1,977,995	-	-	-	(92,912)	(92,912)
Total business-type activities	21,270,644	27,457,352	-	752,643	-	6,939,351	6,939,351
Total primary government	\$ 105,627,040	\$ 54,393,063	\$ 2,783,414	\$ 952,643	(54,437,271)	6,939,351	(47,497,920)
General revenues:							
Taxes:							
Property					21,038,583	-	21,038,583
Franchise					4,328,426	-	4,328,426
Utility service					6,620,866	-	6,620,866
Sales					5,840,184	-	5,840,184
Gas					1,615,509	-	1,615,509
Tax incremental revenue					6,362,579	-	6,362,579
Intergovernmental not restricted to specific program					226,152	-	226,152
Investment income					2,508,447	1,976,199	4,484,646
Miscellaneous					3,029,873	-	3,029,873
Gain on disposal of capital assets					41,198	16,313	57,511
Transfers					1,851,657	(1,851,657)	-
Total general revenues and transfers					53,463,474	140,855	53,604,329
Change in net position					(973,797)	7,080,206	6,106,409
Net position, beginning					58,337,363	97,150,418	155,487,781
Net position, ending					\$ 57,363,566	\$ 104,230,624	\$ 161,594,190

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

This Page Intentionally Left Blank

City of Margate, Florida
Balance Sheet - Governmental Funds
September 30, 2019

	Major Governmental Funds		
	General Fund	Margate Community Redevelopment Agency Trust Fund	Margate Community Redevelopment Agency Sinking Fund
Assets:			
Cash, cash equivalents, and investments	\$ 34,693,856	\$ 146,229	\$ 9,900
Accounts receivable, net	2,788,343	20,197	-
Prepayments and other assets	252,016	-	-
Total assets	<u>\$ 37,734,215</u>	<u>\$ 166,426</u>	<u>\$ 9,900</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,332,862	\$ 54,800	\$ -
Tenant deposits	-	50,664	-
Unearned revenue	220,293	55,778	-
Total liabilities	<u>4,553,155</u>	<u>161,242</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable revenues	<u>773,357</u>	<u>5,184</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepayments and other assets	252,016	-	-
Restricted for:			
Public safety	-	-	-
Transportation	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	9,900
Economic development	-	-	-
Tree preservation	87,558	-	-
Building department	880,598	-	-
Redevelopment projects	-	-	-
Streetlights	-	-	-
Capital projects	-	-	-
Committed for:			
Citizen project initiatives	1,029,045	-	-
Assigned for:			
Subsequent year appropriation	3,812,197	-	-
Health insurance	750,000	-	-
Other insurance	200,000	-	-
Future employee payouts	1,200,000	-	-
Capital projects - parks and recreation	1,250,000	-	-
Technology	800,000	-	-
Capital projects	4,250,000	-	-
Emergency preparedness	2,750,000	-	-
Vehicle replacement	1,200,000	-	-
Recreation department expansion	300,000	-	-
Public safety	1,000,000	-	-
Other	65,353	-	-
Unassigned	12,580,936	-	-
Total fund balances	<u>32,407,703</u>	<u>-</u>	<u>9,900</u>
Total liabilities and fund balances	<u>\$ 37,734,215</u>	<u>\$ 166,426</u>	<u>\$ 9,900</u>

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
\$ 988,542	\$ 12,787,622	\$ 4,940,144	\$ 30,837,747	\$ 84,404,040
598	2,572	-	560,237	3,371,947
-	-	-	59,291	311,307
<u>989,140</u>	<u>12,790,194</u>	<u>4,940,144</u>	<u>31,457,275</u>	<u>88,087,294</u>
\$ -	\$ 52,939	\$ -	\$ 526,407	\$ 4,967,008
-	-	-	-	50,664
-	-	-	-	276,071
<u>-</u>	<u>52,939</u>	<u>-</u>	<u>526,407</u>	<u>5,293,743</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>220,099</u>	<u>998,640</u>
-	-	-	59,291	311,307
-	-	-	3,120,076	3,120,076
-	-	-	6,858,837	6,858,837
-	-	-	924,534	924,534
989,140	-	-	146,023	1,145,063
-	-	-	402,652	402,652
-	-	-	-	87,558
-	-	-	-	880,598
-	12,737,255	4,940,144	-	17,677,399
-	-	-	332,373	332,373
-	-	-	9,904,465	9,904,465
-	-	-	-	1,029,045
-	-	-	-	3,812,197
-	-	-	-	750,000
-	-	-	-	200,000
-	-	-	-	1,200,000
-	-	-	-	1,250,000
-	-	-	-	800,000
-	-	-	8,962,518	13,212,518
-	-	-	-	2,750,000
-	-	-	-	1,200,000
-	-	-	-	300,000
-	-	-	-	1,000,000
-	-	-	-	65,353
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,580,936</u>
<u>989,140</u>	<u>12,737,255</u>	<u>4,940,144</u>	<u>30,710,769</u>	<u>81,794,911</u>
<u>\$ 989,140</u>	<u>\$ 12,790,194</u>	<u>\$ 4,940,144</u>	<u>\$ 31,457,275</u>	<u>\$ 88,087,294</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, 2019

Fund Balances - Total Governmental Funds (Page 17)

\$ 81,794,911

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	\$ 172,543,871	
Less: accumulated depreciation	<u>(86,124,629)</u>	86,419,242

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	\$ (34,856,389)	
Capital leases	(620,248)	
Compensated absences payable	<u>(11,256,630)</u>	(46,733,267)

Bond interest payable not reported in the governmental funds.		(402,038)
---	--	-----------

OPEB obligation and deferred amounts attributable to retiree benefits are not due and payable in the current period or do not represent current financial resources and therefore, are not reported in the funds.

Other post employment benefits (OPEB) liability	\$ (14,659,092)	
Deferred outflows relating to OPEB	4,235,382	
Deferred inflows relating to OPEB	<u>(4,074,356)</u>	(14,498,066)

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.		998,640
--	--	---------

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	\$ (73,294,737)	
Deferred outflows relating to pensions	24,271,989	
Deferred inflows relating to pensions	<u>(5,807,526)</u>	(54,830,274)

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.

4,614,418

Net Position of Governmental Activities (Page 14)

\$ 57,363,566

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, 2019

	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	\$ 19,548,754	\$ -	\$ -	\$ -
Franchise taxes	4,328,426	-	-	-
Utility service taxes	6,620,866	-	-	-
Tax incremental	-	6,362,579	-	-
Licenses and permits	2,524,880	-	-	-
Intergovernmental	8,110,828	-	-	-
Investment income	1,514,045	63,110	272	14,220
Charges for services	23,353,961	-	-	-
Rental income	-	583,439	-	-
Fines and forfeitures	389,838	-	-	-
Impact fees	-	-	-	-
Miscellaneous	2,052,143	37,366	-	-
Total revenues	68,443,741	7,046,494	272	14,220
Expenditures:				
Current:				
General government	15,598,249	1,386,681	-	-
Public safety	43,090,500	-	-	-
Economic and physical environment	-	1,162,966	-	-
Culture and recreation	4,195,295	-	-	-
Public works	3,568,901	-	-	-
Debt service:				
Principal retirement	384,119	-	1,724,697	-
Interest and other charges	26,200	-	176,093	-
Bond issuance costs and other fiscal charges	-	-	-	-
Total expenditures	66,863,264	2,549,647	1,900,790	-
Excess (deficiency) of revenues over (under) expenditures	1,580,477	4,496,847	(1,900,518)	14,220
Other Financing Sources (Uses):				
Issuance of bond	-	-	-	-
Premium of bond	-	-	-	-
Transfers in	1,851,657	-	1,900,790	-
Transfers out	(3,109,694)	(4,496,847)	-	-
Total other financing sources (uses)	(1,258,037)	(4,496,847)	1,900,790	-
Net change in fund balances	322,440	-	272	14,220
Fund Balances, Beginning	32,085,263	-	9,628	974,920
Fund Balances, Ending	\$ 32,407,703	\$ -	\$ 9,900	\$ 989,140

Margate Community Redevelopment Agency Capital Improvement Fund	Margate Community Redevelopment Agency Loan Proceeds Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,489,829	\$ 21,038,583
-	-	-	4,328,426
-	-	-	6,620,866
-	-	-	6,362,579
-	-	-	2,524,880
-	-	3,693,291	11,804,119
268,041	1,576	666,681	2,527,945
-	-	47,530	23,401,491
-	-	-	583,439
-	-	314,277	704,115
-	-	31,511	31,511
27	-	636,558	2,726,094
<u>268,068</u>	<u>1,576</u>	<u>6,879,677</u>	<u>82,654,048</u>
-	-	129,309	17,114,239
-	-	588,356	43,678,856
821,284	-	1,053,948	3,038,198
-	-	2,047,226	6,242,521
-	-	1,759,554	5,328,455
-	-	585,000	2,693,816
-	-	894,771	1,097,064
-	-	170,854	170,854
<u>821,284</u>	<u>-</u>	<u>7,229,018</u>	<u>79,364,003</u>
<u>(553,216)</u>	<u>1,576</u>	<u>(349,341)</u>	<u>3,290,045</u>
-	-	9,105,000	9,105,000
-	-	890,288	890,288
2,596,057	-	3,692,315	10,040,819
-	-	(582,621)	(8,189,162)
<u>2,596,057</u>	<u>-</u>	<u>13,104,982</u>	<u>11,846,945</u>
2,042,841	1,576	12,755,641	15,136,990
<u>10,694,414</u>	<u>4,938,568</u>	<u>17,955,128</u>	<u>66,657,921</u>
<u>\$ 12,737,255</u>	<u>\$ 4,940,144</u>	<u>\$ 30,710,769</u>	<u>\$ 81,794,911</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, 2019

Net Change in Fund Balances - Total Governmental Funds (Page 20) \$ 15,136,990

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	\$ 4,607,689	
Less: current year provision for depreciation	<u>(4,602,621)</u>	5,068

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	\$ 585,000	
Community redevelopment bonds	1,724,697	
Capital leases	<u>384,119</u>	2,693,816

Proceeds from debt issuance

Issuance of bond	\$ (9,105,000)	
Premium of bond	<u>(890,288)</u>	(9,995,288)

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. (1,123,106)

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	\$ (326,434)	
Change in accrued interest payable on bonds	(137,661)	
Amortization of bond premiums	207,936	
Change in net pension liability and other related deferral amounts	(9,193,442)	
Change in OPEB liability and other related deferral amounts	<u>(245,232)</u>	(9,694,833)

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.

2,003,556

Change in Net Position of Governmental Activities (Page 15) \$ (973,797)

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, 2019

	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
Assets:				
Current assets:				
Cash, cash equivalents, and investments	\$ 56,021,233	\$ 1,371,030	\$ 57,392,263	\$ 7,773,474
Accounts receivable, net	4,347,844	160,888	4,508,732	3,406
Prepayments and other assets	-	-	-	7,063
Inventories	672,752	-	672,752	-
Restricted assets:				
Cash, cash equivalents and investments	1,697,224	-	1,697,224	-
Total current assets	62,739,053	1,531,918	64,270,971	7,783,943
Non-current assets:				
Capital assets:				
Construction in progress	10,438,282	-	10,438,282	-
Infrastructure	98,769,158	2,945,942	101,715,100	-
Buildings	27,238,173	-	27,238,173	-
Machinery and equipment	5,362,747	1,723,293	7,086,040	-
Total capital assets	141,808,360	4,669,235	146,477,595	-
Less: accumulated depreciation	(90,982,331)	(1,222,560)	(92,204,891)	-
Total capital assets, net	50,826,029	3,446,675	54,272,704	-
Total assets	113,565,082	4,978,593	118,543,675	7,783,943
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	2,101,916	138,423	2,240,339	-
Deferred outflows relating to OPEB	882,654	60,603	943,257	-
Deferred charge on refunding	37,642	-	37,642	-
Total deferred outflows of resources	3,022,212	199,026	3,221,238	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,742,793	69,284	1,812,077	206,702
Customer deposits	1,605	-	1,605	-
Claims and judgements	-	-	-	1,294,299
Bonds payable	1,115,000	-	1,115,000	-
Compensated absences payable	167,288	25,013	192,301	-
Payable from restricted assets:				
Customer deposits	1,697,224	-	1,697,224	-
Total current liabilities	4,723,910	94,297	4,818,207	1,501,001
Non-current liabilities:				
Other post employment benefits (OPEB) liability	2,883,136	256,952	3,140,088	-
Claims and judgements	-	-	-	1,668,524
Compensated absences payable	1,466,741	219,305	1,686,046	-
Net pension liability	6,012,901	452,389	6,465,290	-
Total non-current liabilities	10,362,778	928,646	11,291,424	1,668,524
Total liabilities	15,086,688	1,022,943	16,109,631	3,169,525

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, 2019

	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	499,206	37,340	536,546	-
Deferred inflows relating to OPEB	822,510	65,602	888,112	-
Total deferred inflows of resources	1,321,716	102,942	1,424,658	-
Net Position:				
Net investment in capital assets	49,748,671	3,446,675	53,195,346	-
Restricted for renewal and replacement	500,000	-	500,000	-
Unrestricted	49,930,219	605,059	50,535,278	4,614,418
Total net position	\$ 100,178,890	\$ 4,051,734	\$ 104,230,624	\$ 4,614,418

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, 2019

	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	\$ 11,512,725	\$ 832,660	\$ 12,345,385	\$ -
Commercial and multi-family	13,234,890	1,145,335	14,380,225	-
Costs billed to other funds	-	-	-	3,885,000
Other services	731,742	-	731,742	44,803
Total operating revenues	25,479,357	1,977,995	27,457,352	3,929,803
Operating and Administrative Expenses:				
Cost of sales, maintenance, and services	15,821,145	1,877,879	17,699,024	861,534
Depreciation	3,253,200	193,028	3,446,228	-
Administrative services	-	-	-	123,804
Claims	-	-	-	1,139,599
Total operating and administrative expenses	19,074,345	2,070,907	21,145,252	2,124,937
Operating income (loss)	6,405,012	(92,912)	6,312,100	1,804,866
Non-Operating Revenues (Expenses):				
Investment income	1,928,307	47,892	1,976,199	198,690
Intergovernmental	462,870	-	462,870	-
Gain on disposal of capital assets	16,313	-	16,313	-
Interest expense	(125,392)	-	(125,392)	-
Total non-operating revenues (expenses)	2,282,098	47,892	2,329,990	198,690
Income (Loss) Before Capital Contributions and Transfers	8,687,110	(45,020)	8,642,090	2,003,556
Capital Contributions and Transfers:				
Capital contributions - impact fees	227,133	-	227,133	-
Capital contributions	62,640	-	62,640	-
Transfers out	(1,851,657)	-	(1,851,657)	-
Total capital contributions and transfers	(1,561,884)	-	(1,561,884)	-
Change in net position	7,125,226	(45,020)	7,080,206	2,003,556
Net Position, Beginning	93,053,664	4,096,754	97,150,418	2,610,862
Net Position, Ending	\$ 100,178,890	\$ 4,051,734	\$ 104,230,624	\$ 4,614,418

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, 2019

	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	\$ 24,689,896	\$ 1,972,160	\$ 26,662,056	\$ 3,928,999
Payments for interfund services used	(1,346,528)	(419,081)	(1,765,609)	(123,804)
Payments to suppliers for goods and services	(6,115,651)	(609,633)	(6,725,284)	(2,170,593)
Payments to employees	(8,044,453)	(751,283)	(8,795,736)	-
Net cash provided by operating activities	9,183,264	192,163	9,375,427	1,634,602
Cash Flows From Noncapital Financing Activities:				
Transfer to other funds	(1,851,657)	-	(1,851,657)	-
Net cash used by noncapital financing activities	(1,851,657)	-	(1,851,657)	-
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	227,133	-	227,133	-
Capital contribution - connection charges	62,640	-	62,640	-
Proceeds from state grants	462,870	-	462,870	-
Acquisition and construction of capital assets, net	(3,518,849)	(159,000)	(3,677,849)	-
Principal paid on capital debt	(1,070,000)	-	(1,070,000)	-
Interest and other fees paid on capital debt	(87,750)	-	(87,750)	-
Net cash used by capital and related financing activities	(3,923,956)	(159,000)	(4,082,956)	-
Cash Flows From Investing Activities:				
Investment income	1,922,692	47,714	1,970,406	198,690
Net cash provided by investing activities	1,922,692	47,714	1,970,406	198,690
Net increase in cash, cash equivalents, and investments	5,330,343	80,877	5,411,220	1,833,292
Cash, Cash Equivalents, and Investments, Beginning	52,388,114	1,290,153	53,678,267	5,940,182
Cash, Cash Equivalents, and Investments, Ending	\$ 57,718,457	\$ 1,371,030	\$ 59,089,487	\$ 7,773,474
Reconciliation to Statement of Net Position:				
Cash, cash equivalents, and investments	\$ 56,021,233	\$ 1,371,030	\$ 57,392,263	\$ 7,773,474
Restricted cash, cash equivalents, and investments	1,697,224	-	1,697,224	-
Cash, cash equivalents, and investments	\$ 57,718,457	\$ 1,371,030	\$ 59,089,487	\$ 7,773,474

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, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major	Nonmajor		Internal
	Water and	Stormwater	Total	Service
	Wastewater	Utility	Enterprise	Fund -
	Fund	Fund	Funds	General
				Insurance
				Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 6,405,012	\$ (92,912)	\$ 6,312,100	\$ 1,804,866
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,253,200	193,028	3,446,228	-
Change in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(824,881)	(5,835)	(830,716)	(804)
Prepayments and other assets	-	-	-	(3,680)
Inventories	(155,702)	-	(155,702)	-
Deferred outflows relating to pensions and OPEB	(535,282)	(29,317)	(564,599)	-
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(326,614)	17,576	(309,038)	(7,695)
Compensated absences payable	40,045	14,151	54,196	-
Net pension liability	585,594	52,108	637,702	-
Claims and judgements	-	-	-	(158,085)
Customer deposits payable	35,420	-	35,420	-
OPEB obligation	439,715	29,004	468,719	-
Deferred inflows relating to pensions and OPEB	266,757	14,360	281,117	-
Total adjustments	2,778,252	285,075	3,063,327	(170,264)
Net cash provided by operating activities	\$ 9,183,264	\$ 192,163	\$ 9,375,427	\$ 1,634,602

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, 2019

	<u>Total</u>
Assets:	
Cash and cash equivalents	\$ <u>221,763</u>
Total assets	\$ <u><u>221,763</u></u>
Liabilities:	
Performance bonds payable	\$ <u>221,763</u>
Total liabilities	\$ <u><u>221,763</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 59,100 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 modified 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. 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 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 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 using the blended method since the governing body of the City is the governing body of the CRA and a financial benefit relationship exists in that the assets of the CRA revert back to the City at the sunseting of the CRA in 2026.

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 Governing Board of the Center 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 since the governing body of the City is the governing body of the Center and management of the City has operational responsibility for the Center.

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.

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, 2019, the City implemented two new GASB statements of financial accounting standards.

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 Statement also establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The provisions for this Statement are effective for fiscal year ending September 30, 2019. The statement had no impact on the City's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Indirect Borrowings and Direct Placements, was issued in April 2018. This Statement will improve the information that is disclosed in notes to financial statements related to debt, including direct borrowings and direct placements. It will also clarify which liabilities should be included when disclosing information related to debt. The provisions for this Statement are effective for fiscal year ending September 30, 2019. All required disclosures were added.

Note 1 - Summary of Significant Accounting Policies (continued)

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. 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. It also establishes criteria for identifying fiduciary activities of all state and local governments with a focus of the criteria on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The provisions for this Statement are effective for fiscal year ending September 30, 2020.

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.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, was issued in June 2018. This Statement will enhance information about capital assets and the cost of borrowing for a reporting period by establishing accounting requirements for interest incurred before the end of a construction period. The provisions for this Statement are effective for fiscal year ending September 30, 2021.

Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61, was issued in August 2018. This Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. It will also improve the relevance of financial statement information for certain component units. The provisions for this Statement are effective for fiscal year ending September 30, 2020.

Statement No. 91, Conduit Debt Obligations, was issued in May 2019. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice related to commitments extended by issues, arrangements associated with conduit debt obligations, and related note disclosures. This Statement will also clarify the existing definition of a conduit debt obligation, establish that a conduit debt obligation is not a liability of the issuer, establish standards for accounting and financial reporting of additional/voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improve required note disclosures. The provisions for this Statement are effective for fiscal year ending September 30, 2022.

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.

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 \$ 12,737,255 and \$ 4,940,144 have been restricted for specific redevelopment projects pursuant to the Community Redevelopment Plan and the year end fund balances of \$ 9,900 and \$ 989,140 have been restricted to reduce the amount of indebtedness to which the tax increment revenues are pledged.

Note 1 - Summary of Significant Accounting Policies (continued)

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 Funds* are 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 Public Assets for Liquidity Management (FL PALM), 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

The City also invests surplus funds in the Florida Public Assets for Liquidity Management (FL PALM), which was known as the Florida Education Investment Trust Fund (FEITF) until June 1, 2019. FL PALM is a common law trust organized under the laws of the State of Florida and 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 FL PALM is rated by Standard and Poor's and has a current rating of AAAM. The investments in FL PALM 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 FL PALM 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, 2019, 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.

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".

Note 1 - Summary of Significant Accounting Policies (continued)

All trade and other receivables are shown net of allowance for uncollectibles. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectible, a general allowance is calculated based on the City's 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 are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in the governmental fund financial statements are classified as nonspendable fund balance. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted assets: 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

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 and OPEB 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 the pension and OPEB plans (the "Plans") include contributions made to the Plans subsequent to the measurement date of the net liabilities, differences between expected and actual experience, changes in assumptions or inputs, net difference in projected and actual earnings on the Plans' investments and changes in proportion and differences between City contributions and proportionate share of contribution.

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 three items that qualify for reporting in this category. Pension and OPEB related deferred inflows include changes in assumptions or inputs, net difference in projected and actual earnings on the Plans' investments, difference between expected and actual experience and changes in proportion and differences between City contributions and proportionate share of contributions. 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 2018-2019 fiscal year was 6.5594 mills and the debt service millage was 0.4999 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, 2019 were approximately 95.7% 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 2018-2019 occurred on September 26, 2018. 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, 2019 is shown as follows:

Lien date	January 1, 2018
Levy date, tax bills mailed	November 1, 2018
Last date for 4% discount on taxes paid	November 30, 2018
Last date for 3% discount on taxes paid	December 31, 2018
Last date for 2% discount on taxes paid	January 31, 2019
Last date for 1% discount on taxes paid	February 28, 2019
Final due date of payment of taxes	March 31, 2019
First date for auctioning tax certificates on delinquent accounts	June 1, 2019

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. Restricted fund balance is used first when both restricted and unrestricted are available unless legal documents/contracts prohibit this.

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 \$ 26,186,842 including petty cash funds and cash on hand totaling \$ 9,870 as of September 30, 2019. 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 \$ 26,787,206 invested in the Florida PRIME and \$ 29,428,701 invested in the FL PALM as of September 30, 2019. The fair value of both the Florida PRIME and the FL PALM 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 Local Government Surplus Trust Fund (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, 2019 for the SBA Florida PRIME and FL PALM was 37 days and 39 days, respectively.

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, 2019.

Note 2 - Deposits and Investments (continued)

Investment Type	Fair Value	Remaining Maturity (in years)	
		Less Than 1	1 to 5
U.S. Agency Notes	\$ 12,922,927	\$ 3,871	\$ 12,919,056
U.S. Treasury Notes	24,035,216	9,236,961	14,798,255
U.S. Sponsored Agencies	9,695,835	4,398,639	5,297,196
Corporate Notes	17,164,531	3,817,091	13,347,440
Asset Backed Securities	5,073,619	-	5,073,619
Money Market Funds	193,887	193,887	-
	<u>\$ 69,086,015</u>	<u>\$ 17,650,449</u>	<u>\$ 51,435,566</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 FL PALM 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 investments 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	\$ 26,907,569	38.95%
AAA	2,610,936	3.78%
AA+	19,940,297	28.86%
AA	600,036	0.87%
AA-	603,960	0.87%
A+	5,165,902	7.48%
A-	1,483,243	2.15%
A	8,767,151	12.69%
BBB+	544,239	0.79%
NR	2,462,682	3.56%
Total credit risk debt securities	<u>\$ 42,178,446</u>	<u>61.05%</u>
Total fixed income securities	<u>\$ 69,086,015</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, 2019

Note 2 - Deposits and Investments (continued)

The City has the following recurring fair value measurements as of September 30, 2019:

Investments	September 30, 2019	Level 1	Level 2	Level 3
U.S. Agency Notes	\$ 12,922,927	\$ -	\$ 12,922,927	\$ -
U.S. Treasury Notes	24,035,216	-	24,035,216	-
U.S. Sponsored Agencies	9,695,835	-	9,695,835	-
Corporate Notes	17,164,531	-	17,164,531	-
Asset Backed Securities	5,073,619	-	5,073,619	-
Money market funds	193,887	-	193,887	-
Total investments measured at fair value	\$ 69,086,015	\$ -	\$ 69,086,015	\$ -
Investments measured at amortized cost:				
Florida PRIME	26,787,206			
FL PALM	29,428,701			
Cash and cash equivalents:				
Money market funds and other deposits	26,176,972			
Petty cash	9,870			
Total unrestricted and restricted cash, cash equivalents and investments	\$ 151,488,764			

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, 2019 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	\$ 910,712	\$ 5,184	\$ -	\$ -	\$ 642,040	\$ 533,152	\$ 2,091,088
Accounts	170,501	-	-	-	3,577,567	148,469	3,896,537
Taxes	757,635	-	-	-	3,455	141	761,231
Others	3,389,046	15,013	598	2,572	134,782	42,769	3,584,780
Gross receivables	5,227,894	20,197	598	2,572	4,357,844	724,531	10,333,636
Less: allowance for uncollectible	(2,439,551)	-	-	-	(10,000)	-	(2,449,551)
Net total receivables	\$ 2,788,343	\$ 20,197	\$ 598	\$ 2,572	\$ 4,347,844	\$ 724,531	\$ 7,884,085

City of Margate, Florida
Notes to Basic Financial Statements
September 30, 2019

Note 4 - Transfers

The outstanding balance between funds results from the time lag between the dates that payment between funds is made. Transfers at September 30, 2019, consisted of the following:

Transfers Out:	Transfers in:					Total
	General Fund	Margate Community Redevelopment Agency Sinking Fund	Margate Community Redevelopment Agency Capital Improvement Fund	Nonmajor Governmental Fund		
General Fund	\$ -	\$ -	\$ -	\$ 3,109,694 c, e		\$ 3,109,694
Margate Community Redevelopment Agency Trust Fund	-	1,900,790 a	2,596,057 b, c	-		4,496,847
Nonmajor Governmental Funds	-	-	-	582,621 c, e		582,621
Water and Wastewater Fund	<u>1,851,657 d</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>1,851,657</u>
Total	\$ <u>1,851,657</u>	\$ <u>1,900,790</u>	\$ <u>2,596,057</u>	\$ <u>3,692,315</u>		\$ <u>10,040,819</u>

Reasons for these transfers are set forth below:

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

Note 5 - Deferred Inflows of Resources and Unearned Revenue

As of September 30, 2019, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned Revenue
Intergovernmental revenue	\$ 662,720	\$ -
Miscellaneous revenue	335,920	21,370
Business licenses	-	198,923
Rental income	<u>-</u>	<u>55,778</u>
	\$ <u>998,640</u>	\$ <u>276,071</u>

City of Margate, Florida
Notes to Basic Financial Statements
September 30, 2019

Note 6 - Capital Assets

Capital assets activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 28,908,072	\$ -	\$ -	\$ 28,908,072
Intangibles	3,566,898	55,779	-	3,622,677
Construction in progress	<u>1,965,084</u>	<u>1,953,755</u>	<u>(630,682)</u>	<u>3,288,157</u>
Total capital assets, not being depreciated	<u>34,440,054</u>	<u>2,009,534</u>	<u>(630,682)</u>	<u>35,818,906</u>
Capital assets, being depreciated:				
Infrastructure	89,791,347	20,074	167,113	89,978,534
Buildings	16,537,134	-	-	16,537,134
Machinery and equipment	19,125,293	2,227,137	(342,143)	21,010,287
Improvements other than buildings	<u>8,390,185</u>	<u>350,944</u>	<u>457,881</u>	<u>9,199,010</u>
Total capital assets, being depreciated	<u>133,843,959</u>	<u>2,598,155</u>	<u>282,851</u>	<u>136,724,965</u>
Less accumulated depreciation for:				
Infrastructure	(55,111,338)	(2,602,852)	-	(57,714,190)
Buildings	(6,616,047)	(329,936)	-	(6,945,983)
Machinery and equipment	(14,218,889)	(1,374,631)	347,831	(15,245,689)
Improvements other than buildings	<u>(5,923,565)</u>	<u>(295,202)</u>	<u>-</u>	<u>(6,218,767)</u>
Total accumulated depreciation	<u>(81,869,839)</u>	<u>(4,602,621)</u>	<u>347,831</u>	<u>(86,124,629)</u>
Total capital assets, being depreciated, net	<u>51,974,120</u>	<u>(2,004,466)</u>	<u>630,682</u>	<u>50,600,336</u>
Governmental Activities capital assets, net	<u>\$ 86,414,174</u>	<u>\$ 5,068</u>	<u>\$ -</u>	<u>\$ 86,419,242</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ <u>7,854,301</u>	\$ <u>3,069,080</u>	\$ <u>(485,099)</u>	\$ <u>10,438,282</u>
Capital assets, being depreciated:				
Infrastructure	100,982,182	732,918	-	101,715,100
Buildings	27,113,008	125,165	-	27,238,173
Machinery and equipment	<u>6,833,942</u>	<u>252,098</u>	<u>-</u>	<u>7,086,040</u>
Total capital assets, being depreciated	<u>134,929,132</u>	<u>1,110,181</u>	<u>-</u>	<u>136,039,313</u>

Note 6 - Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Infrastructure	(60,521,922)	(2,152,035)	-	(62,673,957)
Buildings	(22,925,300)	(893,671)	-	(23,818,971)
Machinery and equipment	(5,311,441)	(400,522)	-	(5,711,963)
Total accumulated depreciation	(88,758,663)	(3,446,228)	-	(92,204,891)
Total capital assets, being depreciated, net	46,170,469	(2,336,047)	-	43,834,422
Business-type Activities capital assets, net	\$ 54,024,770	\$ 733,033	\$ (485,099)	\$ 54,272,704

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

Governmental activities:	
Public safety	\$ 1,102,303
Public works	2,170,964
General government	208,318
Economic and physical environment	447,288
Culture and recreation	673,748
Total depreciation expense - governmental activities	\$ 4,602,621
Business-type activities:	
Water and Wastewater Fund	\$ 3,253,200
Stormwater Utility Fund	193,028
Total depreciation expense - business-type activities	\$ 3,446,228

Construction Commitments

The City has the following active construction commitments with contractors at September 30, 2019:

Projects	Incurred-to-Date	Remaining Commitment
Governmental Activities:		
Asphalt Repairs	\$ 117,644	\$ 33,807
Copans Road Median Improvement	364,345	20,276
David Park Improvements	-	349,929
Dog Park Project	-	499,944
Fire Station 58 Replacement	82,720	369,912
Firefighters Park Improvements	618,433	196,290
Southeast Park Improvements - Bathroom & Concession	436,828	64,434
Southeast Park Improvements - Soccer Fields & Playground	-	1,583,041

Note 6 - Capital Assets (continued)

Projects	Incurred- to-Date	Remaining Commitment
Southgate Park Renovation	-	696,868
Sports Complex - Covered Field	130,783	3,484,317
Veteran's Park - Marina Improvements	266,060	164,993
Business-type Activities:		
Force Main Construction Southgate & Rock Island	795,533	154,467
Lift Station 21 Renovation	253,856	192,268
Water Main Improvements, Phase II	-	1,497,921
Water Main/Force Main Control Improvements	-	124,909
Water Meter Installation & Replacement	331,277	46,809
Electronic Meter Reading, Cycle Two	-	261,083
	<u>\$ 3,397,479</u>	<u>\$ 9,741,268</u>

Note 7 - Long-Term Debt

Governmental Activities

General Obligation Bonds

\$ 9,105,000 General Obligation Bonds, Series 2019 – In November 2018, a majority of the electors voting at a referendum within the City approved the issuance of general obligation bonds in a principal amount not exceeding \$10 million for purposes of improving parks and recreation projects and paying certain costs and expenses related to the issuance of the Bonds. In April 2019, the City issued the General Obligation Bonds, Series 2019 in the principal amount of \$ 9,105,000. The bonds were issued for the purpose of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects. The outstanding bonds bear an interest rate from 3.0% to 5.0%, payable semiannually on January 1st and July 1st of each year. The Series 2019 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 2019 Bonds. The bonds will mature on July 1, 2039 with the first principal payment due July 1, 2020. The bonds maturing on and after July 1, 2030 may be subject to redemption prior to their respective maturities.

\$ 9,105,000

Note 7 - Long-Term Debt (continued)

The annual debt service requirements until maturity for the General Obligation Bonds, Series 2019 outstanding at September 30, 2019, are as follows:

Year Ending September 30,	Series 2019		
	Principal	Interest	Total
2020	\$ 230,000	\$ 425,500	\$ 655,500
2021	305,000	352,350	657,350
2022	320,000	337,100	657,100
2023	335,000	321,100	656,100
2024	350,000	304,350	654,350
2025-2029	2,025,000	1,241,750	3,266,750
2030-2034	2,550,000	718,500	3,268,500
2035-2039	2,990,000	274,050	3,264,050
	<u>\$ 9,105,000</u>	<u>\$ 3,974,700</u>	<u>\$ 13,079,700</u>

\$ 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.

\$ 17,265,000

The annual debt service requirements until maturity for the General Obligation Refunding Bonds, Series 2016 outstanding at September 30, 2019, are as follows:

Year Ending September 30,	Series 2016		
	Principal	Interest	Total
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	710,000	766,500	1,476,500
2024	745,000	731,000	1,476,000
2025-2029	4,330,000	3,057,000	7,387,000
2030-2034	5,525,000	1,860,750	7,385,750
2035-2037	4,020,000	408,500	4,428,500
	<u>\$ 17,265,000</u>	<u>\$ 9,320,250</u>	<u>\$ 26,585,250</u>

Note 7 - Long-Term Debt (continued)

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.

\$ 3,035,500

\$ 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. For fiscal year 2019, the interest rate was increased to 2.759% due to a change in the corporate tax rate. 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.

1,008,849

\$ 4,044,349

Upon an event of default the bank may declare the Series 2012 bonds to be immediately due and payable with interest at the Prime Rate plus 3.0% provided such rate shall not exceed the highest rate of interest allowed by applicable law.

The annual debt service requirements until maturity for Redevelopment Refunding Revenue Bonds, Series 2012 outstanding at September 30, 2019, are as follows:

Year Ending September 30,	Series 2012A		Series 2012B		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,383,621	\$ 93,428	\$ 396,722	\$ 25,112	\$ 1,898,883
2021	1,432,049	45,000	405,778	14,105	1,896,932
2022	219,830	3,812	206,349	2,847	432,838
	<u>\$ 3,035,500</u>	<u>\$ 142,240</u>	<u>\$ 1,008,849</u>	<u>\$ 42,064</u>	<u>\$ 4,228,653</u>

Note 7 - Long-Term Debt (continued)

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.

\$ 1,115,000

The annual debt service requirements until maturity for the Revenue Bonds outstanding at September 30, 2019, are as follows:

Year Ending September 30,	Series 2007		
	Principal	Interest	Total
2020	\$ 1,115,000	\$ 44,600	\$ 1,159,600

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, 2019 was 9.31 to 1. The maximum annual debt service was \$ 1,159,600 at September 30, 2019.

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:	\$ 6,405,012
Additions:	
Interest income which qualifies as	
operating revenue for coverage purposes	1,169,425
Provision for depreciation	3,253,200
Subtractions:	
Nonqualifying revenues:	
Meter fees	29,100
Income available for debt service	\$ 10,798,537
Maximum annual debt service	\$ 1,159,600
Coverage	9.31:1
Coverage required by bond indentures	1.15:1

Note 7 - Long-Term Debt (continued)

Bonds Authorized, but Unissued

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, 2019, 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, 2019, there are no rebatable arbitrage liabilities for the outstanding bond issues.

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019	Due Within One Year
Governmental Activities:					
Bonds payable and capital leases:					
General Obligation Bonds, Series 2019	\$ -	\$ 9,105,000	\$ -	\$ 9,105,000	\$ 230,000
General Obligation Refunding Bonds, Series 2016	17,850,000	-	(585,000)	17,265,000	610,000
Bonds from direct borrowings and direct placements:					
CRA Redevelopment Refunding Revenue Bonds, Series 2012A	4,372,330	-	(1,336,830)	3,035,500	1,383,621
CRA Redevelopment Refunding Revenue Bonds, Series 2012B	1,396,716	-	(387,867)	1,008,849	396,722
Total general obligation and revenue bonds	23,619,046	9,105,000	(2,309,697)	30,414,349	2,620,343
Deferred amounts:					
Bond issuance premium, Series 2019	-	890,288	(7,419)	882,869	-
Bond issuance premium, Series 2016	3,759,688	-	(200,517)	3,559,171	-
Total deferred amounts	3,759,688	890,288	(207,936)	4,442,040	-
Total bonds payable	27,378,734	9,995,288	(2,517,633)	34,856,389	2,620,343
Capital leases	1,004,367	-	(384,119)	620,248	225,439
Subtotal	28,383,101	9,995,288	(2,901,752)	35,476,637	2,845,782
Other long-term liabilities:					
Compensated absences payable	10,930,196	1,250,994	(924,560)	11,256,630	863,426
Net pension liability	65,661,332	7,633,405	-	73,294,737	-
Claims and judgements	3,120,908	981,514	(1,139,599)	2,962,823	1,294,299
Other post employment benefits liability	12,565,731	2,093,361	-	14,659,092	-
Subtotal	92,278,167	11,959,274	(2,064,159)	102,173,282	2,157,725
Governmental activity long-term liabilities	\$ 120,661,268	\$ 21,954,562	\$ (4,965,911)	\$ 137,649,919	\$ 5,003,507

Note 7 - Long-Term Debt (continued)

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019	Due Within One Year
Business-type Activities:					
Revenue bonds, Series 2007	\$ 2,185,000	\$ -	\$ (1,070,000)	\$ 1,115,000	\$ 1,115,000
Other long-term liabilities:					
Compensated absences payable	1,824,151	182,935	(128,739)	1,878,347	192,301
Net pension liability	5,827,588	637,702	-	6,465,290	-
Other post employment benefits liability	2,671,369	468,719	-	3,140,088	-
Subtotal	<u>10,323,108</u>	<u>1,289,356</u>	<u>(128,739)</u>	<u>11,483,725</u>	<u>192,301</u>
Business-type activity long-term liabilities	<u>12,508,108</u>	<u>1,289,356</u>	<u>(1,198,739)</u>	<u>12,598,725</u>	<u>1,307,301</u>
Total Long-term Liabilities	<u>\$ 133,169,376</u>	<u>\$ 23,243,918</u>	<u>\$ (6,164,650)</u>	<u>\$ 150,248,644</u>	<u>\$ 6,310,808</u>

In governmental activities, compensated absences, net pension liability, and OPEB obligation are generally liquidated by the General Fund. For business-type activities, compensated absences, net pension liability, and OPEB obligation are generally liquidated by either the appropriate fund of Water and Wastewater or Stormwater Utility. Claims and judgments are generally liquidated by the Internal Service General Insurance Fund.

Pledged Revenues

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the aggregate amount of \$ 11.9 million in water and sewer revenue bonds issued in 2007. Proceeds from these bonds provided financing for the refunding of previously issued revenue bonds. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2020. At fiscal year ended September 30, 2019, the maximum annual debt service is at 11% of the net revenues. The total principal and interest remaining to be paid on the bonds is approximately \$ 1.16 million. Principal and interest paid and total customer net revenues for the current year were \$ 1,157,400 and \$ 10,798,537, 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, 2019, the maximum annual debt service is at 30% of the tax incremental revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$ 4.2 million. Principal and interest paid and tax incremental revenues for the current year were \$ 1,900,790 and \$ 6,362,579, respectively.

Note 8 - Capital Leases

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 2019, approximately \$ 31,700 was included in depreciation expense and total accumulated depreciation is approximately \$ 110,900. 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)

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 2019, approximately \$ 161,100 was included in depreciation expense and total accumulated depreciation is approximately \$ 254,500. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

<u>Year Ending September 30,</u>	
2020	\$ 242,987
2021	208,105
2022	<u>203,445</u>
Total minimum lease payment	654,537
Less: amount representing interest	<u>(34,289)</u>
Present value of minimum lease payment	<u>\$ 620,248</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 ("Investment 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.

Note 9 - Florida Retirement System (continued)

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.

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, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular - 8.26% and 8.47%; Special Risk Administrative Support - 34.98% and 38.59%; Special Risk - 24.50% and 25.48%; Senior Management Service - 24.06% and 25.41%; Elected Officers' - 48.70% and 48.82%; and DROP participants - 14.03% and 14.60%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2018 through September 30, 2019.

Note 9 - Florida Retirement System (continued)

HIS Plan:

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

Benefits Provided - For the fiscal year ended September 30, 2019, 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, 2019, the HIS contribution rate 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, 2019, the City reported liabilities of \$ 66,354,094 for its proportionate share of the Pension Plan's net pension liability and \$ 13,405,933 for the HIS Plan's net pension liability for a total pension liability of \$ 79,760,027. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. At June 30, 2019, the City's proportionate share was .192673565 percent for the Pension Plan and .119813516 percent for the HIS Plan, which was a decrease of .002323873 percent and a decrease of .000694288 percent respectively, from the proportionate share measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$ 15,741,202 for the Pension Plan and \$ 1,011,517 for the HIS Plan for a total pension expense of \$ 16,752,719. At September 30, 2019, 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	\$ 3,935,652	\$ 162,830	\$ 4,098,482
Changes of assumptions	17,042,586	1,552,280	18,594,866
Net difference between projected and actual earnings on pension plan investments	-	8,651	8,651
Changes in proportion and differences between City contributions and proportionate share of contributions	1,660,658	498,766	2,159,424
City contributions subsequent to the measurement date	1,493,520	157,385	1,650,905
	<u>\$ 24,132,416</u>	<u>\$ 2,379,912</u>	<u>\$ 26,512,328</u>

Note 9 - Florida Retirement System (continued)

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 41,179	\$ 16,415	\$ 57,594
Changes of assumptions	-	1,095,692	1,095,692
Net difference between projected and actual earnings on pension plan investments	3,671,055	-	3,671,055
Changes in proportion and differences between City contributions and proportionate share of contributions	1,268,457	251,274	1,519,731
	<u>\$ 4,980,691</u>	<u>\$ 1,363,381</u>	<u>\$ 6,344,072</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, 2020. 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
2020	\$ 6,330,871	\$ 243,988	\$ 6,574,859
2021	2,287,065	272,750	2,559,815
2022	4,740,540	223,269	4,963,809
2023	3,336,508	(1,644)	3,334,864
2024	771,734	33,721	805,455
Thereafter	191,487	87,062	278,549

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 2019 for the period July 1, 2013, through June 30, 2018. 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, 2019 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	6.90%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2018	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%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate	10.0%	6.7%	6.1%	11.7%
Private equity	11.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
	<u>100.0%</u>			
Assumed inflation - Mean			2.6%	1.7%

(1) as outlined in the Pension Plan's Investment Policy

Discount Rate - The discount rate used to measure the total pension liability was 6.90% 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 3.50% 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 3.50% 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, 2019.

Note 9 - Florida Retirement System (continued)

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability for Pension Plan	\$ <u>114,704,131</u>	\$ <u>66,354,094</u>	\$ <u>25,973,633</u>
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's proportionate share of the net pension liability for HIS Plan	\$ <u>15,303,560</u>	\$ <u>13,405,933</u>	\$ <u>11,825,425</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 2018-2019 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, 2019, 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 \$ 945,991 for the fiscal year ended September 30, 2019.

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, 2017 to September 30, 2019:

		General Insurance Fund
Liability balance, October 1, 2017	\$	3,528,106
Claims and changes in estimates		378,749
Claims payments		<u>(785,947)</u>
Liability balance, September 30, 2018		3,120,908
Claims and changes in estimates		981,514
Claims payments		<u>(1,139,599)</u>
Liability balance, September 30, 2019	\$	<u><u>2,962,823</u></u>
Claims and payments due within one year	\$	<u><u>1,294,299</u></u>
Assets available to pay claims at September 30, 2019	\$	<u><u>4,614,418</u></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 funding agencies, 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 in August 2017.

The U.S. Department of Housing and Urban Development Office of Inspector General performed an audit of the City's Neighborhood Stabilization Program (NSP) grants related to this same issue. An audit report detailing findings and recommendations was issued in May 2018. The report indicated that \$ 811,571 was spent on ineligible costs and that the Miami Office of Community Planning and Development should require the City to repay the \$ 811,571 to the program from non-Federal funds.

In October 2018, one of the audited properties with ineligible costs was sold and net proceeds remitted to the City totaled \$ 181,385. These monies were deposited into the NSP fund thereby reducing the amount recorded in the financial statements to \$ 630,186 as a liability for the potential repayment. Therefore, the financial statements include only an adjustment for \$ 630,186 for NSP in the General Fund and do not include any other adjustments that might result from the outcome of this uncertainty. The City is waiting on instruction from HUD for further disposition of these monies. The City is currently working to settle all items related to this matter.

An audit was also conducted by the Florida Housing Finance Corporation in October/November 2018 for the State Housing Initiatives Partnership (SHIP) program with a report issued in December 2018. The report concluded that SHIP funds were improperly expended and that the City will be required to repay those funds back to the program. Subsequent to this, the City and the Florida Housing Finance Corporation were in discussions over the amount. A resolution requiring repayment of \$ 110,858, pending commission approval, was finalized in February 2019. Once approved, the final amount was transferred to Broward County for administration as provided for in an interlocal agreement between the City and County.

Audits may be forthcoming for other grant programs.

Note 11 - Commitments and Contingencies (continued)

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, 2019, 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.

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

During fiscal year 2019, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45.

Plan description and funding policy. The City offers to retiring employees a one-time opportunity to participate in the City's employee group health and life insurance program (the "Plan"). The Plan is a single-employer defined benefit OPEB plan administered by Cigna Corporation. The post-employment benefits are extended to retirees and continued at the discretion of the City Commission, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change.

Note 12 - Other Post-Employment Benefits (continued)

The participation of retirees and their eligible dependents in the Plan 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 Plan will not be entitled to another opportunity to renew participation at any time in the future. The coverage provided under this Plan 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.

The following table provides a summary of the number of participants in the Plan as of October 1, 2018:

Inactive Plan members or beneficiaries currently receiving benefits	68
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>519</u>
Total Plan members	<u><u>587</u></u>

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay as you go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the General Fund. State law prohibits the City from separately rating retirees and active employees for medical plan benefits. Therefore, the City assigns to both groups a blended rate and makes available to both groups the same plan options. Contribution rates are provided for in collective bargaining agreements negotiated with various unions representing employees. Effective January 1, 2018, retirees that are not Medicare eligible are responsible for 35% of premium costs with the City contributing 65%. Retirees eligible for Medicare are responsible for the full premium. Life insurance coverage for retiree and spouse is 100% retiree paid. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

Actuarial Methods and Assumptions: The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to 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 City and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Note 12 - Other Post-Employment Benefits (continued)

The total OPEB liability at September 30, 2019 was based on an actuarial valuation dated October 1, 2018 with a measurement date of September 30, 2018, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.83%
Salary Increases	Salary increase rates used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System; 3.7% - 7.8%, including inflation.
Retirement Age	Retirement rates used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with a trend of 0% for 2019 (to reflect actual premiums, 6.50% for 2020, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.91% increase for excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs-From Birth to Death". Administrative expenses are included in the per capita health costs.

Changes in assumptions and other inputs include the change in the discount rate from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018, and the change in initial costs and premium amounts to reflect the rates adopted for 2018. These changes are reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2018 was 3.83%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 3.50% as of the beginning of the measurement year.

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2019, are as follows:

Total OPEB liability	\$	17,799,180
OPEB Plan fiduciary net position		<u>-</u>
City's net OPEB liability	\$	<u>17,799,180</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability		0.00%

Note 12 - Other Post-Employment Benefits (continued)

Changes in Total OPEB Liability

Measurement year ended September 30, 2018

Total OPEB liability:	
Service cost	\$ 738,687
Interest on total OPEB liability	549,636
Difference between expected and actual experience of total OPEB liability	4,751,845
Change in assumptions and other inputs	(2,934,302)
Benefit payments	<u>(543,786)</u>
Net change in total OPEB liability	2,562,080
Total OPEB liability, beginning	<u>15,237,100</u>
Total OPEB liability, ending	\$ <u><u>17,799,180</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 3.83%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.83%)	Current Discount Rate (3.83%)	1% Increase (4.83%)
Total OPEB liability	\$ <u>18,718,707</u>	\$ <u>17,799,180</u>	\$ <u>16,876,942</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease	Trend Rate Assumption	1% Trend Increase
Total OPEB liability	\$ <u>16,284,690</u>	\$ <u>17,799,180</u>	\$ <u>19,430,666</u>

Note 12 - Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2019 the City recognized OPEB expense of \$ 1,175,223. At September 30, 2019, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,303,558	\$ -
Changes in assumptions and other inputs	-	4,962,468
Benefits paid subsequent to measurement date	<u>875,081</u>	<u>-</u>
Total	\$ <u>5,178,639</u>	\$ <u>4,962,468</u>

\$ 875,081 reported as deferred outflows of resources related to OPEB resulting from City benefits paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Deferred Inflows of Resources
2020	\$ (113,100)
2021	(113,100)
2022	(113,100)
2023	(113,100)
2024	(113,100)
Thereafter	<u>(93,410)</u>
	\$ <u>(658,910)</u>

Note 13 - Interlocal Agreement

In fiscal year 2019, the City entered into a new interlocal agreement ("ILA") with the City of Coconut Creek to provide emergency medical and fire protection services. Amendment 3 to the ILA adopted in March 2019 extended the term of the Agreement until September 30, 2021. The City received \$ 9.5 million from Coconut Creek in fiscal year 2019. Amendment 4 to the ILA approved in September 2019 provided for an increase to the annual fee to \$ 10,050,000 for fiscal year 2020.

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	\$ 669,186
Margate Community Redevelopment	
Agency Capital Improvement Fund	4,028,904
Nonmajor Funds	<u>3,381,467</u>
Total	\$ <u><u>8,079,557</u></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 \$ 3.2 million at September 30, 2019. Depreciation expense for the year was approximately \$ 85,520. Total rental revenues from these properties during the fiscal year amounted to approximately \$ 583,400. The leases have a termination clause of 12 months or less.

Note 17 - 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, 2019, the City exceeded the required threshold from federal sources and a federal single audit was required and completed.

Note 18 - Date of Management Review

The City's management has evaluated subsequent events through February 26, 2020, 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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Property taxes	\$ 19,400,000	\$ 19,400,000	\$ 19,548,754	\$ 148,754
Franchise taxes	4,187,982	4,187,982	4,328,426	140,444
Utility service taxes	6,469,000	6,469,000	6,620,866	151,866
Licenses and permits	2,073,150	2,073,150	2,524,880	451,730
Intergovernmental	5,876,818	5,876,818	8,110,828	2,234,010
Investment income	150,000	150,000	1,514,045	1,364,045
Charges for services	22,579,609	22,579,609	23,353,961	774,352
Fines and forfeitures	378,500	378,500	389,838	11,338
Miscellaneous	1,609,256	1,810,987	2,052,143	241,156
Total revenues	62,724,315	62,926,046	68,443,741	5,517,695
Expenditures:				
Current:				
General government:				
City commission	552,459	659,741	587,500	72,241
City manager	1,334,238	1,334,238	1,132,760	201,478
Finance	1,802,776	1,802,776	1,608,526	194,250
Non-departmental	8,633,076	8,775,611	8,324,535	451,076
Human resources	953,911	953,911	857,486	96,425
Development services	923,761	1,067,361	828,047	239,314
City clerk	991,518	991,518	901,163	90,355
City attorney	320,752	570,752	428,727	142,025
Information technology	954,063	954,063	929,505	24,558
Total general government	16,466,554	17,109,971	15,598,249	1,511,722
Public safety:				
Police	21,826,535	22,197,525	21,755,704	441,821
Fire	20,008,497	20,281,372	19,586,643	694,729
Building	2,663,296	2,663,296	1,748,153	915,143
Total public safety	44,498,328	45,142,193	43,090,500	2,051,693
Culture and recreation:				
Administration	553,952	564,855	545,887	18,968
Special activities	522,569	541,604	485,656	55,948
Parks and grounds	3,156,927	3,146,693	2,425,449	721,244
Aquatics	778,268	792,698	738,303	54,395
Total culture and recreation	5,011,716	5,045,850	4,195,295	850,555

City of Margate, Florida
Budgetary Comparison Schedule
General Fund
(Continued)
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Public works:				
Administration	640,029	647,529	616,762	30,767
Buildings	1,874,704	1,875,704	1,738,602	137,102
City garage	1,455,971	1,473,831	1,213,537	260,294
Total public works	<u>3,970,704</u>	<u>3,997,064</u>	<u>3,568,901</u>	<u>428,163</u>
Debt service:				
Principal retirement	384,120	384,120	384,119	1
Interest and other charges	<u>26,206</u>	<u>26,206</u>	<u>26,200</u>	<u>6</u>
Total debt service	<u>410,326</u>	<u>410,326</u>	<u>410,319</u>	<u>7</u>
Total expenditures	<u>70,357,628</u>	<u>71,705,404</u>	<u>66,863,264</u>	<u>4,842,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,633,313)</u>	<u>(8,779,358)</u>	<u>1,580,477</u>	<u>10,359,835</u>
Other Financing Sources (Uses):				
Transfers in	1,851,657	1,851,657	1,851,657	-
Transfers out	<u>(295,844)</u>	<u>(3,109,694)</u>	<u>(3,109,694)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,555,813</u>	<u>(1,258,037)</u>	<u>(1,258,037)</u>	<u>-</u>
Net change in fund balance	(6,077,500)	(10,037,395)	322,440	10,359,835
Fund Balance, Beginning	<u>32,085,263</u>	<u>32,085,263</u>	<u>32,085,263</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 26,007,763</u>	<u>\$ 22,047,868</u>	<u>\$ 32,407,703</u>	<u>\$ 10,359,835</u>

City of Margate, Florida
Budgetary Comparison Schedule
Special Revenue Fund - Margate Community Redevelopment Agency Trust Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Tax incremental	\$ 6,428,169	\$ 6,428,169	\$ 6,362,579	\$ (65,590)
Investment income	2,500	2,500	63,110	60,610
Rental income	668,191	668,191	583,439	(84,752)
Miscellaneous	-	-	37,366	37,366
Total revenues	<u>7,098,860</u>	<u>7,098,860</u>	<u>7,046,494</u>	<u>(52,366)</u>
Expenditures:				
General government	1,866,070	1,853,070	1,386,681	466,389
Economic and physical environment	<u>3,057,989</u>	<u>3,070,989</u>	<u>1,162,966</u>	<u>1,908,023</u>
Total expenditures	<u>4,924,059</u>	<u>4,924,059</u>	<u>2,549,647</u>	<u>2,374,412</u>
Excess of revenues over expenditures	<u>2,174,801</u>	<u>2,174,801</u>	<u>4,496,847</u>	<u>2,322,046</u>
Other Financing Uses:				
Transfers out	<u>(2,174,801)</u>	<u>(4,496,848)</u>	<u>(4,496,847)</u>	<u>1</u>
Net change in fund balance	-	(2,322,047)	-	2,322,047
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ (2,322,047)</u>	<u>\$ -</u>	<u>\$ 2,322,047</u>

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 Changes in Total OPEB Liability and Related Ratios
(Unaudited)

Fiscal Year:	9/30/2019	9/30/2018
Measurement Date:	9/30/2018	9/30/2017
Total OPEB liability:		
Service cost	\$ 738,687	\$ 2,407,457
Interest on total OPEB liability	549,636	1,428,239
Difference between expected and actual experience	4,751,845	-
Change of benefit terms	-	(29,563,238)
Change of assumptions	(2,934,302)	(2,874,119)
Benefits payments	(543,786)	(856,527)
Net change in total OPEB liability	2,562,080	(29,458,188)
Total OPEB liability, beginning	15,237,100	44,695,288
Total OPEB liability, ending	\$ 17,799,180	\$ 15,237,100
Covered payroll	\$ 35,953,301	\$ 32,992,116
Total OPEB liability as a percentage of covered payroll	49.51%	46.18%

Notes to Schedule:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Changes in benefit terms reflect a change in the City subsidy structure, effective January 1, 2018, as follows: under age 65, the City pays 65% and retiree pays 35% of the premium rate, and 65 and older, the retiree pays 100% of the premium rate. Previously, contribution rates were determined through collective bargaining agreements negotiated with various unions representing employees.

Changes in assumptions include the change in the discount rate from 3.06% as of the beginning of the measurement period to 3.83% as of September 30, 2018.

Plan Assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Margate, Florida's proportion of the net pension liability	.192673565%	.194997438%	.198856274%	.191181409%	.171705136%
City of Margate, Florida's proportionate share of the net pension liability	\$ 66,354,094	\$ 58,734,239 * \$	\$ 58,840,541	\$ 48,273,456	\$ 22,178,021
City of Margate, Florida's covered payroll	\$ 33,233,991	\$ 32,999,820	\$ 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 payroll	199.66%	177.98%	184.39%	164.15%	79.09%
Plan fiduciary net position as a percentage of total pension liability	82.61%	84.26%	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.

* Reflects restatement of beginning net pension liability at July 1, 2017, due to implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Margate, Florida's proportion of the net pension liability	.119813516%	.120507804%	.119432380%	.114484765%	.111228388%
City of Margate, Florida's proportionate share of the net pension liability	\$ 13,405,933	\$ 12,754,681	\$ 12,770,261	\$ 13,342,725	\$ 11,343,546
City of Margate, Florida's covered payroll	\$ 40,069,209	\$ 39,276,280	\$ 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 payroll	33.46%	32.47%	33.49%	37.83%	33.52%
Plan fiduciary net position as a percentage of total pension liability	2.63%	2.15%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,611,835	\$ 5,217,664	\$ 4,771,913	\$ 4,363,156	\$ 4,000,142
Contributions in relation to the contractually required contribution	<u>5,611,835</u>	<u>5,217,664</u>	<u>4,771,913</u>	<u>4,363,156</u>	<u>4,000,142</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City of Margate, Florida's covered payroll	\$ 33,539,981	\$ 33,028,081	\$ 31,528,008	\$ 29,636,151	\$ 28,551,940
Contributions as a percentage of covered payroll	16.73%	15.80%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 672,117	\$ 654,354	\$ 622,594	\$ 590,935	\$ 468,894
Contributions in relation to the contractually required contribution	<u>672,117</u>	<u>654,354</u>	<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>
City of Margate, Florida's covered payroll	\$ 40,489,038	\$ 39,418,922	\$ 37,505,614	\$ 35,583,830	\$ 34,286,543
Contributions as a percentage of covered payroll	1.66%	1.66%	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.

This Page Intentionally Left Blank

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 Refunding Bonds, Series 2016 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 Funds

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.

General Obligation Bonds Proceeds 2019 Construction Fund - To account for the use of the 2019 bond proceeds for the costs of acquiring, constructing, equipping, renovating, replacing, and improving parks and recreation projects.

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, 2019

	Special Revenue Funds	General Obligation Refunding Bonds, Series 2016 Debt Service Fund	Capital Projects Funds	Total
Assets:				
Cash, cash equivalents, and investments	\$ 11,479,603	\$ 145,792	\$ 19,212,352	\$ 30,837,747
Accounts receivable, net	354,181	231	205,825	560,237
Prepayments and other assets	59,291	-	-	59,291
Total assets	\$ 11,893,075	\$ 146,023	\$ 19,418,177	\$ 31,457,275
Liabilities:				
Accounts payable and accrued liabilities	\$ 175,213	\$ -	\$ 351,194	\$ 526,407
Deferred Inflows of Resources:				
Unavailable revenue	20,099	-	200,000	220,099
Fund Balances:				
Nonspendable:				
Prepayments and other assets	59,291	-	-	59,291
Restricted for:				
Public safety	3,120,076	-	-	3,120,076
Transportation	6,858,837	-	-	6,858,837
Culture and recreation	924,534	-	-	924,534
Debt service	-	146,023	-	146,023
Economic development	402,652	-	-	402,652
Streetlights	332,373	-	-	332,373
Capital projects	-	-	9,904,465	9,904,465
Assigned for:				
Capital projects	-	-	8,962,518	8,962,518
Total fund balances	11,697,763	146,023	18,866,983	30,710,769
Total liabilities and fund balances	\$ 11,893,075	\$ 146,023	\$ 19,418,177	\$ 31,457,275

City of Margate, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue Funds	General Obligation Refunding Bonds, Series 2016 Debt Service Fund	Capital Projects Funds	Total
Revenues:				
Property taxes	\$ -	\$ 1,489,829	\$ -	\$ 1,489,829
Intergovernmental	3,488,791	-	204,500	3,693,291
Investment income	321,270	9,556	335,855	666,681
Charges for services	47,530	-	-	47,530
Fines and forfeitures	314,277	-	-	314,277
Impact fees	31,511	-	-	31,511
Miscellaneous	636,558	-	-	636,558
Total revenues	<u>4,839,937</u>	<u>1,499,385</u>	<u>540,355</u>	<u>6,879,677</u>
Expenditures:				
Current:				
General government	-	-	129,309	129,309
Public safety	567,933	-	20,423	588,356
Economic and physical environment	1,053,948	-	-	1,053,948
Culture and recreation	1,061,760	-	985,466	2,047,226
Public works	1,373,346	-	386,208	1,759,554
Debt service:				
Principal retirement	-	585,000	-	585,000
Interest and other charges	-	894,771	-	894,771
Bond issuance costs and other fiscal charges	-	-	170,854	170,854
Total expenditures	<u>4,056,987</u>	<u>1,479,771</u>	<u>1,692,260</u>	<u>7,229,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>782,950</u>	<u>19,614</u>	<u>(1,151,905)</u>	<u>(349,341)</u>
Other Financing Sources (Uses):				
Issuance of bond	-	-	9,105,000	9,105,000
Premium of bond	-	-	890,288	890,288
Transfers in	341,471	-	3,350,844	3,692,315
Transfers out	(582,621)	-	-	(582,621)
Total other financing sources (uses)	<u>(241,150)</u>	<u>-</u>	<u>13,346,132</u>	<u>13,104,982</u>
Net change in fund balances	541,800	19,614	12,194,227	12,755,641
Fund Balances, Beginning	<u>11,155,963</u>	<u>126,409</u>	<u>6,672,756</u>	<u>17,955,128</u>
Fund Balances, Ending	<u>\$ 11,697,763</u>	<u>\$ 146,023</u>	<u>\$ 18,866,983</u>	<u>\$ 30,710,769</u>

City of Margate, Florida
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2019

	Road Fund	Impact Fees Fund	Police Officers Training Fund	Confiscated Properties Fund	State Housing Initiatives Partnership (SHIP) Fund	Housing and Urban Development (HUD) Grant Fund	Recreation Trust Fund	Northwest Focal Point Senior Center Fund	Total
Assets:									
Cash, cash equivalents, and investments	\$ 7,168,491	\$ 1,361,180	\$ 55,947	\$ 1,697,417	\$ -	\$ 417,022	\$ 280,913	\$ 498,633	\$ 11,479,603
Accounts receivable, net	128,443	3,382	302	1,848	-	29,781	218	190,207	354,181
Prepayments and other assets	-	-	-	-	-	-	-	59,291	59,291
Total assets	<u>\$ 7,296,934</u>	<u>\$ 1,364,562</u>	<u>\$ 56,249</u>	<u>\$ 1,699,265</u>	<u>\$ -</u>	<u>\$ 446,803</u>	<u>\$ 281,131</u>	<u>\$ 748,131</u>	<u>\$ 11,893,075</u>
Liabilities:									
Accounts payable and accrued liabilities	\$ 104,062	\$ -	\$ -	\$ -	\$ -	\$ 28,414	\$ -	\$ 42,737	\$ 175,213
Deferred Inflows of Resources:									
Unavailable revenue	<u>1,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,737</u>	<u>-</u>	<u>2,700</u>	<u>20,099</u>
Fund Balances:									
Nonspendable:									
Prepayments and other assets	-	-	-	-	-	-	-	59,291	59,291
Restricted for:									
Public safety	-	1,364,562	56,249	1,699,265	-	-	-	-	3,120,076
Transportation	6,858,837	-	-	-	-	-	-	-	6,858,837
Culture and recreation	-	-	-	-	-	-	281,131	643,403	924,534
Economic development	-	-	-	-	-	402,652	-	-	402,652
Streetlights	<u>332,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,373</u>
Total fund balances	<u>7,191,210</u>	<u>1,364,562</u>	<u>56,249</u>	<u>1,699,265</u>	<u>-</u>	<u>402,652</u>	<u>281,131</u>	<u>702,694</u>	<u>11,697,763</u>
Total liabilities and fund balances	<u>\$ 7,296,934</u>	<u>\$ 1,364,562</u>	<u>\$ 56,249</u>	<u>\$ 1,699,265</u>	<u>\$ -</u>	<u>\$ 446,803</u>	<u>\$ 281,131</u>	<u>\$ 748,131</u>	<u>\$ 11,893,075</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, 2019

	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	\$ 1,768,004	\$ -	\$ -	\$ -	\$ 50	\$ 910,263	\$ -	\$ 810,474	\$ 3,488,791
Investment income	205,160	39,431	2,737	46,385	11	4,766	3,769	19,011	321,270
Charges for services	-	-	-	-	-	-	-	47,530	47,530
Fines and forfeitures	-	-	7,709	306,568	-	-	-	-	314,277
Impact fees	-	31,511	-	-	-	-	-	-	31,511
Miscellaneous	-	-	1,560	17,208	-	-	484,106	133,684	636,558
Total revenues	<u>1,973,164</u>	<u>70,942</u>	<u>12,006</u>	<u>370,161</u>	<u>61</u>	<u>915,029</u>	<u>487,875</u>	<u>1,010,699</u>	<u>4,839,937</u>
Expenditures:									
Current:									
Public safety	-	144,946	22,045	400,942	-	-	-	-	567,933
Economic and physical environment	-	-	-	-	110,897	943,051	-	-	1,053,948
Culture and recreation	-	-	-	-	-	-	785	1,060,975	1,061,760
Public works	<u>1,373,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,373,346</u>
Total expenditures	<u>1,373,346</u>	<u>144,946</u>	<u>22,045</u>	<u>400,942</u>	<u>110,897</u>	<u>943,051</u>	<u>785</u>	<u>1,060,975</u>	<u>4,056,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>599,818</u>	<u>(74,004)</u>	<u>(10,039)</u>	<u>(30,781)</u>	<u>(110,836)</u>	<u>(28,022)</u>	<u>487,090</u>	<u>(50,276)</u>	<u>782,950</u>
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	132,465	209,006	-	-	341,471
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,621)</u>	<u>-</u>	<u>(555,000)</u>	<u>-</u>	<u>(582,621)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,844</u>	<u>209,006</u>	<u>(555,000)</u>	<u>-</u>	<u>(241,150)</u>
Net change in fund balances	599,818	(74,004)	(10,039)	(30,781)	(5,992)	180,984	(67,910)	(50,276)	541,800
Fund Balances, Beginning	<u>6,591,392</u>	<u>1,438,566</u>	<u>66,288</u>	<u>1,730,046</u>	<u>5,992</u>	<u>221,668</u>	<u>349,041</u>	<u>752,970</u>	<u>11,155,963</u>
Fund Balances, Ending	<u>\$ 7,191,210</u>	<u>\$ 1,364,562</u>	<u>\$ 56,249</u>	<u>\$ 1,699,265</u>	<u>\$ -</u>	<u>\$ 402,652</u>	<u>\$ 281,131</u>	<u>\$ 702,694</u>	<u>\$ 11,697,763</u>

City of Margate, Florida
Combining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2019

	General Capital Projects Fund	General Obligation Bonds Proceeds 2019 Construction Fund	Total
Assets:			
Cash, cash equivalents, and investments	\$ 9,307,887	\$ 9,904,465	\$ 19,212,352
Accounts receivable, net	<u>205,825</u>	<u>-</u>	<u>205,825</u>
Total assets	<u>\$ 9,513,712</u>	<u>\$ 9,904,465</u>	<u>\$ 19,418,177</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ <u>351,194</u>	\$ <u>-</u>	\$ <u>351,194</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Fund Balances:			
Restricted for:			
Capital projects	-	9,904,465	9,904,465
Assigned for:			
Capital projects	<u>8,962,518</u>	<u>-</u>	<u>8,962,518</u>
Total fund balances	<u>8,962,518</u>	<u>9,904,465</u>	<u>18,866,983</u>
Total liabilities and fund balances	<u>\$ 9,513,712</u>	<u>\$ 9,904,465</u>	<u>\$ 19,418,177</u>

City of Margate, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended September 30, 2019

	General Capital Projects Fund	General Obligation Bonds Proceeds 2019 Construction Fund	Total
Revenues:			
Intergovernmental	\$ 204,500	\$ -	\$ 204,500
Investment income	<u>255,824</u>	<u>80,031</u>	<u>335,855</u>
Total revenues	<u>460,324</u>	<u>80,031</u>	<u>540,355</u>
Expenditures:			
Current:			
General government	129,309	-	129,309
Public safety	20,423	-	20,423
Culture and recreation	985,466	-	985,466
Public works	386,208	-	386,208
Debt service:			
Bond issuance costs and other fiscal charges	<u>-</u>	<u>170,854</u>	<u>170,854</u>
Total expenditures	<u>1,521,406</u>	<u>170,854</u>	<u>1,692,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,061,082)</u>	<u>(90,823)</u>	<u>(1,151,905)</u>
Other Financing Sources (Uses):			
Issuance of bond	-	9,105,000	9,105,000
Premium of bond	-	890,288	890,288
Transfers in	<u>3,350,844</u>	<u>-</u>	<u>3,350,844</u>
Total other financing sources (uses)	<u>3,350,844</u>	<u>9,995,288</u>	<u>13,346,132</u>
Net change in fund balances	2,289,762	9,904,465	12,194,227
Fund Balances, Beginning	<u>6,672,756</u>	<u>-</u>	<u>6,672,756</u>
Fund Balances, Ending	<u>\$ 8,962,518</u>	<u>\$ 9,904,465</u>	<u>\$ 18,866,983</u>

City of Margate, Florida
Special Revenue Fund - Road
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,662,494	\$ 1,768,004	\$ 105,510
Investment income	<u>45,000</u>	<u>205,160</u>	<u>160,160</u>
Total revenues	<u>1,707,494</u>	<u>1,973,164</u>	<u>265,670</u>
Expenditures:			
Public works	<u>2,006,050</u>	<u>1,373,346</u>	<u>632,704</u>
Excess (deficiency) of revenues over (under) expenditures	(298,556)	599,818	898,374
Fund Balance, Beginning	<u>6,591,392</u>	<u>6,591,392</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 6,292,836</u></u>	<u><u>\$ 7,191,210</u></u>	<u><u>\$ 898,374</u></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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ 500	\$ 39,431	\$ 38,931
Impact fees	<u>20,000</u>	<u>31,511</u>	<u>11,511</u>
Total revenues	<u>20,500</u>	<u>70,942</u>	<u>50,442</u>
Expenditures:			
Public safety	<u>164,900</u>	<u>144,946</u>	<u>19,954</u>
Excess (deficiency) of revenues over (under) expenditures	(144,400)	(74,004)	70,396
Fund Balance, Beginning	<u>1,438,566</u>	<u>1,438,566</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,294,166</u>	<u>\$ 1,364,562</u>	<u>\$ 70,396</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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 100	\$ 2,737	\$ 2,637
Fines and forfeitures	-	7,709	7,709
Miscellaneous	-	1,560	1,560
	<hr/>	<hr/>	<hr/>
Total revenues	100	12,006	11,906
	<hr/>	<hr/>	<hr/>
Expenditures:			
Public safety	40,050	22,045	18,005
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(39,950)	(10,039)	29,911
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning	66,288	66,288	-
	<hr/>	<hr/>	<hr/>
Fund Balance, Ending	\$ 26,338	\$ 56,249	\$ 29,911
	<hr/>	<hr/>	<hr/>

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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ 1,500	\$ 46,385	\$ 44,885
Fines and forfeitures	-	306,568	306,568
Miscellaneous	-	17,208	17,208
	<u>1,500</u>	<u>370,161</u>	<u>368,661</u>
Total revenues	<u>1,500</u>	<u>370,161</u>	<u>368,661</u>
Expenditures:			
Public safety	<u>552,898</u>	<u>400,942</u>	<u>151,956</u>
Excess (deficiency) of revenues over (under) expenditures	(551,398)	(30,781)	520,617
Fund Balance, Beginning	<u>1,730,046</u>	<u>1,730,046</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,178,648</u>	<u>\$ 1,699,265</u>	<u>\$ 520,617</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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ -	\$ 50	\$ 50
Investment income	-	11	11
	<u>-</u>	<u>61</u>	<u>61</u>
Total revenues	-	61	61
Expenditures:			
Economic and physical environment	110,858	110,897	(39)
	<u>110,858</u>	<u>110,897</u>	<u>(39)</u>
Excess (deficiency) of revenues over (under) expenditures	(110,858)	(110,836)	22
	<u>(110,858)</u>	<u>(110,836)</u>	<u>22</u>
Other Financing Sources (Uses):			
Transfers in	132,465	132,465	-
Transfers out	(27,621)	(27,621)	-
	<u>132,465</u>	<u>132,465</u>	<u>-</u>
Total other financing sources (uses)	104,844	104,844	-
	<u>104,844</u>	<u>104,844</u>	<u>-</u>
Net change in fund balance	(6,014)	(5,992)	22
	<u>(6,014)</u>	<u>(5,992)</u>	<u>22</u>
Fund Balance, Beginning	5,992	5,992	-
	<u>5,992</u>	<u>5,992</u>	<u>-</u>
Fund Balance, Ending	\$ <u>(22)</u>	\$ <u>-</u>	\$ <u>22</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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,171,619	\$ 910,263	\$ (261,356)
Investment income	<u>4,767</u>	<u>4,766</u>	<u>(1)</u>
Total revenues	<u>1,176,386</u>	<u>915,029</u>	<u>(261,357)</u>
Expenditures:			
Economic and physical environment	<u>1,604,154</u>	<u>943,051</u>	<u>661,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(427,768)</u>	<u>(28,022)</u>	<u>399,746</u>
Other Financing Sources:			
Transfers in	<u>209,006</u>	<u>209,006</u>	<u>-</u>
Net change in fund balance	(218,762)	180,984	399,746
Fund Balance, Beginning	<u>221,668</u>	<u>221,668</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,906</u>	<u>\$ 402,652</u>	<u>\$ 399,746</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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 500	\$ 3,769	\$ 3,269
Miscellaneous	<u>400,000</u>	<u>484,106</u>	<u>84,106</u>
Total revenues	<u>400,500</u>	<u>487,875</u>	<u>87,375</u>
Expenditures:			
Culture and recreation	<u>500</u>	<u>785</u>	<u>(285)</u>
Excess of revenues over expenditures	<u>400,000</u>	<u>487,090</u>	<u>87,090</u>
Other Financing Uses:			
Transfers out	<u>(555,000)</u>	<u>(555,000)</u>	<u>-</u>
Net change in fund balance	(155,000)	(67,910)	87,090
Fund Balance, Beginning	<u>349,041</u>	<u>349,041</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 194,041</u>	<u>\$ 281,131</u>	<u>\$ 87,090</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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 805,002	\$ 810,474	\$ 5,472
Investment income	4,000	19,011	15,011
Charges for services	46,100	47,530	1,430
Miscellaneous	<u>187,000</u>	<u>133,684</u>	<u>(53,316)</u>
Total revenues	<u>1,042,102</u>	<u>1,010,699</u>	<u>(31,403)</u>
Expenditures:			
Culture and recreation	<u>1,106,749</u>	<u>1,060,975</u>	<u>45,774</u>
Excess (deficiency) of revenues over (under) expenditures	(64,647)	(50,276)	14,371
Fund Balance, Beginning	<u>752,970</u>	<u>752,970</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 688,323</u>	<u>\$ 702,694</u>	<u>\$ 14,371</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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ -	\$ 272	\$ 272
Expenditures:			
Principal retirement	1,724,697	1,724,697	-
Interest and other charges	<u>176,093</u>	<u>176,093</u>	<u>-</u>
Total expenditures	<u>1,900,790</u>	<u>1,900,790</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,900,790)</u>	<u>(1,900,518)</u>	<u>272</u>
Other Financing Sources:			
Transfers in	<u>1,900,790</u>	<u>1,900,790</u>	<u>-</u>
Net change in fund balance	-	272	272
Fund Balance, Beginning	<u>9,628</u>	<u>9,628</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 9,628</u>	<u>\$ 9,900</u>	<u>\$ 272</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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ <u>2,000</u>	\$ <u>14,220</u>	\$ <u>12,220</u>
Excess of revenues over expenditures	2,000	14,220	12,220
Fund Balance, Beginning	<u>974,920</u>	<u>974,920</u>	<u>-</u>
Fund Balance, Ending	\$ <u><u>976,920</u></u>	\$ <u><u>989,140</u></u>	\$ <u><u>12,220</u></u>

City of Margate, Florida

Debt Service Fund - General Obligation Refunding Bonds, Series 2016

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 1,477,500	\$ 1,489,829	\$ 12,329
Investment income	250	9,556	9,306
Total revenues	<u>1,477,750</u>	<u>1,499,385</u>	<u>21,635</u>
Expenditures:			
Debt service:			
Principal retirement	585,000	585,000	-
Interest and other charges	892,750	894,771	(2,021)
Total expenditures	<u>1,477,750</u>	<u>1,479,771</u>	<u>(2,021)</u>
Excess of revenues over expenditures	-	19,614	19,614
Fund Balance, Beginning	<u>126,409</u>	<u>126,409</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 126,409</u>	<u>\$ 146,023</u>	<u>\$ 19,614</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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,600,000	\$ 204,500	\$ (1,395,500)
Investment income	5,000	255,824	250,824
	<u>1,605,000</u>	<u>460,324</u>	<u>(1,144,676)</u>
Total revenues			
	<u>1,605,000</u>	<u>460,324</u>	<u>(1,144,676)</u>
Expenditures:			
General government	143,000	129,309	13,691
Public safety	7,873,618	20,423	7,853,195
Culture and recreation	3,183,441	985,466	2,197,975
Public works	456,941	386,208	70,733
	<u>11,657,000</u>	<u>1,521,406</u>	<u>10,135,594</u>
Total expenditures			
	<u>11,657,000</u>	<u>1,521,406</u>	<u>10,135,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,052,000)</u>	<u>(1,061,082)</u>	<u>8,990,918</u>
Other Financing Sources:			
Transfers in	<u>3,350,844</u>	<u>3,350,844</u>	<u>-</u>
Net change in fund balance	<u>(6,701,156)</u>	<u>2,289,762</u>	<u>8,990,918</u>
Fund Balance, Beginning	<u>6,672,756</u>	<u>6,672,756</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (28,400)</u>	<u>\$ 8,962,518</u>	<u>\$ 8,990,918</u>

City of Margate, Florida

Capital Projects Fund - General Obligation Bonds Proceeds 2019 Construction

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ -	\$ 80,031	\$ 80,031
Expenditures:			
Culture and recreation	9,798,679	-	9,798,679
Bond issuance costs and other fiscal charges	196,609	170,854	25,755
Total expenditures	9,995,288	170,854	9,824,434
Excess (deficiency) of revenues over (under) expenditures	(9,995,288)	(90,823)	9,904,465
Other Financing Sources:			
Issuance of bond	9,105,000	9,105,000	-
Premium of bond	890,288	890,288	-
Total other financing sources	9,995,288	9,995,288	-
Net change in fund balance	-	9,904,465	9,904,465
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	\$ -	\$ 9,904,465	\$ 9,904,465

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, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ 50,000	\$ 268,041	\$ 218,041
Miscellaneous	<u>-</u>	<u>27</u>	<u>27</u>
Total revenues	<u>50,000</u>	<u>268,068</u>	<u>218,068</u>
Expenditures:			
Economic and physical environment	<u>12,809,425</u>	<u>821,284</u>	<u>11,988,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,759,425)</u>	<u>(553,216)</u>	<u>12,206,209</u>
Other Financing Sources:			
Transfers in	<u>2,596,058</u>	<u>2,596,057</u>	<u>(1)</u>
Net change in fund balance	(10,163,367)	2,042,841	12,206,208
Fund Balance, Beginning	<u>10,694,414</u>	<u>10,694,414</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 531,047</u>	<u>\$ 12,737,255</u>	<u>\$ 12,206,208</u>

City of Margate, Florida

Capital Projects Fund - Margate Community Redevelopment Agency - Loan Proceeds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment income	\$ <u>7,000</u>	\$ <u>1,576</u>	\$ <u>(5,424)</u>
Expenditures:			
Economic and physical environment	<u>4,907,000</u>	<u>-</u>	<u>4,907,000</u>
Excess (deficiency) of revenues over (under) expenditures	(4,900,000)	1,576	4,901,576
Fund Balance, Beginning	<u>4,938,568</u>	<u>4,938,568</u>	<u>-</u>
Fund Balance, Ending	\$ <u><u>38,568</u></u>	\$ <u><u>4,940,144</u></u>	\$ <u><u>4,901,576</u></u>

City of Margate, Florida
Statement of Changes in Assets and Liabilities - Performance Bond Agency Fund
For the Year Ended September 30, 2019

	<u>October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2019</u>
Assets:				
Cash and cash equivalents	\$ <u>258,162</u>	\$ <u>102,603</u>	\$ <u>139,002</u>	\$ <u>221,763</u>
Total assets	\$ <u><u>258,162</u></u>	\$ <u><u>102,603</u></u>	\$ <u><u>139,002</u></u>	\$ <u><u>221,763</u></u>
Liabilities:				
Performance bonds payable	\$ <u>258,162</u>	\$ <u>102,603</u>	\$ <u>139,002</u>	\$ <u>221,763</u>
Total liabilities	\$ <u><u>258,162</u></u>	\$ <u><u>102,603</u></u>	\$ <u><u>139,002</u></u>	\$ <u><u>221,763</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, 2019

<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>
2020	\$ 1,115,000	\$ 22,300	\$ 22,300	\$ 1,159,600

This Page Intentionally Left Blank

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.	98-108
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	109-112
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.	113-116
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.	117-118
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.	119-121

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			
	2010	2011 ¹	2012	2013 ²
Governmental Activities:				
Net investment in capital assets	\$ 60,748,215	\$ 59,236,569	\$ 60,008,760	\$ 57,513,624
Restricted	10,899,393	9,840,289	9,793,414	24,103,414
Unrestricted (deficit)	16,900,014	19,724,171	22,746,251	12,090,802
Total governmental activities net position	<u>\$ 88,547,622</u>	<u>\$ 88,801,029</u>	<u>\$ 92,548,425</u>	<u>\$ 93,707,840</u>
Business-type Activities:				
Net investment in capital assets	\$ 40,996,634	\$ 41,905,219	\$ 42,398,535	\$ 41,685,485
Restricted	500,000	500,000	500,000	500,000
Unrestricted	19,965,778	22,591,075	26,673,721	31,434,457
Total business-type activities net position	<u>\$ 61,462,412</u>	<u>\$ 64,996,294</u>	<u>\$ 69,572,256</u>	<u>\$ 73,619,942</u>
Primary Government:				
Net investment in capital assets	\$ 101,744,849	\$ 101,141,788	\$ 102,407,295	\$ 99,199,109
Restricted	11,399,393	10,340,289	10,293,414	24,603,414
Unrestricted (deficit)	36,865,792	42,315,246	49,419,972	43,525,259
Total government net position	<u>\$ 150,010,034</u>	<u>\$ 153,797,323</u>	<u>\$ 162,120,681</u>	<u>\$ 167,327,782</u>

¹ 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.

² Fiscal year 2013 unrestricted net assets have been restated due to the implementation of GASB 65 and the inclusion of the Northwest Focal Point Senior Center as a blended component unit.

³ Fiscal year 2014 unrestricted net assets have been restated due to the implementation of GASB 68.

⁴ Fiscal year 2017 unrestricted net assets have been restated due to the implementation of GASB 75.

Table 1

Fiscal Year					
2014 ³	2015	2016	2017 ⁴	2018	2019
\$ 59,679,684	\$ 60,387,578	\$ 60,133,494	\$ 60,215,424	\$ 62,969,641	\$ 65,787,214
25,349,566	25,929,103	26,152,283	23,718,734	26,704,283	26,488,946
(35,371,656)	(31,134,727)	(32,416,624)	(53,488,962)	(31,336,561)	(34,912,594)
<u>\$ 49,657,594</u>	<u>\$ 55,181,954</u>	<u>\$ 53,869,153</u>	<u>\$ 30,445,196</u>	<u>\$ 58,337,363</u>	<u>\$ 57,363,566</u>
\$ 40,903,406	\$ 43,771,693	\$ 46,413,559	\$ 48,831,575	\$ 51,915,054	\$ 53,195,346
500,000	500,000	500,000	500,000	500,000	500,000
32,016,559	36,780,207	40,415,771	37,633,944	44,735,364	50,535,278
<u>\$ 73,419,965</u>	<u>\$ 81,051,900</u>	<u>\$ 87,329,330</u>	<u>\$ 86,965,519</u>	<u>\$ 97,150,418</u>	<u>\$ 104,230,624</u>
\$ 100,583,090	\$ 104,159,271	\$ 106,547,053	\$ 109,046,999	\$ 114,884,695	\$ 118,982,560
25,849,566	26,429,103	26,652,283	24,218,734	27,204,283	26,988,946
(3,355,097)	5,645,480	7,999,147	(15,855,018)	13,398,803	15,622,684
<u>\$ 123,077,559</u>	<u>\$ 136,233,854</u>	<u>\$ 141,198,483</u>	<u>\$ 117,410,715</u>	<u>\$ 155,487,781</u>	<u>\$ 161,594,190</u>

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

	Fiscal Year			
	2010	2011*	2012	2013
Expenses:				
Governmental activities:				
General government	\$ 9,892,537	\$ 8,082,190	\$ 9,422,672	\$ 9,242,469
Public safety	35,460,818	34,906,406	34,524,960	35,380,426
Economic and physical environment	3,475,742	2,592,179	2,442,984	3,550,866
Culture and recreation	3,785,437	3,641,131	3,256,597	4,160,376
Public works	7,321,527	8,171,353	6,409,320	7,311,453
Interest expense	2,611,907	1,637,523	1,992,924	1,730,543
Total governmental activities	<u>62,547,968</u>	<u>59,030,782</u>	<u>58,049,457</u>	<u>61,376,133</u>
Business-type activities:				
Water and wastewater	17,865,819	17,267,605	17,544,105	18,673,006
Stormwater utility	1,018,322	1,083,531	953,271	1,083,291
Total business-type activities	<u>18,884,141</u>	<u>18,351,136</u>	<u>18,497,376</u>	<u>19,756,297</u>
Total expenses	<u>\$ 81,432,109</u>	<u>\$ 77,381,918</u>	<u>\$ 76,546,833</u>	<u>\$ 81,132,430</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 675,000	\$ 910,386	\$ 931,193	\$ 874,971
Public safety	15,023,691	15,150,035	18,385,589	18,383,201
Economic and physical environment	79,092	-	-	542,850
Culture and recreation	459,054	475,564	455,773	452,487
Public works	87,866	-	-	27,863
Operating grants and contributions	3,087,643	2,611,494	2,495,450	3,095,508
Capital grants and contributions	-	215,748	526,111	-
Total governmental activities	<u>19,412,346</u>	<u>19,363,227</u>	<u>22,794,116</u>	<u>23,376,880</u>
Business-type activities:				
Charges for services:				
Water and wastewater	20,659,032	21,862,498	22,313,454	22,693,640
Stormwater utility	1,231,258	1,252,815	1,253,182	1,249,716
Operating grants and contributions	-	104,263	12,722	-
Capital grants and contributions	-	135,346	962,251	1,317,929
Total business-type activities	<u>21,890,290</u>	<u>23,354,922</u>	<u>24,541,609</u>	<u>25,261,285</u>
Total program revenues	<u>\$ 41,302,636</u>	<u>\$ 42,718,149</u>	<u>\$ 47,335,725</u>	<u>\$ 48,638,165</u>
Net (Expense)/Revenue:				
Governmental activities	\$ (43,135,622)	\$ (39,667,555)	\$ (35,255,341)	\$ (37,999,253)
Business-type activities	<u>3,006,149</u>	<u>5,003,786</u>	<u>6,044,233</u>	<u>5,504,988</u>
Total net expense	<u>\$ (40,129,473)</u>	<u>\$ (34,663,769)</u>	<u>\$ (29,211,108)</u>	<u>\$ (32,494,265)</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					
2014	2015	2016	2017	2018	2019
\$ 11,010,723	\$ 10,237,660	\$ 12,111,517	\$ 15,566,363	\$ 16,029,823	\$ 17,375,785
37,593,750	33,491,912	40,320,179	44,439,211	23,748,248	50,009,874
2,623,786	2,332,157	2,186,059	1,656,356	2,149,791	2,727,004
4,981,341	5,136,787	5,643,172	6,171,871	4,392,717	5,771,761
10,981,715	7,099,119	5,691,156	6,402,118	5,529,471	7,445,183
1,651,830	1,537,960	1,729,592	986,383	959,049	1,026,789
<u>68,843,145</u>	<u>59,835,595</u>	<u>67,681,675</u>	<u>75,222,302</u>	<u>52,809,099</u>	<u>84,356,396</u>
18,693,949	17,201,687	17,268,787	18,353,056	13,355,780	19,199,737
1,035,953	1,094,793	1,239,865	1,805,252	1,613,594	2,070,907
<u>19,729,902</u>	<u>18,296,480</u>	<u>18,508,652</u>	<u>20,158,308</u>	<u>14,969,374</u>	<u>21,270,644</u>
\$ <u>88,573,047</u>	\$ <u>78,132,075</u>	\$ <u>86,190,327</u>	\$ <u>95,380,610</u>	\$ <u>67,778,473</u>	\$ <u>105,627,040</u>
\$ 886,109	\$ 112,679	\$ 102,527	\$ 1,247,307	\$ 1,265,458	\$ 1,864,890
18,469,940	19,009,361	18,905,230	20,764,031	25,109,960	23,755,654
568,145	606,746	644,712	614,604	577,234	583,439
511,007	620,378	590,480	626,102	609,489	588,010
23,209	26,793	182,365	153,528	164,019	143,718
2,158,337	2,054,187	1,234,999	1,672,897	3,331,804	2,783,414
-	-	315,776	-	204,500	200,000
<u>22,616,747</u>	<u>22,430,144</u>	<u>21,976,089</u>	<u>25,078,469</u>	<u>31,262,464</u>	<u>29,919,125</u>
22,732,250	23,119,770	23,041,571	23,679,881	23,814,914	25,479,357
1,248,354	1,249,029	1,674,706	1,890,702	1,920,205	1,977,995
-	-	-	161,670	-	-
318,930	3,574,749	1,429,870	753,965	712,549	752,643
<u>24,299,534</u>	<u>27,943,548</u>	<u>26,146,147</u>	<u>26,486,218</u>	<u>26,447,668</u>	<u>28,209,995</u>
\$ <u>46,916,281</u>	\$ <u>50,373,692</u>	\$ <u>48,122,236</u>	\$ <u>51,564,687</u>	\$ <u>57,710,132</u>	\$ <u>58,129,120</u>
\$ (46,226,398)	\$ (37,405,451)	\$ (45,705,586)	\$ (50,143,833)	\$ (21,546,635)	\$ (54,437,271)
<u>4,569,632</u>	<u>9,647,068</u>	<u>7,637,495</u>	<u>6,327,910</u>	<u>11,478,294</u>	<u>6,939,351</u>
\$ <u>(41,656,766)</u>	\$ <u>(27,758,383)</u>	\$ <u>(38,068,091)</u>	\$ <u>(43,815,923)</u>	\$ <u>(10,068,341)</u>	\$ <u>(47,497,920)</u>

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

	Fiscal			
	2010	2011	2012	2013
General Revenues:				
Governmental activities:				
Taxes:				
Property	\$ 19,822,680	\$ 15,816,304	\$ 15,360,612	\$ 14,920,830
Franchise	3,945,916	3,901,966	3,845,702	3,799,673
Utility service	6,398,925	6,307,503	6,311,257	6,541,179
Sales	3,836,884	3,997,337	4,155,678	4,446,926
Gas	1,394,143	1,406,512	1,385,513	1,385,386
Tax incremental revenue	6,164,507	4,266,914	3,686,138	3,604,128
Intergovernmental not restricted to specific program	138,318	148,025	232,758	134,625
Investment income	462,470	224,645	341,950	(116,184)
Miscellaneous	1,772,299	2,105,331	1,902,327	2,022,200
Gain on disposal of capital assets	-	-	32,564	54,385
Transfers	1,744,150	1,746,425	1,748,238	1,747,038
Total governmental activities	<u>45,680,292</u>	<u>39,920,962</u>	<u>39,002,737</u>	<u>38,540,186</u>
Business-type activities:				
Investment income	398,577	239,740	213,458	284,897
Gain on disposal of capital assets	-	36,781	66,509	64,165
Transfers	(1,744,150)	(1,746,425)	(1,748,238)	(1,747,038)
Total business-type activities	<u>(1,345,573)</u>	<u>(1,469,904)</u>	<u>(1,468,271)</u>	<u>(1,397,976)</u>
Total primary government	<u>\$ 44,334,719</u>	<u>\$ 38,451,058</u>	<u>\$ 37,534,466</u>	<u>\$ 37,142,210</u>
Change in Net Position:				
Governmental activities	\$ 2,544,670	\$ 253,407	\$ 3,747,396	\$ 540,933
Business-type activities	<u>1,660,576</u>	<u>3,533,882</u>	<u>4,575,962</u>	<u>4,107,012</u>
Total change in net position	<u>\$ 4,205,246</u>	<u>\$ 3,787,289</u>	<u>\$ 8,323,358</u>	<u>\$ 4,647,945</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					
2014	2015	2016	2017	2018	2019
\$ 15,211,654	\$ 15,587,799	\$ 16,775,348	\$ 17,564,660	\$ 19,434,073	\$ 21,038,583
4,062,878	4,181,165	4,227,712	4,187,221	4,219,667	4,328,426
6,573,918	6,583,890	6,549,625	6,721,183	6,798,280	6,620,866
4,817,410	5,109,632	5,255,180	5,406,711	5,706,697	5,840,184
1,450,728	1,493,761	1,518,724	1,590,299	1,602,988	1,615,509
4,326,277	4,180,496	4,419,493	4,977,575	5,867,757	6,362,579
174,228	176,397	185,753	192,551	201,399	226,152
152,571	221,859	392,078	594,024	601,435	2,508,447
1,893,816	3,049,471	3,287,990	2,584,095	3,141,176	3,029,873
-	69,179	26,444	3,728	49,980	41,198
1,746,163	2,276,162	1,754,438	1,781,501	1,815,350	1,851,657
<u>40,409,643</u>	<u>42,929,811</u>	<u>44,392,785</u>	<u>45,603,548</u>	<u>49,438,802</u>	<u>53,463,474</u>
259,292	227,561	330,676	344,894	434,255	1,976,199
29,944	33,468	63,697	9,138	87,700	16,313
<u>(1,746,163)</u>	<u>(2,276,162)</u>	<u>(1,754,438)</u>	<u>(1,781,501)</u>	<u>(1,815,350)</u>	<u>(1,851,657)</u>
<u>(1,456,927)</u>	<u>(2,015,133)</u>	<u>(1,360,065)</u>	<u>(1,427,469)</u>	<u>(1,293,395)</u>	<u>140,855</u>
\$ <u>38,952,716</u>	\$ <u>40,914,678</u>	\$ <u>43,032,720</u>	\$ <u>44,176,079</u>	\$ <u>48,145,407</u>	\$ <u>53,604,329</u>
\$ (5,816,755)	\$ 5,524,360	\$ (1,312,801)	\$ (4,540,285)	\$ 27,892,167	\$ (973,797)
<u>3,112,705</u>	<u>7,631,935</u>	<u>6,277,430</u>	<u>4,900,441</u>	<u>10,184,899</u>	<u>7,080,206</u>
\$ <u>(2,704,050)</u>	\$ <u>13,156,295</u>	\$ <u>4,964,629</u>	\$ <u>360,156</u>	\$ <u>38,077,066</u>	\$ <u>6,106,409</u>

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>
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
2018	19,434	4,220	6,798	5,707	1,603	5,868	43,630
2019	21,039	4,328	6,621	5,840	1,616	6,363	45,807

This Page Intentionally Left Blank

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund:				
Reserved (1)	\$ 64,851	\$ -	\$ -	\$ -
Unreserved (1)	16,650,440	-	-	-
Nonspendable	-	-	-	-
Restricted	-	905,230	1,024,314	1,223,945
Committed	-	311,642	108,947	313,585
Assigned	-	7,829,551	7,173,003	6,913,495
Unassigned	-	11,222,721	14,033,380	17,263,869
Total general fund	<u>\$ 16,715,291</u>	<u>\$ 20,269,144</u>	<u>\$ 22,339,644</u>	<u>\$ 25,714,894</u>
All Other Governmental Funds:				
Reserved (1)	\$ 669,963	\$ -	\$ -	\$ -
Unreserved (1), reported in:				
Special revenue funds	22,696,917	-	-	-
Capital projects funds	1,058,802	-	-	-
Nonspendable, reported in:				
Special revenue funds	-	33,891	452,140	484,751
Restricted, reported in:				
Special revenue funds	-	21,236,254	22,114,987	22,563,427
Debt service funds	-	-	-	-
Capital projects funds	-	665,427	580,680	375,436
Committed, reported in:				
Capital projects funds	-	273,822	179,723	132,581
Assigned, reported in:				
Capital projects funds	-	555,598	848,904	789,576
Unassigned, reported in:				
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 24,425,682</u>	<u>\$ 22,764,992</u>	<u>\$ 24,176,434</u>	<u>\$ 24,345,771</u>

(1) Information for fiscal year 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					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
16,447	21,019	-	45,717	263,640	252,016
1,498,012	1,240,019	1,737,109	3,402,307	3,794,975	968,156
-	1,060,302	1,060,302	1,088,002	1,098,866	1,029,045
19,076,067	22,619,686	23,935,029	21,944,916	14,858,097	17,577,550
7,751,670	7,956,394	8,522,225	9,424,764	12,069,685	12,580,936
<u>\$ 28,342,196</u>	<u>\$ 32,897,420</u>	<u>\$ 35,254,665</u>	<u>\$ 35,905,706</u>	<u>\$ 32,085,263</u>	<u>\$ 32,407,703</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
51,961	48,137	46,348	53,312	52,026	59,291
8,401,957	8,751,956	8,674,926	9,939,278	11,103,937	11,638,472
1,001,488	1,014,927	1,044,678	1,592,104	1,110,957	1,145,063
14,690,375	14,922,201	14,695,570	14,398,058	15,632,982	27,581,864
-	-	-	-	-	-
1,929,942	1,587,696	2,463,140	3,498,201	6,672,756	8,962,518
(25,005)	-	(2,441)	-	-	-
<u>\$ 26,050,718</u>	<u>\$ 26,324,917</u>	<u>\$ 26,922,221</u>	<u>\$ 29,480,953</u>	<u>\$ 34,572,658</u>	<u>\$ 49,387,208</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Property taxes	\$ 19,822,680	\$ 15,816,304	\$ 15,360,612	\$ 14,920,830
Franchise taxes	3,945,916	3,901,966	3,845,702	3,799,673
Utility service taxes	6,398,925	6,307,503	6,311,257	6,541,179
Tax incremental	6,164,507	4,266,914	3,686,138	3,604,128
Licenses and permits	2,013,158	1,730,177	1,722,747	1,642,538
Intergovernmental	8,407,819	8,329,483	8,795,510	9,062,446
Investment income	462,470	224,645	341,950	(116,184)
Charges for services	13,681,562	14,259,912	16,389,096	17,150,655
Rental income	-	495,172	526,848	542,850
Fines and forfeitures	679,152	595,526	1,660,712	945,328
Impact fees	-	-	-	-
Miscellaneous	1,772,299	1,610,158	1,408,042	2,076,585
Total revenues	<u>63,348,488</u>	<u>57,537,760</u>	<u>60,048,614</u>	<u>60,170,028</u>
Expenditures:				
General government	9,630,576	7,768,338	8,868,487	8,864,648
Public safety	33,750,328	34,350,220	35,252,351	35,758,857
Economic and physical environment	5,440,320	1,502,861	1,304,565	1,487,821
Culture and recreation	8,746,442	2,909,365	2,969,257	3,046,418
Redevelopment projects	-	956,582	703,925	700,110
Public works	4,650,345	4,555,188	4,158,225	4,411,430
Debt Service:				
Principal retirement	2,310,528	2,130,207	2,224,025	2,510,383
Interest and other charges	2,086,760	2,096,703	2,004,483	1,814,940
Issuance costs and other fiscal charges	-	-	-	-
Capital outlay	205,352	2,031,111	829,592	829,592
Total expenditures	<u>66,820,651</u>	<u>58,300,575</u>	<u>58,314,910</u>	<u>59,424,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,472,163)</u>	<u>(762,815)</u>	<u>1,733,704</u>	<u>745,829</u>
Other Financing Sources (Uses):				
Issuance of refunding bond	7,000,000	-	-	15,559,414
Premium on refunding bond	-	-	-	-
Issuance of bond	-	-	-	-
Premium of bond	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	(15,559,414)
Capital leases	-	-	-	859,878
Transfers in	2,460,660	2,231,126	3,077,044	2,312,152
Transfers out	(716,510)	(484,701)	(1,328,806)	(565,114)
Total other financing sources (uses)	<u>8,744,150</u>	<u>1,746,425</u>	<u>1,748,238</u>	<u>2,606,916</u>
Net change in fund balances	<u>\$ 5,271,987</u>	<u>\$ 983,610</u>	<u>\$ 3,481,942</u>	<u>\$ 3,352,745</u>
Debt service as a percentage of noncapital expenditures (restated)	7.6%	7.6%	7.8%	7.4%

Table 5

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 15,211,654	\$ 15,587,799	\$ 16,775,348	\$ 17,564,660	\$ 19,434,073	\$ 21,038,583	
4,062,878	4,181,165	4,095,079	4,319,854	4,219,667	4,328,426	
6,573,918	6,583,890	6,549,625	6,721,183	6,798,280	6,620,866	
4,326,277	4,180,496	4,419,493	4,977,575	5,867,757	6,362,579	
1,877,792	2,567,975	2,213,850	2,805,386	4,595,434	2,524,880	
8,795,630	8,803,540	8,467,575	8,450,327	9,644,517	11,804,119	
152,571	221,859	392,078	594,024	601,435	2,527,945	
16,972,896	16,521,975	18,272,314	19,099,261	21,692,497	23,401,491	
568,145	606,746	644,712	614,604	577,234	583,439	
1,049,448	862,313	750,256	889,820	1,179,347	704,115	
-	-	19,979	351,226	402,892	31,511	
1,689,018	2,966,035	1,507,090	2,287,818	2,556,069	2,726,094	
<u>61,280,227</u>	<u>63,083,793</u>	<u>64,107,399</u>	<u>68,675,738</u>	<u>77,569,202</u>	<u>82,654,048</u>	
9,683,148	9,900,269	11,327,985	14,382,715	18,583,917	17,114,239	
32,536,389	33,662,839	35,541,311	37,678,550	40,963,436	43,678,856	
2,247,114	1,931,976	2,190,024	2,033,200	2,806,698	3,038,198	
4,152,605	4,365,561	5,049,683	5,926,915	6,466,214	6,242,521	
1,064,790	-	-	-	-	-	
4,698,554	4,497,875	4,802,219	4,603,535	4,953,068	5,328,455	
2,600,937	2,686,915	2,851,608	2,348,141	3,155,111	2,693,816	
1,650,987	1,561,185	1,464,264	1,243,652	1,184,846	1,097,064	
-	-	133,148	-	-	170,854	
812,791	1,923,912	-	-	-	-	
<u>59,447,315</u>	<u>60,530,532</u>	<u>63,360,242</u>	<u>68,216,708</u>	<u>78,113,290</u>	<u>79,364,003</u>	
<u>1,832,912</u>	<u>2,553,261</u>	<u>747,157</u>	<u>459,030</u>	<u>(544,088)</u>	<u>3,290,045</u>	
-	-	18,950,000	-	-	-	
-	-	4,210,851	-	-	-	
-	-	-	-	-	9,105,000	
-	-	-	-	-	890,288	
-	-	(23,025,000)	-	-	-	
-	-	317,103	969,242	-	-	
20,503,194	8,358,322	5,572,149	7,033,116	10,976,434	10,040,819	
<u>(18,757,031)</u>	<u>(6,082,160)</u>	<u>(3,817,711)</u>	<u>(5,251,615)</u>	<u>(9,161,084)</u>	<u>(8,189,162)</u>	
<u>1,746,163</u>	<u>2,276,162</u>	<u>2,207,392</u>	<u>2,750,743</u>	<u>1,815,350</u>	<u>11,846,945</u>	
\$ <u>3,579,075</u>	\$ <u>4,829,423</u>	\$ <u>2,954,549</u>	\$ <u>3,209,773</u>	\$ <u>1,271,262</u>	\$ <u>15,136,990</u>	
7.3%	7.3%	7.3%	5.5%	5.9%	5.1%	

City of Margate, Florida

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

Table 6

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)						
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%	
2018	2017	2,528,342	610,033	132,996	278,283	831,748	2,717,906	7.0593	4,476,856	60.71%	
2019	2018	2,757,756	628,900	143,835	277,644	854,849	2,953,286	7.0593	4,914,410	60.09%	

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	
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
2018	6.5183	0.5410	7.0593	6.5394	5.6690	0.3100	0.4882	1.2483	0.0320	21.3462
2019	6.5594	0.4999	7.0593	6.4029	5.6690	0.2936	0.4882	1.0855	0.0320	21.0305

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

	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
BPP Alphabet MF Pinebrook PTE LLC	\$ 62,886,030	1	2.13%	\$ -	-	-
Celebration Pointe North LLC	50,150,610	2	1.70%	-	-	-
Toscana Park Villas LLC	46,792,990	3	1.58%	-	-	-
Morguard Blue Isle LLC	44,061,140	4	1.49%	-	-	-
LSREF3 Peppertree LLC	38,850,280	5	1.32%	-	-	-
Northwest Regional Hospital Inc.	34,779,060	6	1.18%	41,806,030	2	1.61%
Behringer Harvard Margate LLC	33,672,390	7	1.14%	-	-	-
WE Fairways Carolina LLC	32,537,970	8	1.10%	-	-	-
MHC Coral Cay Plantation LLC	29,005,490	9	0.98%	-	-	-
JM Auto Inc.	26,220,030	10	0.89%	25,175,690	6	0.97%
Prisa Acquisition LLC	-	-	-	43,811,630	1	1.68%
Kimco Realty Corporation	-	-	-	30,387,125	3	1.17%
Florida Power & Light Company	-	-	-	29,873,245	4	1.15%
Snowbirdland Vistas Inc.	-	-	-	27,654,600	5	1.06%
AT & T Mobility LLC	-	-	-	22,831,831	7	0.88%
Mullinax Ford South Inc.	-	-	-	22,035,140	8	0.85%
Aztec RV Resort Inc.	-	-	-	21,699,530	9	0.83%
Blue Isle Apartments	-	-	-	21,026,594	10	0.81%
Total	\$ 398,955,990		13.51%	\$ 286,301,415		11.01%

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
2010	2009	\$ 20,647	\$ 19,598	94.9%	\$ 61	\$ 19,659	95.2%
2011	2010	16,585	15,721	94.8%	34	15,755	95.0%
2012	2011	15,900	15,334	96.4%	(81)	15,253	95.9%
2013	2012	15,550	14,949	96.1%	(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%	9	17,542	96.3%
2018	2017	20,232	19,382	95.8%	42	19,424	96.0%
2019	2018	21,931	20,983	95.7%	-	20,983	95.7%

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

* 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 and Sewer Refunding Revenue Bonds			
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
2018	21,610 (2)	5,769	1,004	2,185	30,568	2.10%	524
2019	30,812 (2)	4,045	620	1,115	36,592	2.35%	619

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 and for GO Bonds, Series 2019.

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		
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	2,445,183	22,365	110	22,255	0.91%	383.97
2018	2017	2,717,906	21,610	126	21,484	0.79%	368.32
2019	2018	2,953,286	30,812	146	30,666	1.04%	518.74

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, 2019 (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	\$ 1,745,118	1.52%	\$ 26,526
Broward County	<u>127,315</u>	1.64%	<u>2,088</u>
Subtotal, overlapping debt			28,614
City of Margate direct debt			<u>35,477</u>
Total direct and overlapping debt			<u><u>\$ 64,091</u></u>

Sources: Taxable value data used to estimate applicable percentages provided by the Broward County Property Appraiser.
Debt outstanding data provided by each governmental 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						
As Defined by Bond Indenture						
Fiscal Year	Revenues	Expenses	Net Revenues	Income Available for Debt Service	Maximum Annual Debt Service	Coverage-Dollars of Income Available for Each Dollar of Maximum Annual Debt Service
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
2018	24,595	10,188	14,407	14,407	1,160	12.42
2019	26,620	15,821	10,799	10,799	1,160	9.31

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)
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%
2018	58,329	1,453,617	24,921	7,408	2.80%
2019	59,116	1,556,702	26,333	7,490	2.80%

Sources:

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

(2) U.S. Census Bureau

(3) School Board of Broward County, Florida

Note: School enrollment represents students who reside in Margate that are enrolled in public/charter schools throughout Broward County.

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

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

Table 15

	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Global Response Corporation *	1,800	1	5.89%	570	2	3.10%
Northwest Medical Center	1,180	2	3.86%	904	1	4.92%
City of Margate, Florida	520	3	1.70%	559	3	3.04%
JM Lexus	450	4	1.47%	364	5	1.98%
Broward County Schools	414	5	1.36%	393	4	2.14%
Walmart	245	6	0.80%	355	6	1.93%
Centers Plan for Healthy Living	175	7	0.57%	-	-	-
Publix	150	8	0.49%	125	9	0.68%
Winn Dixie	146	9	0.48%	-	-	-
AutoNation Ford Margate	136	10	0.45%	-	-	-
Penn Dutch	-	-	-	195	7	1.06%
Maroone Ford	-	-	-	129	8	0.70%
United States Postal Service	-	-	-	121	10	0.66%
Total	<u>5,216</u>		<u>17.07%</u>	<u>3,715</u>		<u>20.21%</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.

* Per Global Response Corporation, number of employees is based on persons employed during peak seasonal times (24 hours, 7 days a week operation).

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

Table 16

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
City commission	5	5	5	5	5	5	5	5	5	5
City manager	6	6	6	6	7	6	4	4	8	9
Development services **	-	-	5	5	7	7	9	10	8	8
Finance	19	19	20	20	20	21	8	9	9	9
Purchasing *	-	-	-	-	-	-	4	4	4	5
Human resources	7	5	6	6	6	6	6	7	7	7
City clerk	6	6	6	7	7	7	7	7	7	7
City attorney	1	1	1	1	1	1	1	1	1	1
Building	15	19	14	13	13	11	11	13	16	16
Information technology	7	7	7	6	5	5	6	6	6	6
Police:										
Officers	111	107	107	110	111	111	112	111	117	117
Non-certified personnel	81	75	75	69	40	39	35	35	36	37
Fire:										
Firefighters/Paramedics	105	108	107	107	108	108	116	116	123	123
Firefighters/EMTs	3	2	2	2	2	2	2	2	2	-
Fire Safety Inspectors	-	-	-	-	-	-	-	-	-	2
Non-certified personnel	2	2	2	2	2	2	2	2	2	3
Public Works:										
Administration	4	3	3	3	3	4	4	4	5	5
Building	10	9	9	9	9	8	7	8	8	9
Garage	10	10	10	10	10	8	9	9	9	9
Transportation	11	-	-	-	-	-	-	-	-	-
Roads	3	3	3	3	3	3	3	3	3	3
Stormwater utility	9	9	9	9	9	10	10	11	11	11
Parks and Recreation	57	53	56	46	47	55	50	54	50	49
Environment & Engineering Services:										
Treatment	40	40	38	39	38	37	36	36	38	37
Transmission, distribution & collection	30	30	30	30	30	31	32	32	32	32
Utility billing *	-	-	-	-	-	-	6	6	6	6
Administration & engineering	17	18	15	15	15	15	16	17	18	20
Total	559	537	536	523	498	502	501	512	531	536

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.

** Formerly known as Economic development.

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

Table 17

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Building permits issued	4,893	3,922	3,998	4,371	4,441	4,836	4,722	5,080	6,608	5,660
Lien inquiries	2,640	1,873	2,389	2,204	1,777	2,241	2,147	2,079	1,873	2,109
Police:										
Physical arrests	2,346	1,858	1,713	1,528	1,024	1,046	1,025	1,093	1,341	1,161
Parking citations	124	80	62	63	63	118	81	126	132	365
Traffic citations	8,401	5,945	5,555	5,447	4,816	5,097	5,253	6,563	8,185	5,760
Fire:										
Emergency responses	14,155	14,062	14,450	14,585	14,950	15,089	16,390	17,627	18,324	17,436
Inspections	2,239	2,137	2,488	2,877	2,849	2,782	3,360	3,512	3,369	2,579
Public works:										
Total route miles - Margate mini buses	62	46	46	46	57	58	67	55	55	56
Transit passengers - Margate mini buses	117,037	109,996	67,935	60,560	66,198	62,981	71,323	93,473	91,914	95,952
Culture and Recreation:										
Pool admissions	32,508	37,230	33,345	32,052	37,795	50,958	39,477	45,274	38,461	34,915
Summer camp participants	167	150	191	172	179	198	209	251	268	262
Library circulation	168,725	160,098	149,464	161,766	124,833	114,456	100,171	85,974	71,185	85,756
Environmental and Engineering Services:										
Water and wastewater system:										
Number of billed accounts monthly	16,781	16,770	16,775	16,771	16,779	16,811	16,811	16,873	16,877	16,992
Average number of gallons of water consumed daily (thousands of gallons)	7,823	7,983	7,762	6,945	7,425	6,777	6,462	6,093	5,088	5,523
Average number of gallons of wastewater treated daily (thousands of gallons)	6,551	6,808	6,940	6,900	6,602	6,246	6,484	6,716	6,947	6,532

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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)	91	101	112	116	115	89	89	100	105	101
Administrative buildings - Fire	-	-	-	1	1	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	10	10	10	7	5	5	5	5
Number of rescue transport vehicles	9	9	9	9	9	7	5	5	5	5
Public Works:										
Public roads (miles)	110.71	110.71	110.71	110.71	110.71	110.71	110.71	110.71	110.71	110.71
City roads (miles)	101.28	101.28	101.28	101.28	101.28	101.28	101.28	101.28	101.28	101.28
Transit-minibus	6	6	4	4	4	4	4	4	4	4
Culture and Recreation:										
Number of parks	18	18	19	19	19	19	19	19	19	19
Park acreage	131.90	131.90	131.90	131.90	131.90	131.90	131.90	131.90	131.90	131.90
Conservation land use (acres)	52.24	52.24	52.24	52.24	52.24	52.24	52.24	52.24	52.24	52.24
Community Center	1	1	1	1	2	2	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	211.46	211.51	211.51	211.51	211.27	211.00	212.00	212.67	212.75	213.43
Miles of wastewater mains	174.68	176.42	176.42	176.42	176.68	178.00	179.00	179.09	179.09	180.53
Water treatment capacity per day (thousands of gallons)	18,000	18,000	18,000	18,000	18,000	18,000	20,000	20,000	13,500	13,500

Sources: Various City Departments.

COMPLIANCE SECTION

This Page Intentionally Left Blank

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2020.

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.

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
February 26, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Margate, Florida, (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-01. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-01 that we consider to be significant deficiencies.

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

City of Margate, Florida

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
February 26, 2020

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, 2019, and have issued our report thereon dated February 26, 2020.

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

Other 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 and schedule, which are dated February 26, 2020, 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. There were no findings and recommendations made in the preceding annual financial audit report.

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 (the "Center") established as a dependent special district in August 2009 by the City of Margate Ordinance 2009-11.

Financial Condition and Management

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 condition(s) 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.b. 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 recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., 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.

Additional Matters

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 had a finding 2019-01 concerning subrecipient monitoring which is presented on pages 134 through 136.

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
February 26, 2020

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, 2019. Management is responsible for the City's compliance with the specific requirements. Our responsibility is to express an opinion on the City's compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use 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
February 26, 2020

CPA's + Trusted Advisors

City of Margate, Florida
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Contract/Grant Number	Expenditures	Transfer to Sub-recipients
Federal Awards:				
<u>U.S. Department of Housing and Urban Development:</u>				
Direct Program				
Community Development Block Grants / Entitlement Grants	14.218	B-18-MC-12-0045	\$ 69,625	\$ 69,625
Community Development Block Grants / Entitlement Grants	14.218	B-17-MC-12-0045	145,371	145,371
Community Development Block Grants / Entitlement Grants	14.218	B-16-MC-12-0045	139,226	139,226
Community Development Block Grants / Entitlement Grants	14.218	B-15-MC-12-0045	280,248	280,248
Community Development Block Grants / Entitlement Grants	14.218	B-14-MC-12-0045	178,991	178,991
Community Development Block Grants / Entitlement Grants	14.218	B-08-MN-12-0015	3,179	3,179
Community Development Block Grants - Program Income	14.218	N/A	25,050	25,050
		14.218 Total	841,690	841,690
Passed through Broward County				
Home Investment Partnerships Program	14.239	N/A	74,661	-
<u>U.S. Department of Justice:</u>				
Direct Program				
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0139	205,312	-
Bulletproof Vest Partnership Program	16.607	N/A	3,960	-
Equitable Sharing Program	16.922	N/A	370,064	-
Passed through Florida Office of the Attorney General				
Crime Victim Assistance	16.575	VOCA-2018-City of Margate Police-00063	57,123	-
<u>U.S. Department of Homeland Security:</u>				
Direct Program				
Assistance to Firefighters Grant	* 97.044	EMW-2014-FO-02118	9,411	-
Passed through Florida Division of Emergency Management -				
Disaster Grants - Public Assistance	** 97.036	011-43125-00	327,835	-
<u>U.S. Department of Treasury:</u>				
Equitable Sharing Program	21.016	N/A	65	-

See notes to schedule of expenditures of federal awards.

City of Margate, Florida
Schedule of Expenditures of Federal Awards
(Continued)
For the Fiscal Year Ended September 30, 2019

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Sub-recipients</u>
<u>U.S. Department of Transportation:</u>				
Passed through University of South Florida Board of Trustees Highway Planning and Construction	20.205	G0Y79	10,758	-
<u>U.S. Department of Health and Human Services:</u>				
Passed through Florida Department of Elder Affairs - Passed through the Areawide Council on Aging of Broward County Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044 93.044	JA118-08-2018 JA119-08-2019	69,931 168,556	- -
		93.044 Total	238,487	-
National Family Caregiver Support, Title III, Part E	93.052 93.052	JA118-08-2018 JA119-08-2019	1,550 2,322	- -
		93.052 Total	3,872	-
Low-Income Home Energy Assistance	93.568	JP118-08-2019	25,103	-
<u>U.S. Department of Interior, National Park Service:</u>				
Passed through State of Florida Department of Environmental Protection Outdoor Recreation Acquisition, Development and Planning	15.916	LW675	200,000	-
Total Expenditures of Federal Awards			\$ 2,368,341	\$ 841,690

* Denotes fiscal year 2016 expenditures

** Denotes fiscal year 2017/2018 (Hurricane Irma) expenditures

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City for the year ended September 30, 2019. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, change in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3 - Indirect Cost Rate

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

Note 4 - Contingency

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

Note 5 - Prior Year Expenditures

The Schedule includes contract/grants from the U.S. Department of Homeland Security in the amounts of \$ 9,411 and \$ 327,835 that represent expenditures from the 2016 and 2018 fiscal years, respectively.

City of Margate, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Margate, Florida, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A significant deficiency in compliance and internal control over compliance relating to the audit of a major federal award program is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the City of Margate, Florida expresses an unmodified opinion on all major federal programs.
6. An audit finding relative to a major federal award program for the City of Margate, Florida is reported in Part C of this schedule.
7. The programs tested as major programs are as follows:

<u>Federal Award Program</u>	<u>CDFA Number</u>
U.S. Department of Homeland Security - Disaster Grants - Public Assistance	97.036
U.S. Department of Housing and Urban Development- Community Development Block Grants / Entitlement Grants	14.218

8. The threshold for distinguishing Type A and Type B programs was \$ 750,000.
9. The City of Margate, Florida was not determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

No matters were reported.

C. Findings and Questioned Costs - Major Federal Award Programs

United States Department of Housing and Urban Development - Community Development Block Grants / Entitlement Grants ("CDBG") - CFDA 14.218

Significant Deficiency

2019-01: Subrecipient Monitoring:

Condition and Criteria: The City entered into an interlocal agreement with Broward County to assist in preparing, implementing and administering the City's CDBG grants. It was noted that although the City indicated it conducted an on-site monitoring of the County, there was no documentation to support it.

Cause: The City did not have any documentation to support the on-site monitoring conducted.

Effect: Without proper documentation of monitoring results there is a risk that the County might not be notified of noncompliance findings and correct them in a timely manner.

Recommendation: The City should develop and implement policies and procedures to ensure that the City conducts and documents on-site monitoring. In addition, policies should include proper communication of monitoring results with subrecipients to allow for timely corrections.

Views of Responsible Officials and Planned Corrective Actions:

The City agrees with the finding and the recommended procedures have been implemented.

D. Other Issues

1. A separate management letter was not issued.
2. A summary schedule of prior audit findings is not required because there were no prior audit findings related to Federal programs.
3. A corrective action plan is required in accordance with the Uniform Guidance (see page 135-136).



City Commission

Mayor Tommy Ruzzano
Vice Mayor Arlene R. Schwartz
Antonio V. Arserio
Anthony N. Caggiano
Joanne Simone

City Manager

Cale Curtis

City Attorney

Janette M. Smith

City Clerk

Joseph J. Kavanagh

CORRECTIVE ACTION PLAN

February 26, 2020

U.S. Department of Housing and Urban Development

City of Margate, Florida respectfully submits the following corrective action plan for the year ended September 30, 2019.

Keefe McCullough
6550 N Federal Hwy, 4th Floor
Fort Lauderdale, FL 33308

Audit Period: September 30, 2019

The finding from the September 30, 2019 schedule of findings and questioned costs is discussed below. The finding is numbered consistent with the number assigned in the schedule.

FINDINGS - FEDERAL SINGLE AUDIT

Finding number 2019-01 discussed below is applicable under this section.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

2019-01: United States Department of Housing and Urban Development – Community Development Block Grants / Entitlement Grants ("CDBG") - CFDA 14.218

Condition and Criteria:

The City entered into an interlocal agreement with Broward County to assist in preparing, implementing and administering the City's CDBG grants. It was noted that although the City indicated it conducted an on-site monitoring of the County, there was no documentation to support it.

Cause:

The City did not have any documentation to support the on-site monitoring conducted.

Effect:

Without proper documentation of monitoring results there is a risk that the County might not be notified of noncompliance findings and correct them in a timely manner.

Recommendation:

The City should develop and implement policies and procedures to ensure that the City conducts and documents on-site monitoring. In addition, policies should include proper communication of monitoring results with subrecipients to allow for timely corrections.

Finance Department

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

Corrective Action Plan:

The City has implemented a "Grant Monitoring Plan" detailing the scope of monitoring, monitoring procedures, monitoring schedule, monitoring components, and non-compliance/corrective action. This plan will be used to ensure compliance with all regulations and requirements governing administrative, financial, and programmatic operations related to the CDBG grants. The plan specifically addresses the method of communication via a monitoring letter within 30 days following the review.

In addition, the City has implemented a policy for "Processing Grant Funded Reimbursement Requests from Broward County" which details the steps for reimbursement approval. All expenditures will be reviewed to ensure they are eligible, properly documented consistent with programmatic rules and are tied to an eligible activity prior to authorizing reimbursement. Any items noted during this review will be either followed-up with an email or a phone call. This is one of the informal ways that the City monitors the County.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Cale Curtis at 954-935-5308 or email at citymanager@margatefl.com.

Sincerely yours,



Cale Curtis
City Manager

