

**MARGATE COMMUNITY
REDEVELOPMENT AGENCY
(a component unit of the City
of Margate, Florida)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency") as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise the Agency'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 and each major fund of the Agency as of September 30, 2016 and the respective changes in financial position 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 General Fund budgetary comparison information on pages 23-24 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 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.

In addition, we do not express an opinion or provide any assurance on the other supplementary information on pages 25-28 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017, on our consideration of the Agency's internal control over financial reporting and on our test 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 Agency's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

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BASIC

FINANCIAL STATEMENTS

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MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,687,183
Accounts receivable - net	373,100
Capital assets:	
Land	25,398,275
Construction in progress	233,040
Infrastructure	8,028,399
Buildings	4,797,199
Improvements other than building	<u>218,410</u>
Total capital assets	38,675,323
Less accumulated depreciation	<u>(3,206,434)</u>
Total capital assets, net	<u>35,468,889</u>
Total assets	<u>51,529,172</u>
 LIABILITIES	
Accounts payable and accrued liabilities	284,423
Tenant deposits	53,242
Unearned revenues	65,249
Accrued interest payable	65,544
Noncurrent liabilities:	
Due within one year:	
Loans payable	1,618,689
Due in more than one year:	
Loans payable	<u>7,954,878</u>
Total liabilities	<u>10,042,025</u>
 NET POSITION	
Net investments in capital assets	39,437,013
Restricted for:	
Debt service	961,799
Redevelopment projects	<u>1,088,335</u>
Total net position	<u>\$ 41,487,147</u>

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY

(a component unit of the City of Margate, Florida)

STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2016

<u>Functions/programs</u>		<u>Program</u>	<u>Net (Expenses)</u>
<u>Primary government:</u>		<u>Revenues</u>	<u>Revenues and</u>
Governmental activities:	<u>Expenses</u>	<u>Charges for</u>	<u>Change in Net Position</u>
		<u>Services</u>	<u>Governmental</u>
			<u>Activities</u>
General government	\$ 1,385,012	\$ -	\$ (1,385,012)
Economic and physical environment	2,123,220	644,712	(1,478,508)
Interest expense	320,509	-	(320,509)
Total governmental activities	3,828,741	644,712	(3,184,029)
General revenues:			
Taxes:			
Tax incremental			4,419,493
Interest income			37,496
Miscellaneous			47,007
Total general revenues			4,503,996
Change in net position			1,319,967
Net position, October 1			40,167,180
Net position, September 30			\$ 41,487,147

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Major Governmental Funds					Total Governmental Funds
	General Fund	Capital Improvement Fund	Loan Proceeds Fund	Sinking Fund	Escrow Account Fund	
ASSETS						
Cash and cash equivalents	\$ 300,223	\$ 8,819,718	\$ 5,605,443	\$ -	\$ 961,799	\$ 15,687,183
Accounts receivable - net	3,330	369,770	-	-	-	373,100
Total assets	<u>\$ 303,553</u>	<u>\$ 9,189,488</u>	<u>\$ 5,605,443</u>	<u>\$ -</u>	<u>\$ 961,799</u>	<u>\$ 16,060,283</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 185,062	\$ 99,207	\$ 154	\$ -	\$ -	\$ 284,423
Tenant deposits	53,242	-	-	-	-	53,242
Due to other funds	-	-	-	-	-	-
Unearned revenue	65,249	-	-	-	-	65,249
Total liabilities	<u>303,553</u>	<u>99,207</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>402,914</u>
FUND BALANCES						
Restricted for:						
Debt service	-	-	-	-	961,799	961,799
Redevelopment projects	-	9,090,281	5,605,289	-	-	14,695,570
Total fund balances	-	9,090,281	5,605,289	-	961,799	15,657,369
Total liabilities and fund balances	<u>\$ 303,553</u>	<u>\$ 9,189,488</u>	<u>\$ 5,605,443</u>	<u>\$ -</u>	<u>\$ 961,799</u>	<u>\$ 16,060,283</u>

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Fund balances - total government funds (Page 6) \$ 15,657,369

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

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

Governmental capital assets	38,675,323	
Less: accumulated depreciation	<u>(3,206,434)</u>	35,468,889

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(9,573,567)
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Bond interest payable not reported in the governmental funds	<u>(65,544)</u>
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Net position of governmental activities (Page 4) \$ 41,487,147

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Major Governmental Funds					Total Governmental Funds
	General Fund	Capital Improvement Fund	Loan Proceeds Fund	Sinking Fund	Escrow Account Fund	
REVENUES:						
Tax incremental	\$ 4,419,493	\$ -	\$ -	\$ -	\$ -	\$ 4,419,493
Interest income	7,462	24,831	2,060	-	3,143	37,496
Rental income	644,712	-	-	-	-	644,712
Miscellaneous	43,696	-	3,311	-	-	47,007
Total revenues	<u>5,115,363</u>	<u>24,831</u>	<u>5,371</u>	<u>-</u>	<u>3,143</u>	<u>5,148,708</u>
EXPENDITURES:						
Current:						
General government	1,385,012	-	-	-	-	1,385,012
Economic and physical environment	1,119,743	627,118	328,019	-	-	2,074,880
Debt service:						
Principal retirement	-	-	-	1,568,213	-	1,568,213
Interest and other charges	-	-	-	344,091	-	344,091
Total expenditures	<u>2,504,755</u>	<u>627,118</u>	<u>328,019</u>	<u>1,912,304</u>	<u>-</u>	<u>5,372,196</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,610,608</u>	<u>(602,287)</u>	<u>(322,648)</u>	<u>(1,912,304)</u>	<u>3,143</u>	<u>(223,488)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	698,304	-	1,912,304	-	2,610,608
Transfers out	<u>(2,610,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,610,608)</u>
Total other financing sources (uses)	<u>(2,610,608)</u>	<u>698,304</u>	<u>-</u>	<u>1,912,304</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	96,017	(322,648)	-	3,143	(223,488)
Fund balances - beginning	<u>-</u>	<u>8,994,264</u>	<u>5,927,937</u>	<u>-</u>	<u>958,656</u>	<u>15,880,857</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 9,090,281</u>	<u>\$ 5,605,289</u>	<u>\$ -</u>	<u>\$ 961,799</u>	<u>\$ 15,657,369</u>

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY

(a component unit of the City of Margate, Florida)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

Net change in fund balances - total governmental funds (page 8) \$ (223,488)

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

Expenditures for capital assets 851,357
Less: current year provision for depreciation (395,757)

The net effect of various miscellaneous transactions involving capital
assets (i.e., disposals) is to decrease net position. (503,940)

The issuance of long-term debt (e.g. bonds) provides current
financial resources to governmental funds, while repayment of
the principal of long-term debt consumes the current financial
resources of governmental funds. Neither transactions, however,
have any effect on net position.

Principal repayment 1,568,213

Under the modified accrual basis of accounting used in the
governmental fund, interest on long-term debt is not recognized
until it is paid with expendable available financial resources. In
the statement of activities, however, which is presented
on the accrual basis, expenses and liabilities are reported
regardless of when financial resources are available.

23,582

Change in net position of governmental activities (Page 5) \$ 1,319,967

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of City of Margate, Florida)
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Margate Community Redevelopment Agency (the "Agency"), significant accounting policies is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should be read in conjunction with the basic financial statements.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classifications of accounts conform to standards of the Governmental Accounting Standard Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

Financial Reporting Entity:

The Margate Community Redevelopment Agency (the "Agency") was established by the City of Margate, Florida (the "City") under authority granted by Florida Statute 163, Section III. The City determined that the Agency 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 Agency is a legally separate entity established by Ordinance 96-15 of the City of Margate Commission on October 2, 1996. It is governed by a Board of Commissioners (the "Board"), which is composed of five members appointed by the Commission of the City of Margate, Florida. The Board exercises all powers granted to the Agency pursuant to Chapter 163, Section III of the Florida Statutes. Currently, the Agency Board is made up of the Margate City Commission. In November 2014, the Agency Board approved an agreement with Redevelopment Management Associates, LLC for the daily administration, management and all consulting activity for the Margate Community Redevelopment Agency. As a tax increment district, the Agency receives operating revenues from taxing jurisdictions within Broward County. Funds are also provided by fees collected, interest income, rental income, and the unexpended fund balance from the previous year. The Agency includes the following funds: General Fund, Sinking Fund Debt Service Fund, Escrow Account Debt Service Fund, Capital Improvement Capital Projects Fund, and Loan Proceeds Capital Projects Fund.

In evaluating the Agency as a reporting entity, management has addressed all potential component units for which the Agency may or may not be financially accountable and, as such, be includable within the Agency financial statements. In November 2010, the Governmental Accounting Standards Board ("GASB") issued Statement No. 61, which modifies certain requirements for inclusion of component units in the financial reporting entity.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 Agency does not have any component units.

Government-wide financial statements:

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

Effective for fiscal year end September 30, 2016, the Agency implemented five new GASB statements of financial accounting standards.

Statement No. 72, Fair Value Measurement and Application, was issued February 2015. The Statement addresses accounting/financial reporting related to the fair value measurements, as well as provides guidance for determining fair value measurement for financial reporting purposes. Statement No. 72 had no effect on the Agency's financial statements.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Fiduciary funds have been excluded from this presentation since these resources are not available for general government funding purposes. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Agency had no business-type activities during the year ended September 30, 2016.

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. Major individual governmental 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*. 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 Agency 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes 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 Agency.

The financial transactions of the Agency are recorded in individual funds. The operations of each fund are accounted for using a separate set of self-balancing accounts. These accounts consist of assets, liabilities, deferred outflows/inflows of resources, fund equities, revenues, and expenditures. 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 of the applicable fund category and the governmental funds combined. Nonmajor funds are presented in the single column in the respective fund statements.

The Agency has five major governmental funds and one non-major governmental fund:

Major Governmental Funds:

The *General Fund* is the Agency's primary operating fund, it accounts for all financial resources of the Agency.

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* in the government-wide financial statements include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All revenues that are not program revenue are general revenue, and include all taxes, as well as grants, contributions, and interest income that are not restricted to a particular program. Internally dedicated resources are reported as general revenues rather than as program revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the Agency'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.

Cash and Cash Equivalents

The Agency'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, money market accounts, and equity in pooled cash.

State statutes require all deposits of the Agency, 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.

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 or 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 Agency or its agent in the Agency's name.

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 Agency are accounted for in the City of Margate's investment pool. Income earned from this pool is allocated to the respective funds.

Receivables and payables

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Infrastructure	20-40
Buildings	40-50
Improvements other than Buildings	6-20

Unearned revenue

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

Long-term Obligations

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will periodically 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency did not have any deferred outflows of resources as of September 30, 2016.

In addition to liabilities, the statement of net position will periodically 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency did not have any deferred inflows of resources as of September 30, 2016.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

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

Cash and cash equivalents	\$ 2,419,559
Money market accounts	<u>13,267,624</u>
	<u>\$ 15,687,183</u>

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 Agency'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.

3. TAX INCREMENT REVENUES

The primary source of revenue for the Agency is the tax increment revenues collected from the City of Margate, Broward County, and the North Broward Hospital District. These entities levy ad valorem property taxes within the legally defined redevelopment area of the Agency. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations over the 1997 base year assessed valuations for all properties located within the Agency's boundaries. Prior to 2005, tax increment revenues were also collected from the Children's Services Council (CSC). In 2005, the Board granted CSC the exemption from its annual obligation to appropriate and deposit the amount of its increment revenues to the Agency.

Assessed values are established by the Broward County Property Appraiser. The assessed property value recognized by the City and Broward County includes the second homestead exemption while the North Broward Hospital District does not recognize such exemption. Broward County, North Broward Hospital District, and the City of Margate are required to pay 95% of these incremental property taxes to the Agency on or before January 1 of each year, otherwise the full amount of the increment revenue will become due.

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At September 30, 2016 the \$284,423 pertains to unpaid invoices to various vendors at year-end.

5. TRANSFERS

The Agency had the following transfers during the fiscal year ending September 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,610,608
Capital Improvement Fund	698,304	-
Sinking Fund	<u>1,912,304</u>	-
	<u>\$ 2,610,608</u>	<u>\$ 2,610,608</u>

These transfers were made to fund capital projects during the year and for payments on the revenue bonds.

6. CAPITAL ASSETS

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

	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2016</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 25,329,585	\$ 68,690	\$ -	\$ 25,398,275
Construction in progress	<u>192,661</u>	<u>206,300</u>	<u>(165,921)</u>	<u>233,040</u>
Total capital assets, not being depreciated	<u>25,522,246</u>	<u>274,990</u>	<u>(165,921)</u>	<u>25,631,315</u>
Capital assets, being depreciated:				
Infrastructure	7,538,162	490,237	-	8,028,399
Buildings	5,054,178	252,051	(509,030)	4,797,199
Improvements other than buildings	<u>218,410</u>	<u>-</u>	<u>-</u>	<u>218,410</u>
Total capital assets, being depreciated	<u>12,810,750</u>	<u>742,288</u>	<u>(509,030)</u>	<u>13,044,008</u>
Less accumulated depreciation for:				
Infrastructure	(2,005,871)	(295,301)	-	(2,301,172)
Buildings	(779,928)	(92,609)	5,090	(867,447)
Improvements other than buildings	<u>(29,968)</u>	<u>(7,847)</u>	<u>-</u>	<u>(37,815)</u>
Total accumulated depreciation	<u>(2,815,767)</u>	<u>(395,757)</u>	<u>5,090</u>	<u>(3,206,434)</u>
Total capital assets being depreciated, net	<u>9,994,983</u>	<u>346,531</u>	<u>(503,940)</u>	<u>9,837,574</u>
Governmental activities capital assets, net	<u>\$ 35,517,229</u>	<u>\$ 621,521</u>	<u>\$ (669,861)</u>	<u>\$ 35,468,889</u>

Provision for depreciation was charged to functions as follows:

Governmental Activities

Economic and physical environment \$ 395,757

7. LONG-TERM DEBT

\$12,010,560 Redevelopment Refunding Revenue Bond, Series 2012A (Taxable) – In December 2012, the Agency entered into a Margate Community Redevelopment Refunding Revenue Bond, Series 2012A Loan Agreement with a local bank to refinance the outstanding balance of the Series 2006 Community Redevelopment Revolving Line of Credit Agreement and reduce the interest rate on such debt. The Series 2012A is secured by a loan agreement which bears an interest rate of 3.470%, subject to adjustments based on occurrence of a determination of taxability event and by margin rate factor as calculated by lender. The Series 2012A is payable in January and July of each year through 2022 with the first principal payment due January 2013. The loan is secured by the Agency’s tax increment revenues. The Series 2012A will be special obligations of the Agency and will not constitute a general debt, liability, or obligation of the Agency or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. The bonds shall not constitute a lien upon any property of the Agency except the Pledged Revenues. The bonds may be prepaid by the Agency in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

\$7,426,895

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

2,146,672

\$9,573,567

7. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements until maturity for the Agency's Refunding Revenue Bond, Series 2012 outstanding at September 30, 2016, are as follows:

<u>Year Ending September 30</u>	<u>Series 2012A</u>		<u>Series 2012B</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$1,247,943	\$246,977	\$370,746	\$46,637	\$1,912,303
2018	1,291,622	203,297	379,210	38,174	1,912,303
2019	1,336,830	158,089	387,867	29,517	1,912,303
2020	1,383,621	111,298	396,722	20,662	1,912,303
2021	1,432,049	62,870	405,778	11,607	1,912,304
2022	<u>734,830</u>	<u>12,748</u>	<u>206,349</u>	<u>2,341</u>	<u>956,268</u>
	<u>\$ 7,426,895</u>	<u>\$ 795,279</u>	<u>\$ 2,146,672</u>	<u>\$ 148,938</u>	<u>\$ 10,517,784</u>

Long-term liability activity for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
Agency's Refunding Revenue Bond, Series 2012A	\$ 8,632,636	\$ -	\$ 1,205,741	\$ 7,426,895	\$ 1,247,943
Agency's Refunding Revenue Bond, Series 2012B	<u>2,509,144</u>	<u>-</u>	<u>362,472</u>	<u>2,146,672</u>	<u>370,746</u>
	<u>\$ 11,141,780</u>	<u>\$ -</u>	<u>\$ 1,568,213</u>	<u>\$ 9,573,567</u>	<u>\$ 1,618,689</u>

Total interest incurred and paid for the year ended September 30, 2016 was approximately \$344,000.

Pledged Revenues

The Agency has pledged a portion of the future tax increment revenues to repay the \$15.6 million Agency's 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 debt is payable solely from the tax increment revenues and are payable through 2022. At September 30, 2016, the maximum annual debt service is at 43% of the tax increment revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$10.5 million. Principal and interest paid and tax increment revenues for the current year were \$1,912,304 and \$4,419,493, respectively.

8. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Agency carries property and liability insurance. The Agency has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded the insurance coverage for any of the last three years.

9. RELATED PARTY TRANSACTIONS

The Agency paid the City approximately \$635,000 for various administrative services provided by the City.

10. 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 amounted to approximately \$221,959.

11. OPERATING LEASE

The Agency currently has various lease arrangements for two shopping complexes it owns located along Margate Boulevard. The properties have aggregate costs of approximately \$3.1 million and \$4.3 million in land and building, respectively. The buildings have a total carrying value of \$3.4 million at September 30, 2016. Depreciation expense for the year was approximately \$85,520. Total rental revenues from these properties during the fiscal year amounted to \$642,484. The leases have a termination clause of 12 months or less.

12. DATE OF MANAGEMENT REVIEW

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

13. CONTINGENCIES

In fiscal year 2014, the Agency was audited by the Broward Office of the Inspector General (the "OIG"). The OIG audit determined that the Agency 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 Agency and legal counsel responded in a letter that they believe that they are in compliance with the statutory requirements. As of September 30, 2016, the Agency has not received an update from the OIG with regard to the audit results during the fiscal year 2014. The financial statements do not reflect any adjustments that might result from this uncertainty.

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REQUIRED SUPPLEMENTAL FINANCIAL
INFORMATION

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

See the accompanying Notes to Budgetary Comparison Schedules.

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

A. Budgetary Information

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

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 30 of each year, the Agency Executive Director submits to the Agency Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and means of financing such expenditures.
2. A public hearing is held to obtain the constituents' comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. The level of control at which expenditures may not exceed budget is at the fund level. Budget transfers may be approved by the Agency's Executive Director. Any changes or amendments to the total budgeted expenditures of the Agency must be approved by the Agency Board of Commissioners.

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OTHER SUPPLEMENTAL FINANCIAL
INFORMATION

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
CAPITAL PROJECTS FUND - LOAN PROCEEDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
DEBT SERVICE FUND - SINKING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of the City of Margate, Florida)
DEBT SERVICE FUND - ESCROW ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

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 Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

We have audited, in accordance with the auditing standards general 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 and each major fund of Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 charge with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

INDEPENDENT AUDITOR'S REPORT TO AGENCY MANAGEMENT

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

Report on the Financial Statements

We have audited the financial statements of the Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency"), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 1, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports

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

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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. Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) was established October 2, 1996 by the City of Margate Commission Ordinance No. 96-15, pursuant to the laws of the State of Florida. The Agency does not have any component units.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

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

Other Matters

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

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

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 Board of Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017

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

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

We have examined Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 1, 2017