

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Riviera Beach
Florida



Fiscal Year Ended September 30, 2016

City of Riviera Beach Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended September 30, 2016

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Our Mission

To create an exceptional city by providing excellent customer service, progressive leadership and accountable stewardship.

Our Vision

Riviera Beach is the best waterfront city in which to live, work and play.

Our Core Values

Professionalism

Ethics

Commitment

Excellence in Customer Service

Integrity

Diversity

Respect for Opinions

Transparency

Innovation

Part I

INTRODUCTORY SECTION



CITY OF RIVIERA BEACH

600 WEST BLUE HERON BOULEVARD • RIVIERA BEACH, FLORIDA 33404
(561) 845-4040 FAX (561) 845-8843

May 5, 2017

**To: The Honorable Mayor, Members of the City Council,
and Residents of the City of Riviera Beach, Florida**

I am pleased to present the City of Riviera Beach's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016.

The CAFR is submitted in accordance with the City's Charter, City Ordinances, and Florida Statutes. It is presented in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), Generally Accepted Accounting Principles (GAAP), and other reporting standards as mandated by financial governing authorities. The audit was conducted by a firm of licensed certified public accountants in accordance with Generally Accepted Auditing Standards (GAAS), governmental auditing standards as issued by the Comptroller General of the United States, OMB Circular A-133 and State Single Audit requirements, and the Rules of the Auditor General of the State of Florida.

As stipulated by the City's Charter, an annual audit of the City's financial accounting records is required. The records have been audited by HCT Certified Public Accountants and Consultants, LLC. (HCT) and are presented in the Basic Financial Statements in this CAFR. The report also includes the financial information for the City's enterprise funds, fiduciary funds, and component unit, Riviera Beach Community Redevelopment Agency (CRA). Management believes that the data, as presented, is accurate in all material respects and is organized in a manner which fairly sets forth the financial position and results of the operations of the City as measured by the financial activity of its various funds.

The Auditor has issued an unqualified 'clean' opinion on the City of Riviera Beach's financial statements for the fiscal year ended September 30, 2016. The independent auditor's report is included in the Financial Section of this report.

FINANCIAL REPORT SECTIONS

The City's CAFR is presented in four sections:

Introductory Section - Includes the letter of transmittal from the Director of Finance and Administrative Services and information on the City's organizational structure.

Financial Section - Includes the independent auditor's report, Management Discussion & Analysis (MD&A), government-wide financial statements, fund financial statements, cash flow statement, notes to the basic financial statements, required supplementary information, individual and combining fund financial statements, and schedules.

Statistical Section - Includes financial, revenue and debt trends, and demographic, economic and operating information.

Compliance Section - Includes the independent auditor's report on internal controls, schedule of expenditures of federal awards along with relevant notes, summary of findings, and management letter issued by the auditor.

THE REPORTING ENTITY

The City was incorporated in 1922 and operates under a mayor-council-manager form of government. Policy making and legislative authority are vested in the governing council, which consists of five members. The council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the council, for overseeing day-to-day operations, and appointing department heads. Council members are elected to three-year staggered terms according to district, though they compete city-wide, with two council members elected one year and three council members the following year. Council members also sit as the Board of the CRA and Utility Special District (USD). The Mayor does not vote, but has appointment power in some matters and veto power in other matters and has the authority to take disciplinary action.

CITY SERVICES

The City provides its citizens with a full complement of public services including, but not limited to public safety, public works, water and wastewater, parks and recreation, maintenance of roadways and canals, community development, library, marina, and community events.

During 2016, capital improvement projects focused on neighborhood improvements such as the reconstruction of roadways, installation of street lights and sidewalks, construction of the Riviera Beach Community Center, construction of welcome signs at every point to the City, refurbishment of Barracuda Bay Aquatic Center, and landscaping improvements.

Public safety, comprising fire and police departments, is one of the most important services that the City provides to its citizens and visitors. As of September 30, 2016, the Police Department is staffed with 119 sworn officers and the Fire Department has a complement of 74 firefighters, which includes 51 dual trained firefighter/paramedics.

The Fire Department serves the City with emergency medical service (EMS), fire protection, fire inspections, and public education. The Town of Palm Beach Shores contracts with the Fire Department to provide emergency medical services. Within the City, there are four stations strategically located and equipped with fire suppression and emergency medical capabilities. On a daily basis, a minimum staffing level of seventeen members is maintained among the four stations to ensure that adequate personnel are available to operate safely and effectively. For fiscal year 2016, the Fire Department responded to 8,068 calls, of which 82% were EMS related, and 18% comprised other types of calls including fire, public assistance and mutual aid. Average response time from dispatch to arrival of a unit is five minutes and three seconds, which is favorable to a benchmark response time standard of six minutes.

ECONOMIC CONDITION IN FY 2016 AND OUTLOOK FOR FY 2017

Local Economy

As the economic conditions for Palm Beach County continue to improve, it is expected that the City's economy will be positively impacted. Unemployment rate for the County has remained unchanged at 5.20% from September 2015 to September 2016. The City, while part of the strong Palm Beach County economy, presents a much weaker demographic profile including low wealth indices, high rates of poverty and above average unemployment trends. The City's unemployment rate was 5.80% in September 2016, a slight increase from 5.70% over September 2015. Recent economic movement, however, has been positive. Per capita personal income for the City has increased from \$21,702 in 2011 to \$23,685 in 2015 which is 27% lower than the national average and 17% lower than the State.

Efforts continue within the City to build an economic base that contributes to growth and job opportunities. Economic development continues to be a primary focus for the City through the CRA, and its partnerships with Palm Beach County Business Development Board, Economic Council, and local Chambers of Commerce. These partnerships complement the City's ongoing efforts to attract companies that pay high salaries for highly skilled jobs. Riviera Beach is the economic hub for marine jobs in South Florida and home of the leading industrial zone in Palm Beach County. Tax incentives are offered through historically utilized Business and Enterprise Zones and other job creation incentive programs. With the City's proximity to the Port of Palm Beach and the interstate road systems, the City is well positioned to attract new businesses. Job creation is vital to the economic development activities undertaken by the City's Economic Development team. The City's Marina District is the last prime waterfront redevelopment opportunity remaining in South Florida.

Financial Trends

For FY 2016, the General Fund's four major operating revenue sources were property taxes, public service (utility) taxes, franchise fees, and sales tax totaling \$47.406 million, an increase of \$8.538 million or 21.97% over FY 2015. Property values continue to increase along with sales tax revenues. The four major operating revenue sources comprise over 70% of the total operating revenues. For FY 2017, major revenues for the General Fund are projected to increase by 6.90% compared to FY 2016.

The following table shows the historical trends for the General Fund's major revenue sources for the past four years and the projected revenues for FY 2017.

	ACTUAL FY 2013	ACTUAL FY 2014	ACTUAL FY 2015	ACTUAL FY 2016	ADOPTED BUDGET FY 2017
Property taxes	\$ 26,120,271	\$ 27,993,790	\$ 29,304,127	\$ 37,506,969	\$ 40,179,917
Public service taxes	4,060,124	4,316,158	4,275,034	4,633,809	4,721,430
Franchise fees	2,507,601	2,721,401	2,704,479	2,586,398	2,988,360
Sales tax	2,236,508	2,396,237	2,583,803	2,678,737	2,778,659
Total	\$ 34,924,504	\$ 37,427,586	\$ 38,867,444	\$ 47,405,913	\$ 50,668,366

Property Taxes

Property taxes are the largest revenue source for the General Fund, representing 56.20% of total General Fund revenues collected in FY 2016. Total assessed property value for FY 2016 was \$4.553 billion with an approved millage rate of 8.4520 generating property tax revenue of \$37.507 million in comparison to \$29.304 million in FY 2015, an increase of \$8.203 million or 28%.

For FY 2017, the adjusted property value is \$4.943 billion, an increase of \$391 million or 8.58% over FY 2016 resulting from the improvements to the Florida Power & Light (FP&L) power plant. The millage rate for FY 2017 remains the same as FY 2016. Property tax revenue is projected to increase by \$2.67 million or 7.12% over FY 2016.

The following table shows the assessed property values for the past four years and for FY 2017.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Taxable value (billions)	\$2.992	\$3.164	\$3.379	\$4.553	\$4.943
Millage rate	8.998	8.952	8.952	8.452	8.452

Public Service Taxes

Public service taxes are levied in accordance with the City Code and Florida Statutes which authorizes any municipality within the State to levy a public service tax on the purchase of electricity, gas, and water services. The City levies a public service tax rate of 10% and a rate of four cents per gallon on the purchase of fuel oil, representing the maximum rate allowed under Florida law. Public service taxes are collected by the City from purchasers at the time of sale and remitted to the City. Taxes appear on the bills rendered to consumers by FP&L for electricity and by the City for water service.

Public service taxes increased by 8.39% in FY 2016, moving from \$4.275 million in FY 2015 to \$4.634 million due to increases in taxes applied on water and fuel.

For FY 2017, public service taxes are projected to increase by \$.087 million or 1.89% over FY 2016.

Franchise Fees

Franchise fees are derived from revenues received by the City pursuant to franchise agreements that the City has entered into with private entities to provide certain services within the City. Such services may include electric, gas, water, telephone, cable television, towing and roll off container services.

Franchise fees consist of payments made by FP&L and Florida Public Utilities pursuant to long-term agreements which provide payment to the City of 6% of the entity's gross revenue derived from accounts within the City's limits. Franchise agreements with FP&L and Florida Public Utilities will expire during 2040 and 2020, respectively, unless extended.

Franchise fees were \$2.586 million in FY 2016 which declined from \$2.704 million in FY 2015, a reduction of 4.37% due to a reduction in the fees collected by FP&L.

For FY 2017, franchise fees are projected to increase by \$0.402 million or 15.54% over FY 2016.

Sales Tax

Sales tax is the fourth largest revenue source for the General Fund and is allocated to the City based on the city's population relative to the county's total population. Sales tax increased by \$0.95 million or 3.67% from FY 2015 to FY 2016. Sales tax is projected to increase by \$0.100 million or 3.73% from FY 2016 to FY 2017.

MAJOR INITIATIVES FOR FISCAL YEAR 2016

During FY 2016, the City's major accomplishments and initiatives were as follows:

- Construction was completed on the two-storey Marina Event Center as part of the Riviera Beach Marina Village Revitalization redevelopment project. The event center offers affordable rental rates for events and is complemented by a large park with a public amphitheater and a splash pad.
- As of September 30, 2016, the City had 158 employees participating in the Florida Retirement System (FRS) since the closure of the City's General Employees and Firefighters pension plans to new members. During FY 2016, the City recognized cost savings of \$1.6 million from the issuance of the pension obligation bonds in September 2015. This cost savings is attributed to the reduction in the unfunded actuarial accrued liability of the City's General Employees, Police and Firefighters pension plans.

- In May 2016, the City contracted with Loggerhead Marina / Seven Kings Management to provide third party management services to oversee the operations of the City's Marina.
- In April 2016, the City issued the *Stormwater Management Utility Revenue Bonds, Series 2016* in the amount of \$10 million to finance the costs of improvements to the stormwater management system.
- In September 2016, the City issued the *Utility Special District Water and Sewer Revenue Bonds, Series 2016* in the amount of \$33.205 million to finance the costs of improvements to the water and wastewater system.
- The City continued its participation in the State's incentive programs, retaining 265 jobs through the Qualified Defense Space Contractor program and an additional 275 jobs are expected to be created through the Qualified Target Industry and Quick Action Closing Fund programs.
- In conjunction with the Metropolitan Planning Organization, approximately \$4.6 million has been appropriated for the City for street enhancements and beautification.
- The City was awarded a library construction grant for the full amount of \$0.5 million as part of the State's approved budget. This grant will be used to fund the new state-of-the-art public library comprising 32,000 square feet which is more than twice the size of the existing library. Construction is expected to be completed in December 2019.
- The City negotiated a contract with SunGuard Public Sector, LLC to acquire the SunGuard One Solution Public Safety Solution for the Riviera Beach Police Department. One Solution software for public safety allows 911 dispatchers to instantly share information on changing events with officers in the field, streamlines communications between multiple responding agencies, manages and dispatches emergency calls in a fast and reliable way, collects and stores critical information gathered during the course of the incident, and increases officer safety with critical information.

STRATEGIC AND FINANCIAL PLANNING FOR FISCAL YEAR 2017 AND BEYOND

- The third phase of the Riviera Beach Marina Village Revitalization redevelopment project will commence.
- During the FY2017 budgeting process and deliberations, the Mayor and Council held a series of special "Visioning" sessions. As a result, the Council prioritized eleven focal issues. After reaching a consensus on the top six priorities direction was provided to senior management to formulate strategies to complete the Council's vision. The top six priorities identified were: the Utility Special District, Economic Development, Code Enforcement, Public Safety, Administration and Community/Neighborhoods. The visioning led to the adoption of the Five-year Capital Improvement Plan and a restructuring of Code Enforcement operations.

MANAGEMENT RESPONSIBILITY

City management is responsible for the accuracy of the data and completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups; and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

ACCOUNTING AND ADMINISTRATIVE CONTROLS

City management is responsible for establishing and maintaining an internal control system which is designed to ensure that the assets of the City are protected from loss, theft, or misuse. Furthermore, management ensures that accounting data is adequate for the preparation of financial statements in conformity with GAAP. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. The controls are intended to provide assurance as to the reliability of financial records as related to the preparation of financial statements and accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

In addition to the examination of controls performed by members of the Finance and Administrative Services Department, the City's internal auditor continually reviews and assesses the soundness and adequacy of all of the accounting and budgetary aspects of the City's financial system. Financial transactions and related data are examined for accuracy, completeness and authorization. Furthermore, data processing applications and systems are analyzed to ensure that necessary controls are in effect.

Internal control evaluations occur within the above framework. Management believes that the current internal accounting controls adequately safeguard the City's assets. In addition to these internal controls, annual financial audits are performed by independent certified public accountants.

BUDGETARY CONTROLS

The City maintains budgetary controls in order to ensure compliance with legal provisions contained in the annual appropriated budget approved by Council. Annual budgets are legally adopted for activities of the general, certain special revenue, capital projects, and debt service funds. Without Council approval, expenditures may not legally exceed appropriations at the department level. Administrative controls are exercised at the category level for current expenditures and at the line item level for capital outlay. Encumbrance accounting is utilized in governmental funds in order to reserve, the encumbered portion of the appropriation.

ANNUAL BUDGET

The annual budget is the foundation of the City's financial planning and control. Public workshops and hearings are held throughout the budget process to obtain input from citizens. The City Manager directs department directors to develop proposed budgets within the appropriate annual guidelines. Budgetary control is maintained at the departmental and fund level. The City Manager reviews each proposal and assembles a tentative budget that is presented to the Council. The Council holds budget workshops to discuss and amend the proposed budget. During the first required public hearing, the Council adopts a proposed budget and approves the proposed millage rate and a second required public hearing is held to adopt a final budget and approve the final millage rate.

CAPITAL PROJECTS

The City Manager presents a Five-year Capital Improvement Plan outlining the City's plan to provide for improvements to the City's public facilities for the next five fiscal years and the proposed financing of these capital improvement projects. The first year of the Five-year Capital Improvement Plan is the Capital Budget. The Capital Budget is adopted by the Council with the adoption of the annual operating budget. There is no commitment to expenditures or appropriations beyond the first year of the plan, except for those improvements included in the City's Comprehensive Plan. The City recognizes that the capital improvement

plan must be realistic both in terms of needs and the availability of resources to fund the capital projects. The Capital Improvement Plan is developed and projects are evaluated according to the guidelines of the City's Comprehensive Plan. The Capital Improvement Plan for fiscal years 2017 through 2021 amounts to \$113.988 million of which \$34.827 million has been allocated to governmental funds and \$79.160 million for enterprise funds.

CASH MANAGEMENT

The City has a contract with Public Trust Advisors, LLC (PTA) to provide investment management services. After consultation with the Director of Finance and Administrative Services, PTA supervises and directs the investment of equities, money markets funds, and fixed income securities. The investments are held by a third party custodian in the City's name. The City's Investment Policy emphasizes safety of principal, liquidity of funds and return on investment.

RISK MANAGEMENT

The City is exposed to the risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the City carries commercial insurance. Most of the major policies and coverages such as personal property, liability, errors and omissions, and workers' compensation are provided under Public Entity Package provided by Lloyd's of London.

INDEPENDENT AUDIT

According to Florida Statutes and City Ordinances, the financial statements have been audited by HCT Certified Public Accountants and Consultants, LLC. The goal of the auditor is to provide reasonable assurance that the financial statements are free of material misstatements. The auditor examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessed the accounting principles used and significant estimates made by management. The audit was designed to meet federal requirements of the *Single Audit Act of 1984*, as amended, and the related Uniform Guidance. Additionally, the audit meets the requirements of *Chapter 10.550 of the Rules of the Florida Auditor General* and *Section 215.97, Florida Statutes* pertaining to the *Florida Single Audit Act*. The independent auditor's report on the basic financial statements is included in the financial section of the CAFR.

CREDIT RATING

The City has been assigned an underlying credit rating of 'A+' by Standard and Poor's and 'AA' by Fitch Ratings, with a stable outlook. The ratings on the implied General Obligation (GO) reflect the City's wealth indicators, balanced finances, liquidity, moderate debt, and opportunity for economic growth given its location within Palm Beach County.

ACKNOWLEDGEMENTS

I trust that the financial information presented in the CAFR is helpful to our citizens, elected officials and employees. I personally thank the staff of the Finance and Administrative Services Department for their efficient and dedicated service in the preparation of the CAFR. I express my appreciation to departments that contributed to the preparation of this report. I thank the Mayor and Council for their support.

REQUEST FOR INFORMATION

The CAFR is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Riviera Beach
Finance and Administrative Services
600 W. Blue Heron Boulevard
Riviera Beach, FL 33404
(561) 845-4040
financedept@rivierabch.com

The City's financial statements, operating budgets, and capital improvement plans for current and prior years are available on the City's website at: www.rivierabch.com.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Randy M. Sherman".

Randy M. Sherman, CPA, CPFO, CTP
Director of Finance and Administrative Services

**CITY OF RIVIERA BEACH, FLORIDA
ELECTED OFFICIALS
SEPTEMBER 30, 2016**

The elected officials responsible for the governance of the City of Riviera Beach as of September 30, 2016 are as follows.



**Thomas A. Masters
Mayor**



**Lynne Hubbard
District 1**



**KaShamba Miller-Anderson—Pro Tem
District 2**



**Tonya Davis Johnson
District 3**

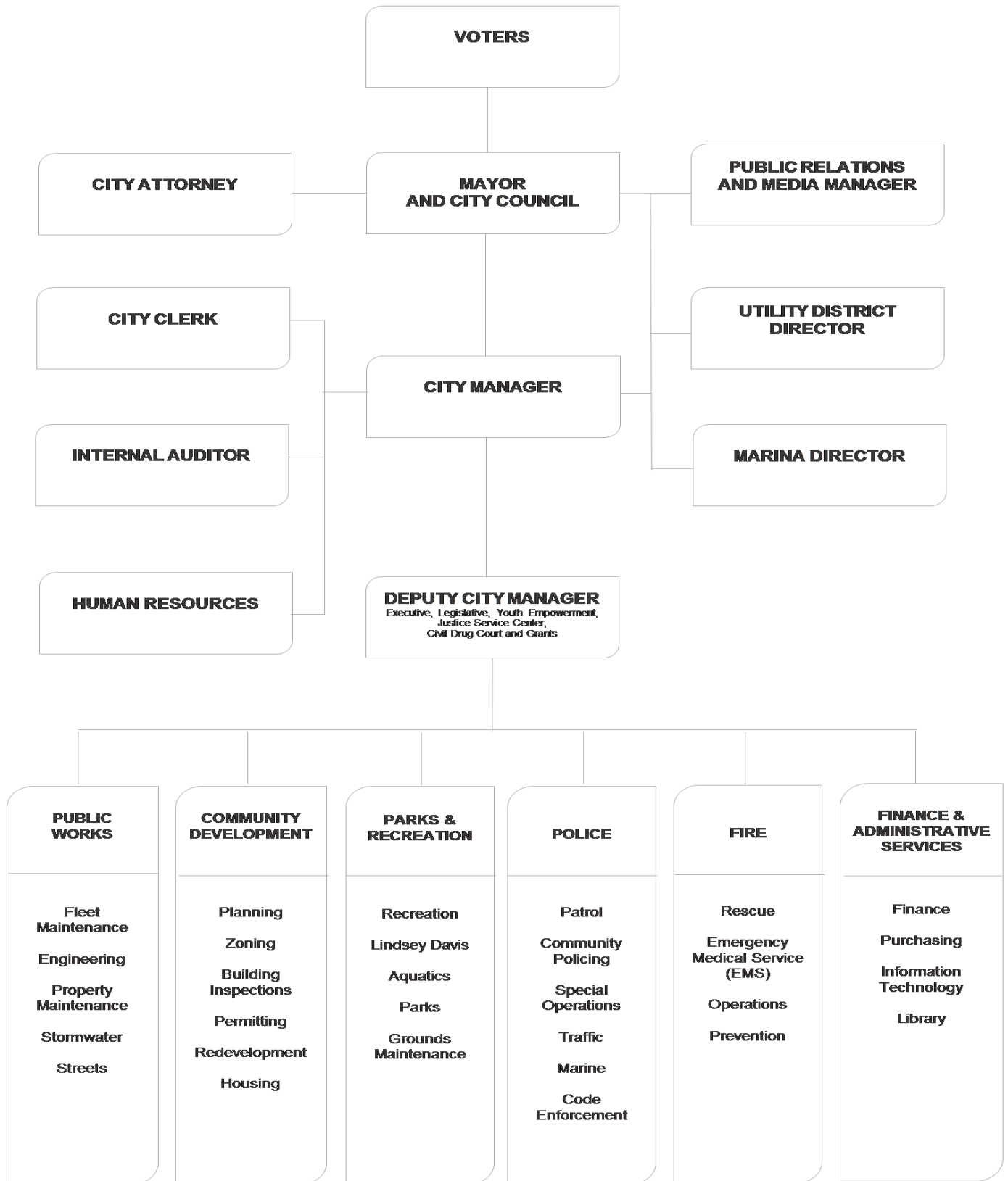


**Dawn Pardo
District 4**



**Terrence Davis—Chair
District 5**

**CITY OF RIVIERA BEACH
CITY STRUCTURE
SEPTEMBER 30, 2016**



**CITY OF RIVIERA BEACH, FLORIDA
PRINCIPAL OFFICERS
SEPTEMBER 30, 2016**

The principal officers responsible for the operations of the City of Riviera Beach as of September 30, 2016 are as follows:

Danny Jones	City Manager (Interim)
Vacant	Deputy City Manager
Andrew Degraffenreidt	City Attorney
Claudene Anthony	City Clerk
Vacant	Community Development Director
Randy M. Sherman	Finance & Administrative Services Director
Bruce Davis	Human Resources Director
Reginald K. Duren	Fire Chief
Clarence Williams	Police Chief
Brynt Johnson	Public Works Director
Richard Blankenship	Parks & Recreation Director
Vacant	Utility District Executive Director

Part II

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Riviera Beach, 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 City of Riviera Beach, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Riviera Beach Police Pension Fund and Firefighters' Pension Trust Fund. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the fiduciary funds, is based solely on the report of the other auditors. The financial statements of the Riviera Beach Police Pension Fund, Firefighters' Pension Trust Fund and General Employee's Retirement System were conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City'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 City'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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-13 and 85-86, 95-97 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 and other auditors 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, 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 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements 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 May 5, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

May 5, 2017

**Management's Discussion and Analysis
(MD&A)**

**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2016**

The City of Riviera Beach (City) offers the readers of its financial statements an overview and analysis of financial activities of the City for the fiscal year ended September 30, 2016. The information included in the Management's Discussion and Analysis (MD&A) should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

For FY 2016, the City's total net position increased by \$41.336 million or 36.73% over FY 2015. The governmental activities net position increased by \$36.161 million or 119.78% and the business-type activities net position increased by \$5.176 million or 6.28%.

Comparing FY 2016 and FY 2015, the governmental activities revenues increased by \$16.351 million or 26.31% and business-type activities revenues increased by \$2.702 million or 9.35%.

Comparing FY 2016 and FY 2015, the City's total expenses decreased by \$35.470 million or 26.02%.

For FY 2016, the General Fund, the primary operating fund, reported an increase in fund balance of \$3.180 million or 16.33%, compared to an increase of \$1.115 million in FY2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is an overview and analysis of the City for the fiscal years ended September 30, 2016 and 2015. The financial statements are presented in accordance with GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The basic financial statements include 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.

Government-wide financial statements

The government-wide financial statements are prepared using the *accrual basis of accounting* which provides an overview of the City in a manner similar to the financial statements of most private-sector enterprises. Revenues and expenditures are recorded at the time they are incurred as opposed to when cash is actually received or spent.

These reports divide the City based on two types of activities:

1. Governmental activities - Includes police, fire, public works, parks, recreation, library, and general administration and which are principally supported by taxes and intergovernmental revenues.
2. Business-type activities - Services where fees and charges cover all or a significant portion of the related services. These services include water, wastewater, stormwater, refuse, and marina.

The CRA, a component unit, is included in the governmental activities in the government-wide statements. Component units are other governmental units over which the City can exercise influence and/or may be obligated to provide financial subsidy.

The government-wide financial statements include:

Statement of Net Position – This statement presents information showing the assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2016**

Statement of Activities – This statement presents information showing how net position changed during the fiscal year. Current year revenues and expenses are reported as soon as the underlying event resulting in the change in net position. Revenues and expenses are reported in this statement for certain items that will result in cash flows in future fiscal years.

Fund Financial Statements

Fund financial statements provide detailed information on the significant funds. A fund is a grouping of related accounts that are used to maintain control over resources that are segregated for specific activities. Fund accounting is used to ensure and demonstrate compliance with financial related legal requirements.

The City's funds are divided into three main categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

Governmental funds - Account for the same functions reported as governmental activities in the government-wide financial statements.

The modified accrual method of accounting is used to report these funds and measures current financial resources. Governmental fund statements provide a short term view of the City's operations and services. These statements focus on near term inflows and outflows of expendable resources and balances of expendable resources available at the end of the fiscal year. This information is useful in evaluating the City near term financing requirements. The *governmental fund balance sheet* and the *governmental fund statement of revenues, expenditures and changes in fund balances* are included in this section accompanied by reconciliation to the government-wide statements to facilitate the comparison between the two presentations.

Proprietary funds - Reports the same functions presented as business-type activities in the government-wide financial statements. The City maintains two types of proprietary funds: (1) enterprise funds and (2) internal service fund.

- Enterprise funds - Account for water and sewer, stormwater, marina, and refuse.
- Internal service fund – Accumulates and allocates general liability insurance program costs internally among the departments.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detailed information. The financial statements provide separate information for water and sewer, stormwater, marina, and refuse. The internal service fund is presented separately with the proprietary fund financial statements.

Fiduciary funds - Account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's activities or functions. The accounting used for fiduciary funds is similar to that of proprietary funds. Included in this report are the three pension plans for the City's general employees, police, and firefighters. Information and description for each pension plan are included in the *Notes to the Financial Statements* section. The police and firefighters' pension plans are independently audited and reported in their own financial statements which are available upon request.

Notes to the Financial Statements

The *Notes to the Financial Statements* section provides information that is essential to the full understanding of the information presented in the government-wide and fund financial statements and is required by generally accepted accounting principles.

**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2016**

Required Supplementary Information

This section includes information regarding the funding progress on the obligation to provide pension and OPEB benefits to its employees.

Other Supplementary Information

This section includes combining financial statements for non-major governmental funds, such as capital projects, debt service, and special revenue funds, detailed budget to actual comparison for the General Fund, CRA, and certain special revenue funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator over time of the City's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources (net position) by \$153.891 million as of September 30, 2016, an increase of \$41.336 million or 26.86% over last fiscal year. The following is a condensed version of the Statement of Net Position presented in the basic financial statements section.

Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$86,756,214	\$93,035,177	\$119,006,828	\$60,402,920	\$205,763,042	\$153,438,097
Capital assets	98,544,946	90,310,019	67,087,155	55,946,671	165,632,101	146,256,690
Total assets	<u>185,301,160</u>	<u>183,345,196</u>	<u>186,093,983</u>	<u>116,349,591</u>	<u>371,395,143</u>	<u>299,694,787</u>
Deferred outflows of resources	0	9,400,492	2,618,747	10,515,187	2,618,747	19,915,679
Current and other liabilities	31,769,129	56,304,871	19,360,358	19,342,174	51,129,487	75,647,045
Long-term debt outstanding	101,685,535	104,838,620	81,716,891	25,248,366	183,402,426	130,086,986
Total liabilities	<u>133,454,664</u>	<u>161,143,491</u>	<u>101,077,249</u>	<u>44,590,540</u>	<u>234,531,913</u>	<u>205,734,031</u>
Deferred inflows of resources	2,056,174	1,412,923	94,762	(90,842)	2,150,936	1,322,081
Net position						
Invested in capital assets	14,248,672	39,920,794	34,720,313	41,467,081	48,968,985	81,387,875
Restricted	38,640,859	37,023,863	52,472,305	12,762,727	91,113,164	49,786,590
Unrestricted	13,460,543	(46,755,383)	348,101	28,135,272	13,808,644	(18,620,111)
Total net position	<u>\$66,350,074</u>	<u>\$30,189,274</u>	<u>\$87,540,719</u>	<u>\$82,365,080</u>	<u>\$153,890,793</u>	<u>\$112,554,354</u>

Assets and liabilities – In the governmental activities, total assets increased by \$1.956 million resulting mainly from an increase of \$8.235 million in capital assets, net of depreciation while current assets declined by \$6.279 million. Total liabilities and deferred inflow of resources increased by \$9.115 million or 4.73% with an increase in current and other liabilities of \$24.536 million and a reduction in long-term debt of \$3.153 million.

In the business-type activities, total assets increased by \$69.744 million or 59.94%, mainly from an increase in current and other assets resulting from the investment of bond proceeds and an increase of \$11.140 million in capital assets due to improvements in the utilities infrastructure. Total liabilities increased by \$56.487 million or 126.68% resulting from the issuance of bonds during FY 2016.

Net Position – Net position is the difference between the assets and deferred outflow of resources exceed liabilities and deferred inflow of resources. Total net position increased by \$41.336 million or 36.73%. Capital assets less any related debt used to acquire capital assets represents \$48.969 million or 31.82% of total net position. Restricted net position represents \$91.113 million or 59.21% of total net position. These are

**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2016**

resources that are subject to external restrictions that stipulate how these resources may be used. The remaining balance of net position is unrestricted which is \$13.891 million or 8.97% of total net assets which may be used for obligations to its citizens and creditors.

As of September 30, 2016, the City has reported positive balances in all three components of net assets: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted for both governmental and business-type activities and as a whole for total government.

The *Statement of Activities* as presented below shows changes in the City's net position for fiscal years ended September 30, 2016 and 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$9,050,311	\$9,622,826	\$31,022,305	\$28,125,310	\$40,072,616	\$37,748,136
Grants and contributions	5,025,201	2,200,653	589,745	784,347	5,614,946	2,985,000
Total program revenues	<u>14,075,512</u>	<u>11,823,479</u>	<u>31,612,050</u>	<u>28,909,657</u>	<u>45,687,562</u>	<u>40,733,136</u>
General revenues						
Property taxes	44,624,615	35,750,075	-	-	44,624,615	35,750,075
Licenses and permits	4,590,329	4,924,658	-	-	4,590,329	4,924,658
Utility taxes	4,633,809	4,275,034	-	-	4,633,809	4,275,034
Franchise fees	2,586,398	2,679,740	-	-	2,586,398	2,679,740
Intergovernment	5,568,857	5,315,152	-	-	5,568,857	5,315,152
Investment earnings	205,147	(50,986)	483,568	1,409,192	688,715	1,358,206
Net pension asset	19,268,841	(5,995,735)	-	-	19,268,841	(5,995,735)
Miscellaneous	3,783,692	3,436,450	-	22,759	3,783,692	3,459,209
Transfers in (out)	499,031	-	(499,031)	-	-	-
Total general revenues	<u>85,760,719</u>	<u>50,334,388</u>	<u>(15,463)</u>	<u>1,431,951</u>	<u>85,745,256</u>	<u>51,766,339</u>
Total revenues	<u>99,836,231</u>	<u>62,157,867</u>	<u>31,596,587</u>	<u>30,341,608</u>	<u>131,432,818</u>	<u>92,499,475</u>
Expenses						
Governmental activities						
General government	22,738,925	21,058,870	-	-	22,738,925	21,058,870
Public safety	28,415,825	30,099,943	-	-	28,415,825	30,099,943
Transportation	1,355,625	1,404,272	-	-	1,355,625	1,404,272
Human services	853,234	750,939	-	-	853,234	750,939
Culture and recreation	4,348,511	4,392,302	-	-	4,348,511	4,392,302
Physical & economic environment	1,978,163	8,251,450	-	-	1,978,163	8,251,450
Interest on long term debt	3,985,148	-	1,120,455	506,714	5,105,603	506,714
Payment to pension plans	-	56,090,063	-	-	-	56,090,063
Business-type activities						
Water and sewer	-	-	16,380,403	8,022,053	16,380,403	8,022,053
Marina	-	-	2,650,519	1,304,439	2,650,519	1,304,439
Stormwater and refuse	-	-	5,855,255	4,444,093	5,855,255	4,444,093
Community Development Entity	-	-	235,868	-	235,868	-
Total expenses	<u>63,675,431</u>	<u>122,047,839</u>	<u>26,242,500</u>	<u>14,277,299</u>	<u>89,917,931</u>	<u>136,325,138</u>
Change in net position	36,160,800	(59,889,972)	5,354,087	16,064,309	41,514,887	(43,825,663)
Net position, beginning, as restated	30,189,274	90,079,246	82,186,632	66,122,323	112,375,906	156,201,569
Net position, ending, as restated	<u>\$66,350,074</u>	<u>\$30,189,274</u>	<u>\$87,540,719</u>	<u>\$82,186,632</u>	<u>\$153,890,793</u>	<u>\$112,375,906</u>

**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2016**

Governmental Activities

- Total revenues increased by \$37.678 million or 37.74% due primarily to the increase in property tax revenues resulting from the expansion of the FP&L power station and an adjustment for net pension plan asset resulting from payments made to the pension plans to reduce the unfunded actuarial liability. Program revenues declined by \$2.25 million or 19.05%.
- Total expenses decreased by \$58.372 or 91.67% due primarily to the City making a one-time payment of \$56.090M in FY 2015 to fund the unfunded actuarial accrued liability of the City's three pension plans and overall reduction in expenses particularly in public safety.

Business-type Activities

- Total revenues increased marginally by \$1.255 million or 4.14, due mainly to an increase in water and sewer rates.
- Total expenses increased by \$11.965 million or 83.81% due to the water and wastewater operational costs.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

Governmental Funds

The fund financial statements for governmental funds provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned and assigned fund balances are a useful measure of the City's net resources available for spending at the end of the fiscal year.

The General Fund is the City's primary operating fund used to account for financial resources and expenditures for general operations, except those required to be accounted for in another fund. The major revenue sources are property taxes, public service (utility) taxes, franchise fees, and sales tax. Expenditures are for general administration, public safety, road and street maintenance, planning and development, parks and recreation, library, and other services.

General Fund's total revenues increased by \$10.542 million and total expenditures decreased by \$0.431 million.

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**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2016**

The following provides a comparative analysis of General Fund revenues for FY 2015/2016 with FY 2014/2015:

Revenues	2016		2015		Increase / (Decrease) \$	Increase / (Decrease) %
	Amount	% of Total	Amount	% of Total		
Taxes	\$45,089,742	67.83 %	\$36,497,116	65.25 %	\$8,592,626	23.54 %
Licenses and permits	4,252,502	6.40	4,796,158	8.58	(543,656)	(11.34)
Intergovernmental	4,235,815	6.37	4,030,264	7.21	205,551	5.10
Charges for services	9,050,311	13.62	7,481,921	13.38	1,568,390	20.96
Fines and forfeitures	542,393	0.82	600,609	1.07	(58,216)	(9.69)
Investment earnings	108,288	0.16	178,301	0.32	(70,013)	(39.27)
Grants and contributions	2,544,351	3.83	1,340,905	2.40	1,203,446	89.75
Miscellaneous	649,102	0.98	1,004,838	1.80	(355,736)	(35.40)
Total revenues	\$66,472,504	100.00 %	\$55,930,112	100.00 %	\$10,542,392	18.85 %

As of September 30, 2016, the unassigned fund balance of the general fund was \$22.284 million, which is 41.14% to total general fund expenditures.

Total governmental funds reported revenues of \$4.238 million below expenditures after transfers for fiscal year ended September 30, 2016. Expenditures were slightly higher due to an increase in capital improvement projects and the high operational costs for the CRA operations.

Business-Type Funds

The fund financial statements for proprietary funds are presented in more detail, but essentially provide the same type of information found the business-type activities column in the government-wide financial statements. Net position increased by \$5.354 million or 6.28% for FY 2016, as compared with a \$16.064 million increase in FY 2015.

GENERAL FUND BUDGETARY ANALYSIS

For FY 2016, there were no amendments from the original budget to the final budget. Actual revenues exceeded the final budget by \$1.843 million and actual expenditures were \$1.188 million below budget.

A detailed comparative analysis is provided in the *Required Supplementary Information* section which shows the variances between the final amended budget and actual revenues and expenditures of the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - Investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities amounts to \$165.169 million, an increase of \$15.743 million or 10.54% over September 30, 2015. Major capital assets placed in service during this year include, street improvements, park improvements, machinery and equipment acquisitions for police and fire, water and sewer improvements and infrastructure, and stormwater (canal) improvements and infrastructure. Additional information on capital assets is included in the *Notes to the Financial Statements* section.

**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$8,636,211	\$9,018,711	\$1,687,192	\$1,687,202	\$10,323,403	\$10,705,913
Construction in progress (CIP)	28,660,399	24,017,785	9,951,031	6,228,182	\$38,611,430	30,245,967
Capital assets, not being depreciated	37,296,610	33,036,496	11,638,223	7,915,384	48,934,833	40,951,880
Infrastructure	56,485,192	52,007,944	-	-	56,485,192	52,007,944
Buildings and Improvements	41,438,439	38,974,391	26,228,613	18,181,055	67,667,052	57,155,446
Waterside improvements	-	-	16,581,514	16,581,514	16,581,514	16,581,514
Furniture, fixture, and equipment	22,135,145	21,952,041	5,525,452	6,112,851	27,660,597	28,064,892
Utility plant and systems	-	-	59,281,174	57,109,628	59,281,174	57,109,628
Capital assets, being depreciated	120,058,776	112,934,376	107,616,753	97,985,048	227,675,529	210,919,424
Accumulated depreciation	(58,810,440)	(55,660,853)	(52,630,995)	(49,953,761)	(111,441,435)	(105,614,614)
Total capital assets	\$98,544,946	\$90,310,019	\$66,623,981	\$55,946,671	\$165,168,927	\$146,256,690

Outstanding debt - As of September 30, 2016, the City had \$192.201 million in outstanding notes and bonds. The Charter provides limitation on bonded indebtedness equal to 25% of the assessed valuation of the taxable property within the City's limits. During FY 2016, the City issued \$43.205 million of Water and Sewer and Stormwater revenue bonds.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Bond and notes payables	\$102,664,279	\$106,713,279	\$75,471,296	\$25,370,753	\$178,135,575	\$132,084,032
Capital lease obligation	3,641,240	3,195,672	-	-	3,641,240	3,195,672
Net OPEB obligation	4,296,652	3,753,470	567,482	630,664	4,864,134	4,384,134
Net pension obligation	1,343,218	24,725,949	(1,176,382)	6,828,088	166,836	31,554,037
Compensated absences	4,376,786	3,237,158	357,751	370,955	4,734,537	3,608,113
Utility purchase obligation	-	-	658,480	740,738	658,480	740,738
Total outstanding debt	\$116,322,175	\$141,625,528	\$75,878,627	\$33,941,198	\$192,200,802	\$175,566,726

In March 2017, Fitch Ratings upgraded both the City's Issuer Default Rating from A+ to AA and non-ad valorem backed revenue bonds from A to AA-. The City does not have any general obligation debt, which requires a pledge to levy a property tax to meet debt service requirements and can only be issued with voter approval. The City may issue revenue supported bonds without voter approval. Additional information on long-term liabilities is included in the *Notes to the Financial Statements* section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City primarily relies on property taxes and other taxes levied by the state, charges for services, and fees to support governmental activities. There is limited amount of state-shared revenues and grants from local, state, and federal governments. For business-type and certain governmental activities, the user pays a fee or charge for the service.

The City will continue to focus on efficiency while minimizing costs. General Fund's budget for FY 2017 was balanced without the use of General Fund Reserves and a millage rate of 8.4520, with a rolled back rate of 7.7929. Taxable values total \$4.9 billion, an increase of 8.6% over last year's taxable value.

Governmental Activities

The General Fund's budget for FY 2017 totals \$71.197 million, an increase of \$4.455 million or 6.67% over the FY 2016 budget. Property tax revenue comprises 57% of general fund totaling \$40.177M an increase of \$2.67M or 7.12% over FY 2016. As a result of the increase in property values, funding will be available for much needed capital projects and direct assistance to the CRA to fund specific programs and costs. The City's other significant revenue sources are generated from sales taxes, public service taxes, franchise fees, and investment income which are also projected to increase by \$3.262 million or 6.88% during FY 2017.

**CITY OF RIVIERA BEACH, FLORIDA
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Business-type Activities

USD has budgeted revenues of \$27.571 million, which is a reduction of 9% over the actual revenues generated during FY 2016.

Stormwater has budgeted revenues of \$3.711 million for FY 2017 which is an increase of \$0.469 million or 14.40% over actual revenues in FY 2016.

Basic Financial Statements

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government		Total
	Governmental Activities	Business- Type Activities	Primary Government
Assets			
Current assets			
Cash and cash equivalents	\$34,894,329	\$44,514,102	\$79,408,431
Investments	-	-	-
Receivables, net	3,585,025	5,005,200	8,590,225
Due from other funds	15,894,812	-	15,894,812
Prepaid assets and other items	355,134	48	355,182
Inventory	506,827	36,898	543,725
Cash and cash equivalents - restricted	21,225,466	20,978,038	42,203,504
Investments - restricted	100,000	30,308,474	30,408,474
Total current assets	76,561,593	100,842,760	177,404,353
Non-current assets			
Advance to CRA	10,194,621	-	10,194,621
Investment in ECR	-	12,169,707	12,169,707
Loans receivable	-	4,761,400	4,761,400
Cash and cash equivalents - restricted	-	56,579	56,579
Net pension plan asset	-	1,176,382	1,176,382
Capital assets:			
Non-depreciable	37,296,610	11,638,224	48,934,834
Depreciable (net)	61,248,336	55,448,931	116,697,267
Total non-current assets	108,739,567	85,251,223	193,990,790
Total assets	185,301,160	186,093,983	371,395,143
Deferred outflows of resources			
Deferred outflows for pension	16,559,752	1,483,111	18,042,863
Deferred charge on refunding	-	1,135,636	1,135,636
Total deferred outflows	16,559,752	2,618,747	19,178,499
Liabilities			
Due within one year:			
Accounts payable	1,906,825	791,309	2,698,134
Accrued liabilities	2,129,071	151,486	2,280,557
Due to other funds	11,736,042	6,260,664	17,996,706
Due to other governments	656,145	138,582	794,727
Deposits and other liabilities	704,467	2,949,208	3,653,675
Compensated absences	248,775	29,738	278,513
Bonds and notes payable	3,327,203	1,213,875	4,541,078
Capital leases	1,292,722	-	1,292,722
Total current liabilities	22,001,250	11,534,862	33,536,112
Due in more than one year:			
Recoverable grant	-	6,930,000	6,930,000
Compensated absences	4,128,010	328,013	4,456,023
Net pension liability	1,343,217	-	1,343,217
Net OPEB obligation	4,296,652	567,483	4,864,135
Bonds and notes payable	99,337,017	81,716,891	181,053,908
Capital leases	2,348,518	-	2,348,518
Total non-current liabilities	111,453,414	89,542,387	200,995,801
Total Liabilities	133,454,664	101,077,249	234,531,913
Deferred inflows of resources			
Deferred inflows	1,212,543	-	1,212,543
Deferred inflows for pension	843,631	94,762	938,393
Total deferred inflows	2,056,174	94,762	2,150,936
Net Position			
Net investment in capital assets	14,248,672	34,720,313	48,968,985
Restricted for:			
Debt service	-	1,858,145	1,858,145
Community redevelopment	2,331,811	-	2,331,811
Capital projects	26,114,427	50,614,160	76,728,587
Advances	10,194,621	-	10,194,621
Unrestricted	13,460,543	348,101	13,808,644
Total net position	\$66,350,074	\$87,540,719	\$153,890,793

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

**CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and	Capital Grants and	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
General government	\$22,738,925	\$9,050,311	\$525,203	\$27,825	(\$13,135,586)	\$-	(\$13,135,586)
Public safety	28,415,825	-	728,622	161,026	(27,526,177)	-	(27,526,177)
Transportation	1,355,625	-	123,899	211,506	(1,020,220)	-	(1,020,220)
Human services	853,234	-	120,349	-	(732,885)	-	(732,885)
Culture and recreation	4,348,511	-	153,928	-	(4,194,583)	-	(4,194,583)
Economic and physical environment	1,978,163	-	2,972,843	-	994,680	-	994,680
Interest on long term debt	3,985,148	-	-	-	(3,985,148)	-	(3,985,148)
Total governmental activities	63,675,431	9,050,311	4,624,844	400,357	(49,599,919)	-	(49,599,919)
Business-type Activities:							
Water and sewer	16,380,403	22,547,279	126,422	-	-	6,293,298	6,293,298
Marina	2,650,519	1,265,758	200,000	21,075	-	(1,163,686)	(1,163,686)
Community Development Entity	235,868	149,685	242,248	-	-	156,065	156,065
Refuse	4,058,238	3,830,377	-	-	-	(227,861)	(227,861)
Stormwater	1,797,017	3,229,206	-	-	-	1,432,189	1,432,189
Interest and debt service costs	1,120,455	-	-	-	-	(1,120,455)	(1,120,455)
Total Business-type activities	26,242,500	31,022,305	568,670	21,075	-	5,369,550	5,369,550
Total Primary Government	89,917,931	40,072,616	5,193,514	421,432	(49,599,919)	5,369,550	(44,230,369)
General revenues:							
Property taxes					44,624,615	-	44,624,615
Utility taxes					4,633,809	-	4,633,809
Licenses and permits					4,590,329	-	4,590,329
Franchise fees					2,586,398	-	2,586,398
Communications service tax					991,089	-	991,089
Intergovernmental					4,577,768	-	4,577,768
Investment earnings					205,147	483,568	688,715
Net pension plan asset					19,268,841	-	19,268,841
Miscellaneous					3,783,692	-	3,783,692
Transfers in (out)					499,031	(499,031)	-
Total general revenues					85,760,719	(15,463)	85,745,256
Change in net position					36,160,800	5,354,087	41,514,887
Net position - beginning					30,189,274	82,186,632	112,375,906
Net position - ending					\$66,350,074	\$87,540,719	\$153,890,793

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

**CITY OF RIVIERA BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Funds			Non-Major Funds	Total
	General	CRA	Capital Bond Fund		
ASSETS					
Cash and cash equivalents	\$15,741,965	\$5,462,513	\$2,277,473	\$11,412,378	\$34,894,329
Cash and cash equivalents - restricted	6,500	2,331,811	18,887,155	-	21,225,466
Investments - restricted	-	100,000	-	-	100,000
Receivables, net	2,666,809	184,169	1,289	732,758	3,585,025
Due from other funds	7,802,085	8,092,727	-	-	15,894,812
Deposits held in escrow	-	365,027	-	-	365,027
Inventory	368,759	-	-	128,175	496,934
Total assets	<u>26,586,118</u>	<u>16,536,247</u>	<u>21,165,917</u>	<u>12,273,311</u>	<u>76,561,593</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	905,815	659,589	216,200	125,221	1,906,825
Accrued liabilities	1,261,575	849,373	-	18,123	2,129,071
Due to other funds	23,094	10,766,206	-	946,742	11,736,042
Due to CRA	541,877	-	114,268	-	656,145
Other liabilities	169,786	184,681	-	350,000	704,467
Total liabilities	<u>2,902,147</u>	<u>12,459,849</u>	<u>330,468</u>	<u>1,440,086</u>	<u>17,132,550</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	1,030,858	115,508	-	66,177	1,212,543
Total deferred inflows of resources	<u>1,030,858</u>	<u>115,508</u>	<u>-</u>	<u>66,177</u>	<u>1,212,543</u>
Fund balances:					
Nonspendable	368,759	-	-	-	368,759
Restricted	-	-	20,835,449	6,736,730	27,572,179
Committed	-	-	-	4,030,318	4,030,318
Unassigned	22,284,354	3,960,890	-	-	26,245,244
Total fund balances	<u>22,653,113</u>	<u>3,960,890</u>	<u>20,835,449</u>	<u>10,767,048</u>	<u>58,216,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$26,586,118</u>	<u>\$16,536,247</u>	<u>\$21,165,917</u>	<u>\$12,273,311</u>	<u>\$76,561,593</u>

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

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

Ending fund balance - governmental funds \$58,216,500

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.

Capital assets	157,355,386	
Less accumulated depreciation	(58,810,440)	
Net capital assets	98,544,946	98,544,946

Other long-term assets not due in the current period to pay for current period expenditures and, therefore, not available in the governmental funds.

Related party receivable		571,585
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Other long term assets are not available to pay current period expenditures and, therefore, are deferred in the funds

3,360,091

Long term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable on long-term, debt	(1,812,900)	
Bonds and notes payable	(96,988,499)	
Compensated absences	(4,128,010)	
Net pension liability	(1,343,217)	
Net OPEB obligation	(4,296,652)	
Net long-term liabilities	(108,569,278)	(108,569,278)

Internal service fund is used by management to charge the costs for the insurance program to individual funds.

Net position - Internal Service Fund		14,226,230
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Net position of governmental activities		\$66,350,074
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The notes to the financial statements are an integral part of this statement.

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2016

	Major Funds				Total
	General	CRA	Capital Bond Fund	Non-Major Funds	
REVENUES					
Taxes	\$45,089,743	\$7,117,647	\$-	\$243,659	\$52,451,049
Licenses and permits	4,252,502	-	-	337,827	4,590,329
Intergovernmental	4,235,815	-	-	341,953	4,577,768
Charges for services	9,050,311	-	-	-	9,050,311
Fines and forfeitures	542,393	-	-	29,351	571,744
Restricted investment earnings	-	14,519	-	-	14,519
Investment earnings	108,288	-	36,607	45,733	190,628
Miscellaneous	2,544,351	656,420	-	11,177	3,211,948
Grants and contributions	649,102	3,082,843	-	1,293,256	5,025,201
Total revenues	<u>66,472,505</u>	<u>10,871,429</u>	<u>36,607</u>	<u>2,302,956</u>	<u>79,683,497</u>
EXPENDITURES					
Current:					
General government	20,203,528	2,525,602	2,093	7,702	22,738,925
Public safety	27,496,238	-	-	919,587	28,415,825
Transportation	1,341,075	-	14,550	-	1,355,625
Human services	235,698	-	-	617,536	853,234
Culture and recreation	4,298,070	-	-	50,441	4,348,511
Economic environment	10,646	-	-	20,000	30,646
Redevelopment Program	-	1,947,517	-	-	1,947,517
Capital outlay	537,646	5,907,627	6,717,690	1,759,526	14,922,489
Debt service:					
Principal	-	3,115,399	-	2,706,827	5,822,226
Interest and debt service costs	50,520	1,693,544	391	2,240,693	3,985,148
Total expenditures	<u>54,173,421</u>	<u>15,189,689</u>	<u>6,734,724</u>	<u>8,322,312</u>	<u>84,420,146</u>
Excess / (deficiency) revenues over expenditures	<u>12,299,084</u>	<u>(4,318,260)</u>	<u>(6,698,117)</u>	<u>(6,019,356)</u>	<u>(4,736,649)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	499,031	-	3,917,082	5,700,553	10,116,666
Transfers out	(9,617,635)	-	-	-	(9,617,635)
Total other financing sources (uses)	<u>(9,118,604)</u>	<u>-</u>	<u>3,917,082</u>	<u>5,700,553</u>	<u>499,031</u>
Net change in fund balances	3,180,480	(4,318,260)	(2,781,035)	(318,803)	(4,237,618)
Fund balances – beginning (restated)	<u>19,472,633</u>	<u>8,279,150</u>	<u>23,616,484</u>	<u>11,085,851</u>	<u>62,454,118</u>
Fund balances - ending	<u>\$22,653,113</u>	<u>\$3,960,890</u>	<u>\$20,835,449</u>	<u>\$10,767,048</u>	<u>\$58,216,500</u>

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

**CITY OF RIVIERA BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016**

Amount reported or governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (\$4,237,618)

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	23,702,332	
Less current year depreciation	<u>(5,484,804)</u>	18,217,528

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on bonds and notes	5,822,226	
Accrued interest on long-term debt	<u>(1,812,900)</u>	4,009,326

Internal service funds are shown as a proprietary fund for governmental fund presentations, while they are included in the statement of activities as a governmental activity

Change in net position for Internal Service Fund		(47,438)
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Some amounts reported as expenditures in governmental funds are for long term advances paid during the fiscal year end and consume current financial resources of government funds without any current repayment terms. These amounts increase the statement of net position.

Related party construction advances		2,641,862
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds

OPEB	543,182	
Compensated absences	(1,133,628)	
Pension contributions	<u>16,167,586</u>	15,577,140

Change in net position of governmental activities		<u><u>\$36,160,800</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Utility Special District	Refuse Collection	Marina	Stormwater	RB CDE	Total Enterprise Funds	Internal Service Fund
ASSETS							
Current assets:							
Cash and cash equivalents	\$41,183,751	\$1,431,654	\$275,441	\$1,575,652	\$47,604	\$44,514,102	\$6,143,161
Receivables, net							
Accounts	2,456,613	189,615	801,997	664,394	166,985	4,279,604	1,150,240
Unbilled accounts	602,238	49,020	-	74,338	-	725,596	-
Inventory	36,898	-	-	-	-	36,898	-
Prepaid	-	-	-	-	48	48	-
Cash and cash equivalents - restricted	20,297,359	-	-	-	680,679	20,978,038	-
Investments - restricted	20,000,440	-	-	10,308,034	-	30,308,474	-
Total current assets	<u>84,577,299</u>	<u>1,670,289</u>	<u>1,077,438</u>	<u>12,622,418</u>	<u>895,316</u>	<u>100,842,760</u>	<u>7,293,401</u>
Non-current assets:							
Advance to CRA	-	-	-	-	-	-	10,194,621
Loans receivable	-	-	-	-	4,761,400	4,761,400	-
Cash and cash equivalents - restricted	-	-	-	-	56,579	56,579	-
Investment in ECR	12,169,707	-	-	-	-	12,169,707	-
Capital assets:							
Non-depreciable	7,828,296	-	831,630	2,978,298	-	11,638,224	-
Depreciable (net)	27,653,360	907,500	15,345,333	3,252,355	8,290,383	55,448,931	-
Total non-current assets	<u>47,651,363</u>	<u>907,500</u>	<u>16,176,963</u>	<u>6,230,653</u>	<u>13,108,362</u>	<u>84,074,841</u>	<u>10,194,621</u>
Total assets	<u>132,228,662</u>	<u>2,577,789</u>	<u>17,254,401</u>	<u>18,853,071</u>	<u>14,003,678</u>	<u>184,917,601</u>	<u>17,488,022</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflow s-pension activity	1,234,503	-	91,227	157,381	-	1,483,111	-
Deferred charge on refunding	1,049,188	-	-	86,448	-	1,135,636	-
Total deferred outflow s of resources	<u>2,283,691</u>	<u>-</u>	<u>91,227</u>	<u>243,829</u>	<u>-</u>	<u>2,618,747</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Accounts payable	397,893	66,774	78,733	24,405	223,504	791,309	-
Accrued liabilities	96,249	-	22,952	15,121	17,164	151,486	2,261,792
Due to other funds	-	-	6,260,664	-	-	6,260,664	-
Due to CRA	138,582	-	-	-	-	138,582	-
Deposits and other liabilities	2,368,384	508,636	72,052	136	-	2,949,208	1,000,000
Compensated absences	25,270	-	-	4,468	-	29,738	-
Bonds and notes payable	915,060	-	-	298,815	-	1,213,875	-
Total current liabilities	<u>3,941,438</u>	<u>575,410</u>	<u>6,434,401</u>	<u>342,945</u>	<u>240,668</u>	<u>11,534,862</u>	<u>3,261,792</u>
Non-current liabilities:							
Recoverable grant	-	-	-	-	6,930,000	6,930,000	-
Net OPEB obligation	486,414	-	-	81,069	-	567,483	-
Net pension liability	(979,190)	-	(72,360)	(124,832)	-	(1,176,382)	-
Compensated absences	290,642	-	-	37,371	-	328,013	-
Bonds and notes payable	64,728,118	-	-	10,187,783	6,800,990	81,716,891	-
Total non-current liabilities	<u>64,525,984</u>	<u>-</u>	<u>(72,360)</u>	<u>10,181,391</u>	<u>13,730,990</u>	<u>88,366,005</u>	<u>-</u>
Total liabilities	<u>68,467,422</u>	<u>575,410</u>	<u>6,362,041</u>	<u>10,524,336</u>	<u>13,971,658</u>	<u>99,900,867</u>	<u>3,261,792</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflow s of resources	78,877	-	5,829	10,056	-	94,762	-
Total deferred inflow s of resources	<u>78,877</u>	<u>-</u>	<u>5,829</u>	<u>10,056</u>	<u>-</u>	<u>94,762</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	11,583,761	907,500	16,176,963	6,052,089	-	34,720,313	-
Restricted for:							
Debt service	1,858,145	-	-	-	-	1,858,145	-
Capital projects	40,297,799	-	-	10,308,034	23,693	50,629,526	-
Advances	-	-	-	-	-	-	10,194,621
Unrestricted	12,226,349	1,094,879	(5,199,205)	(7,797,615)	8,327	332,735	4,031,609
TOTAL NET POSITION	<u>\$65,966,054</u>	<u>\$2,002,379</u>	<u>\$10,977,758</u>	<u>\$8,562,508</u>	<u>\$32,020</u>	<u>\$87,540,719</u>	<u>\$14,226,230</u>

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

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds					Total	Governmental
	Utility Special District	Refuse Collection	Marina	Stormwater	RB CDE	Enterprise Funds	Internal Service Fund
OPERATING REVENUES							
Charges for services	\$22,547,279	\$3,830,377	\$1,265,758	\$3,229,206	\$149,685	\$31,022,305	\$-
Grants and contributions	-	-	200,000	-	242,248	442,248	3,993,903
Miscellaneous	126,422	-	21,075	-	-	147,497	199,630
Total operating revenues	<u>22,673,701</u>	<u>3,830,377</u>	<u>1,486,833</u>	<u>3,229,206</u>	<u>391,933</u>	<u>31,612,050</u>	<u>4,193,533</u>
OPERATING EXPENSES							
Personnel services	4,729,311	-	656,118	821,623	-	6,207,052	827,671
Contractual services and operations	8,464,939	4,003,238	967,589	618,307	122,736	14,176,809	2,984,797
Supplies, materials and maintenance	521,076	-	60,175	41,238	1,375	623,864	19,599
Utilities	566,815	-	134,732	-	-	701,547	-
Rent and leases	2,094	-	706	4,317	-	7,117	-
Depreciation of capital assets	2,096,168	55,000	831,199	311,532	111,757	3,405,656	-
Total operating expenses	<u>16,380,403</u>	<u>4,058,238</u>	<u>2,650,519</u>	<u>1,797,017</u>	<u>235,868</u>	<u>25,122,045</u>	<u>3,832,067</u>
Operating income / (loss)	<u>6,293,298</u>	<u>(227,861)</u>	<u>(1,163,686)</u>	<u>1,432,189</u>	<u>156,065</u>	<u>6,490,005</u>	<u>361,466</u>
NON-OPERATING REVENUES / (EXPENSES)							
Settlement payments	-	-	-	-	-	-	(458,346)
Investment earnings / (losses)	360,592	12,340	-	42,516	68,121	483,569	49,442
Interest and debt service expenses	(998,188)	-	-	(108,550)	(13,717)	(1,120,455)	-
Total non-operating revenues / (expenses)	<u>(637,596)</u>	<u>12,340</u>	<u>-</u>	<u>(66,034)</u>	<u>54,404</u>	<u>(636,886)</u>	<u>(408,904)</u>
Income / (loss) before transfers	<u>5,655,702</u>	<u>(215,521)</u>	<u>(1,163,686)</u>	<u>1,366,155</u>	<u>210,469</u>	<u>5,853,119</u>	<u>(47,438)</u>
Transfers in / (out)	<u>(445,575)</u>	<u>-</u>	<u>-</u>	<u>(53,457)</u>	<u>-</u>	<u>(499,032)</u>	<u>-</u>
Change in net position	5,210,127	(215,521)	(1,163,686)	1,312,698	210,469	5,354,087	(47,438)
Net position - beginning (restated)	60,755,927	2,217,900	12,141,444	7,249,810	(178,449)	82,186,632	14,273,668
Net position - ending	<u>\$65,966,054</u>	<u>\$2,002,379</u>	<u>\$10,977,758</u>	<u>\$8,562,508</u>	<u>\$32,020</u>	<u>\$87,540,719</u>	<u>\$14,226,230</u>

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

**CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Utility Special District	Refuse	Marina	Stormwater	RB CDE	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities							
Receipts	\$22,833,311	\$4,028,275	\$3,161,625	\$3,229,206	\$391,923	\$33,644,340	\$4,373,521
Intergovernmental grants	-	-	200,000	-	-	200,000	-
Investment income	360,592	12,340	-	42,516	68,121	483,569	49,442
Cash paid to suppliers	(9,418,408)	(4,009,274)	(2,139,139)	(529,843)	(312,643)	(16,409,307)	(4,500,151)
Cash paid to employees	(4,729,311)	-	(656,118)	(821,623)	-	(6,207,052)	-
Net cash provided by (used in) operating activities	9,046,184	31,341	566,368	1,920,256	147,401	11,711,550	(77,188)
Cash Flows from Capital and Financing Activities							
Proceeds from bonds and advances	40,297,359	-	-	10,000,000	(4,016)	50,293,343	-
Additions to capital assets	(4,084,567)	-	(292,930)	(1,766,512)	(6,338,523)	(12,482,532)	-
Principal paid on debt	(863,124)	-	-	-	-	(863,124)	-
Interest paid on debt	(998,188)	-	-	(108,550)	-	(1,106,738)	-
Change in restricted cash	-	-	-	-	5,836,655	5,836,655	-
Net cash provided by (used in) capital and financing activities	34,351,480	-	(292,930)	8,124,938	(505,884)	41,677,604	-
Net increase (decrease) in cash, cash equivalents, and pooled investments	43,397,664	31,341	273,438	10,045,194	(358,483)	53,389,154	(77,188)
Cash, cash equivalents, and pooled investments - beginning	38,083,886	1,400,313	2,003	1,838,492	406,087	41,730,781	6,220,349
Cash, cash equivalents, and pooled investments - ending	81,481,550	1,431,654	275,441	11,883,686	47,604	95,119,935	6,143,161
Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities							
Change in net position	5,210,127	(215,521)	(1,163,686)	1,312,698	210,469	5,354,087	(47,438)
Adjustments not affecting cash:							
Depreciation expense	2,096,168	55,000	831,199	311,532	111,757	3,405,656	-
Amortization expense	-	-	-	-	13,717	13,717	-
(Increase) / Decrease in Assets and Increase / (Decrease) in Liabilities:							
Investment in ECR	(816,053)	-	-	-	-	(816,053)	-
Accounts receivable	(281,008)	160,477	1,815,842	(391,502)	(148,300)	1,155,509	179,988
Unbilled accounts	217,033	32,498	-	(17,252)	-	232,279	-
Inventory	116,306	-	24,237	-	-	140,543	-
Deferred outflows	8,117,713	-	937,841	1,349,185	-	10,404,739	-
Accounts payable	131,387	(6,036)	(22,298)	(15,586)	(40,242)	47,225	(10,460)
Bonds and notes payable - current	51,936	-	-	298,815	-	350,751	-
Due to other funds	138,582	-	(1,124,833)	-	-	(986,251)	-
Deposits and other liabilities	223,585	4,923	58,950	(48)	-	287,410	1,000,000
Accrued liabilities	9,194	-	-	(470)	-	8,724	(1,199,278)
Deferred inflows	150,425	-	14,317	20,862	-	185,604	-
Pension liability	(6,357,110)	-	(710,332)	(937,029)	-	(8,004,471)	-
OPEB liability	8,330	-	(61,032)	(10,479)	-	(63,181)	-
Compensated absences	29,569	-	(33,837)	(470)	-	(4,738)	-
Total adjustments	3,836,057	246,862	1,730,054	607,558	(63,068)	6,357,463	(29,750)
Net cash provided by (used in) operating activities	\$9,046,184	\$31,341	\$566,368	\$1,920,256	\$147,401	\$11,711,550	(\$77,188)

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

**CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	General Employees' Retirement System	Police Pension Fund	Firefighters' Pension Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$4,100,716	\$3,209,702	\$ 3,550,780	\$10,861,198
Investments				
US Government securities	10,439,947	12,701,775	4,567,538	27,709,260
Corporate obligations	12,422,892	8,964,543	13,341,821	34,729,256
Equity securities	52,952,775	43,073,122	44,271,697	140,297,594
Real estate funds	-	3,349,966	12,014,015	15,363,981
Mutual funds	27,894,004	-	-	27,894,004
Total investments	<u>107,810,334</u>	<u>71,299,108</u>	<u>77,745,851</u>	<u>256,855,293</u>
Receivables				
Interest and dividends	194,281	118,263	55,641	368,185
Contributions - Employer and State	-	231,502	2,899	234,401
Unsettled trades	697,906	169,552	67,454	934,912
Total receivables	<u>892,187</u>	<u>519,317</u>	<u>125,994</u>	<u>1,537,498</u>
Other assets				
Prepaid expense	-	2,529	8,006	10,535
Total other assets	<u>-</u>	<u>2,529</u>	<u>8,006</u>	<u>10,535</u>
Total assets	<u>108,702,521</u>	<u>71,820,954</u>	<u>77,879,851</u>	<u>258,403,326</u>
LIABILITIES				
Accounts payable and accrued liabilities	133,509	184,945	32,258	350,712
DROP payable	-	301,169	-	301,169
Unsettled trades	-	158,409	379,507	537,916
Total liabilities	<u>133,509</u>	<u>644,523</u>	<u>411,765</u>	<u>1,189,797</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred contributions	-	1,057,175	1,846,647	2,903,822
Total deferred inflows of resources	<u>-</u>	<u>1,057,175</u>	<u>1,846,647</u>	<u>2,903,822</u>
NET POSITION				
Held in Trust for Pension Benefits	<u>\$108,569,012</u>	<u>\$70,119,256</u>	<u>\$75,621,439</u>	<u>\$254,309,707</u>

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

**CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	General Employees' Retirement System	Police Pension Fund	Firefighters' Pension Trust Fund	Total
ADDITIONS				
Contributions				
Employer	\$3,681,009	\$966,436	\$1,413,133	\$6,060,578
Plan members	497,901	498,883	414,577	1,411,361
State	-	231,502	350,214	581,716
Total contributions	<u>4,178,910</u>	<u>1,696,821</u>	<u>2,177,924</u>	<u>8,053,655</u>
Investment income				
Interest and dividends	1,774,883	1,475,700	1,574,569	4,825,152
Realized gains	2,114,693	-	-	2,114,693
Net (depreciation) appreciation in fair value	8,651,321	4,366,117	4,493,109	17,510,547
Other Investment Income	64,325	8,795	-	73,120
Total net investment income	<u>12,605,222</u>	<u>5,850,612</u>	<u>6,067,678</u>	<u>24,523,512</u>
DEDUCTIONS				
Benefits payments	7,470,250	6,420,598	4,867,061	18,757,909
Administrative and other expenses	30,188	163,192	125,298	318,678
Investment expenses	727,074	399,336	325,560	1,451,970
Total deductions	<u>8,227,512</u>	<u>6,983,126</u>	<u>5,317,919</u>	<u>20,528,557</u>
Change in net position	8,556,620	564,307	2,927,683	12,048,610
Net position – beginning	100,012,392	69,554,949	72,693,756	242,261,097
Net position - ending	<u>\$108,569,012</u>	<u>\$70,119,256</u>	<u>\$75,621,439</u>	<u>\$254,309,707</u>

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

Notes to the Basic Financial Statements

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Riviera Beach (City) are presented in conformity with generally accepted accounting principles (GAAP) for governments in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). These significant accounting policies are presented to assist the reader in interpreting the basic financial statements which are considered essential and should be read in conjunction with the basic financial statements. The accompanying basic financial statements present the combined financial position and results of operations of the various fund types and account groups and the cash flows of the proprietary fund types of the City and the City's component units. The following is a summary of the City's significant accounting policies and reporting practices.

A. Reporting Entity

The City is a municipal corporation created and governed by Chapter 63-1844, Laws of Florida, enacted by the Florida Legislature. The City was originally incorporated in 1923 and was reincorporated in 1973 pursuant to the Municipal Home Rule Powers Act, Florida Statutes, Chapter 166. The City operates under a mayor-council-manager form of government and provides a wide range of community services, including general government, public safety, planning, zoning, public works, storm water drainage, culture and recreation, marina, and water, wastewater and stormwater utilities. The Council is responsible for legislative and fiscal control of the City.

The GASB is the standard setting body for governmental accounting and financial reporting. The financial statements of the City have been prepared in accordance with GASB. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City has the option of following subsequent guidance for its enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

One of the objectives of financial reporting is to provide the reader with a basis for assessing the accountability of the elected officials. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has a separately elected or appointed governing body.

The financial reporting entity consists of the primary government, which includes all funds, account groups, agencies and departments, and those component units for which the City is financially accountable. Blended component units, while legally separate entities, are in substance part of the government's operations, therefore, data from these units are presented with data of the City. Each blended component unit has a fiscal year end of September 30.

Although legally separate entities, the Riviera Beach Community Redevelopment Agency (CRA) and the Riviera Beach Utility Special District (USD) are in substance part of the City's operations and are included as blended components in the governmental and enterprise funds, respectively. Based on the application of criteria set forth by the GASB, management has determined that there are no other component units that are required to be reported as part of the financial statements. The City's blended component units are as follows:

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Riviera Beach Community Redevelopment Agency (CRA) – The CRA was established by a special act in 1969 of the Florida Legislature under Chapter 163 to develop and revitalize the blighted areas of the City. The CRA's services are rendered wholly within the boundaries of the City, and its activities and transactions are intended to benefit the City by returning improved property to the City's tax rolls, enhance the business and cultural environment and provide employment. The CRA was created on August 7, 1984 and its governance was bestowed on the five-member Council of the City. The CRA is responsible for over 858 acres within the City's boundaries and over 185 acres of the Port of Palm Beach. The CRA is dependent on the City to fund deficits, meet debt service requirements, and pay other expenditures in the event that the revenues of the CRA are insufficient.

Separate financial statements are issued for the CRA and may be obtained from Riviera Beach Community Redevelopment Agency, 2001 Broadway, Suite 300, Riviera Beach, Florida, 33404.

Riviera Beach CDE, Inc (CDE) - The CDE was organized on May 26, 2011, pursuant to the laws of the State of Florida as a 501 (c) (3) non-profit corporation and its primary mission is to provide investment capital to low-income communities or persons of low-income and to engage in other community development activities for neighborhood improvement and community and economic development by providing sustainable job opportunities for low income residents. The CDE is certified by the U.S. Department of Treasury, CDFI Fund, as a Community Development Entity. The CDE is governed by a Board of Directors that is to consist of a minimum of five directors. At least three directors must be either City or CRA employees and two shall be residents of business owners of the CRA and represent low income communities.

The CDE is the sole member of the Riviera Beach Event Center, LLC (RBEC) which was formed on September 23, 2013, pursuant to the laws of the State of Florida as a limited liability company. The RBEC is also recognized by the Internal Revenue Service as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code. The purpose of the CDE is to facilitate the redevelopment and improvement of areas of blight and deterioration within the municipal limits of the City and to own and operate a community facility open to the public. These entities are part of a combined New Markets Tax Credit financing structure created for the purpose of constructing the Riviera Beach Event Center to support the redevelopment of the Marina and to provide a community event center for the residents, businesses, and visitors of the City.

Separate financial statements are issued for the CDE and may be obtained from Riviera Beach Community Redevelopment Agency, 2001 Broadway, Suite 300, Riviera Beach, Florida, 33404.

Utility Special District (USD) – The USD was formed on June 16, 2004, as a dependent special district under the Florida Constitution and laws of the State of Florida. A dependent special district is a local unit of special purpose government created to implement specialized functions, including water and wastewater utility services. USD was formed for the public purpose, among others, of acquiring, owning, operating and maintaining the water and wastewater assets and establishing, implementing, financing and administering projects in furtherance of such purposes.

Pension Trust Funds - The City sponsors three separate single employer defined benefits pension plans: City of Riviera Beach General Employees' Retirement System (GERS), Riviera Beach Municipal Firefighters' Pension Trust Fund (FPTF) and, Riviera Beach Police Pension Fund (PPF). Each pension plan is a separate entity established to account for the financial activities of each plan and is governed by its own independent Board of Trustees. Although each pension plan is administered by its respective Board of Trustees, all three pension plans are fiscally dependent on the City, as the City is obligated to fund the liabilities of each based on actuarial valuations.

The pension plans are not incorporated into the government-wide statements. Net pension liability is reported in the accompanying financial statements with actuarial data disclosed in the *Notes to the Basic Financial Statements*.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Principles of Consolidation

The CDE and RBEC are consolidated and all material intercompany transactions and balances have been eliminated in consolidation. In accordance with standards prescribed by the Financial Accounting Standards Board (FASB), the CDE evaluated its interests and determined that based on the rights afforded to it in the agreements, the CDE controls the RBEC and both entities have been consolidated in its statements.

Basis of Presentation

The government-wide financial statements report information on all of the non-fiduciary activities and component units. For the most part, the effect of interfund activity has been eliminated. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely on charges for services for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 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 included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. The major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds are aggregated and reported as non-major funds. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental activities, a reconciliation is presented on the page following each statement, explaining the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Internal service funds, which provide services primarily to other funds of the government, are presented in summary format as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements for the internal service funds are consolidated into the governmental activities column when presented at the governmental-wide level. To the extent possible, the costs of these services are reflected in the appropriate governmental activities.

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

Government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements: Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered

CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, other than those related to state and federal grants, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues related to grants are considered to be available when collected within one year of the end of the current fiscal year. Generally, expenditures are recorded when a liability is incurred, however, expenditures related to debt service, compensated absences, claims and judgments, are recorded only when payment is due. Expenditures related to pension and other post-employment benefits are recognized when the City has made a decision to fund those obligations with current available resources.

Property taxes when levied, public service taxes, franchise fees, intergovernmental revenues for which eligibility requirements have been met, charges for services and interest income associated with the current fiscal period are all considered to be measurable and have been recognized as revenues of the period, if available. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual. All other revenues are considered to be measurable only when payment is received.

Major Funds and Basis of Presentation: Financial transactions are recorded in individual funds. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

GAAP sets forth minimum criteria for the determination of major funds. The City has electively classified funds, as major funds based on either having significant outstanding debt obligations or providing a specific community focus. The aggregated non-major funds are presented in one column in the fund financial statements.

The City reports the following funds:

1. Major governmental funds

General Fund - Primary operating fund which accounts for all financial resources of the general government, except for those accounted for in another fund. Revenue is derived primarily from property taxes, state and federal distributions, grants and other intergovernmental revenue. The general operating expenditures, fixed charges, and capital outlay not paid through other funds are paid from the General Fund.

Community Redevelopment Fund – Accounts for the activities of the CRA.

Capital Bond Funds – Accounts for restricted funds received from transferring the water and sewer operations from the City to USD and the proceeds from the *Public Improvement Revenue Bonds, Series 2014*.

2. Proprietary Funds

Enterprise Funds

Utility Special District Fund – Accounts for the activities of the USD.

Refuse Collection Fund - Accounts for the solid waste collection activity.

Marina Fund - Accounts for the activities of the Marina.

Stormwater Fund – Accounts for the stormwater system.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Internal Service Fund

Internal Service Fund – Accounts for services provided to City departments for risk management and insurance programs.

3. Fiduciary Funds

General Employees' Retirement System - Accounts for the pension trust for general employees.

Riviera Beach Police Pension Fund - Accounts for the pension trust for police officers.

Riviera Beach Municipal Firefighters Pension Trust Fund - Accounts for the pension trust for firefighters.

**C. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources.
Net Position / Fund Balance**

Deposits and Investments

Substantially all cash, except for imprest accounts, is deposited with financial institutions in interest bearing accounts. Majority of the cash and investments are administered using a pooled concept, which combines the monies of various funds for investment purposes. Interest earnings of the pool are apportioned to each fund based on the fund's relative share of the investment pool. All cash and investments are displayed on the statement of net position at fair value.

Pension Trust Funds are discretely presented component units and separately invest their funds and report investments pursuant to their respective investment policies.

All highly liquid debt securities with a maturity date of three months or less are considered cash equivalents. Investments authorized by the City's Investment Policy include: Florida Prime, obligations of the U.S. or its agencies and instrumentalities; Certificates of Deposit from approved public depositories; Repurchase Agreements; Corporate commercial paper and notes issued by U.S. companies; Bankers' Acceptance issued and approved by the U.S. government; state and/or local government taxable and/or tax-exempt debt; Money market mutual funds and mutual funds registered and regulated by the Securities Exchange Commission; and Intergovernmental investment pool.

Investments are fully collateralized and are carried at fair value based on quoted market prices.

Unbilled Accounts Receivables

USD, Refuse, and Stormwater funds recognize revenue on the basis of monthly cycle billings to customers for services provided. As a result, there are unbilled receivables at the end of each fiscal year. Unbilled receivables are accrued at year end by prorating actual subsequent billings.

Other Receivables

Trade and property tax receivables on the Statement of Net Position are shown net of an allowance for uncollectibles. Management determines the allowance based on a review of accounts and their knowledge of creditors. Delinquent property tax receivables are all included in the allowance for uncollectibles. Other long-term receivables are analyzed for collectability based on terms and conditions of the agreements.

CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Inventories

Inventories, consisting principally of materials and supplies held for future use, are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise funds. Inventories of the enterprise funds are accounted for under the consumption method, expensed when used, and adjusted by an annual physical count. Inventories of governmental funds are recorded as expenditures when purchased. Amounts on hand at year end are reflected as assets and are fully reserved in the equity section.

Land held for resale is reported in a special revenue fund as "Inventory." These assets are reported at the lower of historical cost or market value at year end. To estimate the fair value, certain reasonable assumptions and estimates are utilized to properly report land values. The City believes the amounts reported fairly reflect the asset values at the reporting date.

Prepaid Items

Expenditures for goods and services extending over more than one accounting period are accounted for as prepaid items and allocated between accounting periods.

Restricted Assets

Proceeds of revenue bonds or funds set aside in accordance with bond covenants or by ordinance are classified as restricted assets on the fund level statement of net position of the enterprise funds. Restricted assets include operating accounts which are used for accumulations of resources equal to operating costs for specified periods; renewal and replacement accounts used for accumulation of resources for replacement of existing system assets; debt service accounts used for accumulation of resources to meet debt service requirements; capital projects accounts used for acquisition and construction of assets funded by revenue bond proceeds; impact fees restricted by local ordinance for future plant expansion; and customers' deposit accounts.

Restricted long term assets are not required to be presented on the balance sheets of governmental funds under the modified accrual basis of accounting; however, certain assets are restricted as to use. Such assets include debt proceeds, permit fees, state and federal forfeiture awards, grants, and amounts held for debt service.

Capital Assets and Depreciation

Capital assets, which include land, buildings and improvements, improvements other than buildings, machinery and equipment, construction in progress, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined as property that has a value of \$10,000 or more with a useful life of three or more years and maintain its identity while in use.

Capital assets, constructed or acquired, are capitalized and reported at historical cost. Reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the estimated fair value of the item at the date of its donation.

Expenditures which materially extend the useful life of existing assets are capitalized. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in net income.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Construction in progress (CIP) is tracked as a separate asset until the time of completion, at which point the value is transferred to another appropriate fixed assets account.

Capital assets are depreciated using the straight-line method over the estimated useful lives, and assets purchased during the year are capitalized for six months during the first year, regardless of when acquired. Normal useful life is defined as the physical life that an asset is expected to last before it deteriorates to an unusable condition or becomes functionally obsolete.

Asset classes have been assigned an estimated useful life as outlined below:

<u>Asset Description</u>	<u>Useful Life in Years</u>
Buildings and Improvements	20 to 40
Land Improvements	5 to 40
Utility Plant and Systems	20 to 50
Regional Sewer Systems	30 to 99
Furniture, Fixtures, Machinery and Equipment	3 to 12
Marina and Waterside Improvements	20 to 40

Governmental Funds and Governmental Activities - Capital assets associated with the governmental funds are intended primarily for general governmental use. Capitalized assets are reported as expenditures, depreciation is not recorded. Assets are accounted for in the General Fixed Asset Account Group.

Enterprise Funds - Capital assets intended primarily for business activities are accounted for in the operating fund for the respective enterprise fund.

Capital Leases

Assets acquired through capital lease agreements are capitalized. A lease is a capital lease if at inception of the lease it meets any one of the following criteria: 1) ownership of property transfers from the lessor to the City at the end of the lease term; 2) the lease contains a bargain purchase option; 3) the lease term is 75% or more of estimated useful life of the leased property; and 4) the present value, at the beginning of the lease term, of the minimum lease payments required under the lease is at least 90% of the fair value of the asset at the inception of the lease.

Investment in Joint Venture

The City accounts for its investment in joint ventures using the equity method of accounting.

Compensated Absences

Regular full time employees accrue from 12 to 20 days of vacation and 12 days of sick leave annually. A liability is accrued for unused vacation leave at year end. Sick leave is accrued as a liability as the benefits are earned by the employee only to the extent that it is probable that the employee will be compensated for the benefits upon termination or retirement. Compensated absences are accrued when earned in the government-wide and enterprise fund financial statements. Compensated absences liability is calculated based on the salary rate in effect at year end.

In the government-wide financial statements and the proprietary fund financial statements, the vacation leave liability is classified into two components - amounts due within one year (current portion) and amounts due in more than one year (non-current portion).

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premiums or discounts and deferred refunding amounts. Premiums, discounts, and issuance costs are amortized over the life of the bonds using the effective interest method. Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method, which does not result in a material difference from the effective interest method. Costs of issuing bonds and deferred charges on refunding bonds are capitalized in the governmental activities Statement of Net Position.

Governmental funds recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures. Debt payments are reported as expenditures.

Deferred Outflows and Inflows of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the Statement of Net Position in a separate section following assets and deferred inflows of resources in a separate section following liabilities.

The components of the deferred outflows of resources and deferred inflows are as follows:

	Governmental Activities	Business-type Activities
Deferred Outflows of Resources		
Deferred outflows from pension activities	\$ 16,444,225	\$ 1,483,111
Deferred charges on refunding	-	1,135,436
Total Deferred Outflows of Resources	16,444,225	2,618,547
Deferred Inflows of Resources		
Deferred inflows from pension activities	843,631	94,762
Deferred revenues	1,097,035	-
Total Deferred Inflows of Resources	\$ 1,940,666	\$ 94,762

Net Position Flow Assumption

From time to time, the City funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as the restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The City considers restricted net position to have been depleted before unrestricted net position is applied.

The following are the three components of net position:

- a. Net investment in capital assets - Includes capital assets less accumulated depreciation and outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position - Consists of restricted assets less liabilities and deferred inflows of resources related to those assets with constraints placed on their use by externally imposed creditors, grantors, contributors or laws or regulations of other governments or imposed by law.

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- c. Unrestricted Net Position – The residual amount of net position not included in the net investment in capital assets or the restricted net position.

Fund Balance Flow Assumption

From time to time, the City funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The City considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

GASB Statement No. 54, *Fund Balance Reporting Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements for all governmental funds and criteria for classifying fund balances. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the City is legally bound to honor the specific purposes for which amounts in fund balance may be spent. Amounts which are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Amounts which may be appropriated, modified, or rescinded for specific purposes pursuant to constraints imposed by the Council are classified as committed fund balances. Amounts which are constrained by the intent to be used for specific purposes, but are neither restricted nor committed are classified as assigned fund balances. Fund balances can only be assigned by Council. Non-spendable fund balances include amounts which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Fund balances for governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. The fund balance classifications are summarized below:

Non-spendable fund balances - Amounts that cannot be spent because they are a) not in a spendable form; or b) legally or contractually required to remain intact.

Restricted fund balances - Amounts that are restricted for specific purposes by a) constraints imposed by external providers; or b) imposed by constitutional provisions or through enabling legislation.

Committed fund balances - Amounts for specific purposes pursuant to constraints imposed by Council.

Assigned fund balances - Amounts intended to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made by management based upon the direction of Council.

Unassigned fund balances - Amounts not restricted, committed or assigned to specific purposes.

Committed fund balance is used first, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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Minimum Fund Balance

The duties, responsibilities and powers of the City's Finance and Administrative Services Director (Director) include the establishment and maintenance of the general fund balance representing an emergency reserve equivalent to 20% of operating revenues. For purposes of establishing the balance and maintenance thereafter, the Director shall transfer the calculated amount from unassigned fund balance to the emergency reserve, to the extent available, to satisfy the requirement and shall report such balances as part of the annual audited financial statement. If upon completion of any fiscal year the ending balance in such emergency reserve is less than the requirement and sufficient monies do not exist in the unassigned fund balance, then the Director shall recommend an amendment to the current year budget and include in succeeding fiscal year budgets reserved appropriations sufficient to cover the deficiency over a period not to exceed three fiscal years. The emergency reserve shall be used exclusively for emergencies declared by the Council, and the appropriation there from shall be made by resolution adopted by four-fifths vote of the membership. Any monies available in the unassigned fund balance shall be used prior to using the emergency reserve to fund authorized emergencies. Appropriation from the minimum balance shall require Council approval and shall generally be for one time expenditures such as capital purchases and not for ongoing expenditures, unless a viable revenue plan designed to sustain expenditures is approved.

Interfund Transactions

During the course of normal operations, it is necessary for the City to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses initially made from that fund, are properly applicable to another fund.
- Transfers in and transfers out, as appropriate, for all other interfund transactions are shown as other financing sources or uses.
- Long-term advances between funds are reported as "advances to and advances from other funds".

Outstanding balances between funds are reported as "due to and due from other funds". The long term portion of advances between funds, as reported in the fund financial statements, is offset by a non-spendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Use of Estimates

Management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from management's estimates. Significant estimates used in these financial statements include the amount of insurance claims payable, actuarial assumptions related to pension plans, and allowances for uncollectible accounts.

Property Taxes

Assessment of real and tangible properties and the collection of county, municipal and school district property taxes are consolidated in the offices of the Palm Beach County Property Appraiser and Tax Collector. Property is reassessed according to its fair market value on January 1 of each year. Assessment rolls are submitted to the State Department of Revenue for review to determine compliance with State law. According to Florida Statutes, unless voted, no municipality shall levy ad valorem taxes against real or tangible property in excess of 10 mills.

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The tax levy is established by Council prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser's Office incorporates the City's millage into the total tax levy, which includes taxes levied by Palm Beach County, Palm Beach County School Board, and Special Taxing Districts. During the month of November, the Palm Beach County Property Appraiser's Office prepares and delivers a *Notice of Property Taxes and Non-Ad Valorem Assessments* to each taxpayer.

For FY 2015/2016 (2015 Tax Roll Year), the City levied a millage rate of 8.4520 mills (\$8.452 for each \$1,000 of assessed valuation) for General Fund's operations. The current year's tax levy is based on final taxable property values of \$4.559 billion.

Taxes imposed are due and payable starting in November. Discounts for early payment are: November - 4%, December - 3%, January - 2%, February - 1%. Unpaid taxes become delinquent on April 1 following the year in which assessed. On or prior to June 1, certificates are offered for sale for delinquent taxes on real property. Tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after two years. Unsold certificates are held by Palm Beach County. As of fiscal year end, unpaid delinquent taxes owed are insignificant and have not been recorded by the City.

Grants from Government Agencies

Certain grants under federal, state, and local programs are accounted for in special revenue funds and reported as a component of intergovernmental revenues. Grants are disbursed from these funds as prescribed under the respective grant programs. These programs are dependent on continued financial assistance from federal and state governments. Potentially disallowable amounts, on reimbursement type grants constitute a contingent liability of the City. The City does not expect any such occurrences and since the potential disallowed amounts are not estimable, such contingencies are not reflected within the financial statements.

Income Taxes

The CDE and RBEC are exempt from income taxes under Section 501 (c) (3) of the IRC, except for income taxes on "unrelated business income," as defined in the IRC. Management believes that all material activities of the CDE and the RBEC are not subject to income taxes. The CDE and RBEC are required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, the consolidated financial statements of the CDE do not reflect a provision for income taxes and the CDE and RBEC have no other tax positions which must be considered for disclosure. Income tax returns filed by the CDE and RBEC are subject to examination by the IRS for a period of three years. The first year that the CDE was required to file tax returns with the IRS was 2014.

NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES

Pronouncements Implemented During Fiscal Year 2016

In fiscal year 2016, the City adopted six new statements for financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

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 67 and 68*, establishes requirements for defined benefit pension plans and defined contribution plans that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the

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criteria specified in Statement No. 68 be included in notes to the financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. There was no material impact on the financial statements as a result of implementation.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Statement No. 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 and AICPA Pronouncements*, paragraph 64, 74, and 82. There was no material impact on the financial statements as a result of implementation.

Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement and requires disclosures about a reporting government's tax abatement agreements and those agreements entered into by other governments and that reduce the government's tax revenues. There was no impact on the financial statements as a result of implementation.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions* - and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively). The Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the financial statements as a result of implementation.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The criteria provides qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The Statement establishes note disclosures for qualifying external investment pools. There was no material impact on the financial statements as a result of implementation.

Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The Statement provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the financial statements as a result of implementation.

Pronouncements Issued But Not Yet Effective

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*. This Statement will improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state or local government OPEB plans for making decisions and accessing accountability. The requirements of this statement are effective for financial statements beginning after June 15, 2016.

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In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement will improve accounting and financial reporting by state and local governments for OPEB and replaces previously issued statements related to accounting and financial reporting requirements for OPEB plans. This statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet specific criteria and for employers whose employees are provided with defined contribution OPEB. For OPEB that is administered through trusts, Statement No. 75 requires the liability of employers to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The requirements of this statement are effective for financial statements beginning after June 15, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of Statement No. 14. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the Blending method, if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation and bylaws. The requirements of Statement No. 80 are effective for fiscal years beginning after June 15, 2016.

In March 2016, GASB issued Statement No. 82, *Pension Issues* - an amendment GASB Statements No. 67, No. 68, and No. 73. Statement No. 82 addresses practical issues raised with respect to Statement No. 67, *Financial Reporting for Pension Plans* - an amendment of Statement No. 25; Statement No. 68, *Accounting and Financial Reporting for Pensions and Related Assets That Are No within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of Statement No. 82 are effective for fiscal years beginning after June 15, 2016.

The City will conduct an analysis of the above GASB statements to determine the impact, if any, on its financial position, results of operations or cash flows upon adoption.

NOTE 3 – DEPOSITS AND INVESTMENTS

General Investment Guidelines

Cash and cash equivalents include cash on hand, amounts in demand and time deposits and short-term investments with original maturity dates within three months of the date acquired. Deposits are held in qualified public depositories (QPD) pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. QPD's deposits with the State Treasurer, eligible collateral of the depository to be held subject to the Treasurer's order. The Treasurer establishes minimum required collateral pledging levels. Collateral must be deposited with an approved financial institution. Potential losses to public depositories are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other QPDs of the same type as the depository in default.

Investment practices are governed by Florida Statutes, City Ordinances, the Investment Policy, and legal covenants related to outstanding bond issues. Florida Statutes establish permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the City's cash and investments assets. Investments are managed and governed according to meet investment objectives of safety of principal, maintenance of liquidity, and return on investment.

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The Investment Policy states that the management and responsibility for City funds in the investment program and investment transactions is delegated to the Director of Finance and Administrative Services (Director) who will establish written procedures for the operation of the investment portfolio and a system of internal accounting and administrative controls to regulate the activities of employees. The City engages a registered investment manager to assist in investing, monitoring, or advising on investments. The Policy does not apply to the investment of accounts created by ordinance or resolution pursuant to the issuance of bonds. The three pension trust funds are not governed by the City's Investment Policy.

Investment in any derivative products or use of reverse repurchase agreements requires specific Council approval prior to their use. If the Council approves the use of derivative products, the Director shall develop sufficient understanding of the derivative products and have the expertise to manage them. If the Council approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Director has sufficient resources and expertise to manage such investments. As of September 30, 2016, the City did not have investments in any derivative products or reverse repurchase agreements.

The Investment Policy is reviewed annually for any adjustments due to changes or developments that may benefit the City. Modifications must be approved by Council.

Cash Management Pool

A cash management pool is available for use by all funds. Participation in the pool is limited to normal operating activities of the fund and other funds that are restricted because of statutory or contractual considerations. Investment earnings are distributed monthly to the individual funds based on the funds' average cash balance.

Deposits and Investments

The Investment Policy authorizes investments in certificates of deposits, money market funds, U.S. Government securities, State and U.S. Government agency securities, Florida Prime, mortgage-backed securities, repurchase agreements collateralized at 102% by U.S. Government guaranteed securities, commercial paper of any U.S. corporation rated A1 (S&P) and P1 (Moody's), corporate notes issued by U.S. corporations rated A (S&P or Moody's), asset-backed securities, bankers' acceptances, state and local government taxable or tax-exempt debt, and intergovernmental investment pool.

For fiscal year 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application* issued in February 2015. The City categorized investments according to the fair value hierarchy established by GASB No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to included quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant observable inputs. Certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.

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As of September 30, 2016, the City had the following cash and investments with stated maturities categorized as Level 1 and Level 2:

Investments by Level	Fair Value Measurement Using			
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Effective Duration (years)
<u>Investments by fair value level</u>				
US Treasury - notes	\$23,603,274	\$23,603,274	\$ -	2.202
Federal Agencies - bonds / notes	10,674,738	-	10,674,738	1.432
Corporate notes	5,573,100	-	5,573,100	1.000
Total investments by fair value level	39,851,112	23,603,274	16,247,838	
<u>Investments Measured at NAV</u>				
Money market funds	18,927,134			N/A
FL Class	30,308,474			-
Total investments measured at NAV	49,235,608			
Total investments	89,086,720			
Cash deposits	52,103,462			
Total cash and investments	\$141,190,182			

Interest Rate Risk

Interest rate risk is the risk that interest rate changes adversely affect the fair value of an investment. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities may cause the price to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. The Policy limits the City's exposure to declines in fair values by limiting to two years the weighted average days to maturity of the entire investment portfolio. As of September 30, 2016, there were no investments in the City's portfolio that exceeded this maximum maturity.

Credit Risk

Credit risk is the risk that an investment issuer will not fulfill its obligation. Credit risk is measured by the assignment of a rating by a nationally recognized rating agency. The Policy allows the City to invest in insured or registered securities including commercial paper and security repurchase agreements, however, the Policy provides limits for these investment types.

Concentration of Credit Risk

Concentration credit risk is the risk that an investment issuer or other counter party will not fulfill its obligations. The Policy provides limits to control credit risk.

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Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of its investment or collateral security that are in the possession of an outside party.

Maturity and Liquidity Requirements

The Policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of operating funds have maturities of no longer than 24 months. Investments of bond reserves, construction funds, and other non-operating funds "core funds," have a term appropriate to the need for funds and in accordance with debt covenants, not to exceed a maturity of 5 years with an average duration of the portfolio as a whole not to exceed 3 years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

As of fiscal year end, the City did not have investments with embedded options allowing the issuer to call the obligation or demand a stated increase in the interest rate.

Pension Plan Portfolios

The City maintains three separate single employer defined benefit pension plans: General Employees' Retirement System (GERS), Police Pension Fund (PPF), and Firefighters' Pension Trust Fund (FPTF). Funds are covered by Securities Investor Protection Corporation insurance, and for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be held at QPDs. The Act requires each Qualified Public Depositories (QPD) to deposit with the State Treasurer, eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by the QPD, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other QPDs of the same type as the depository in default. Cash and cash equivalents include demand accounts and short term investment funds (STIF). STIF investments are custodial short-term commingled funds, commercial paper and U.S. government obligations. Deposits are carried at cost and are included in cash and cash equivalents in the Statement of Plan Net Position.

Investment Authorization

Investment policies are determined by the respective pension plan's Board of Trustees. The policies guide the operations of the plan in a manner so that the assets will provide for the pension and other benefits provided under applicable laws including City ordinances, preserving principal while maximizing return on investment. The policies authorize each Board of Trustees to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common.

Investment Valuation

In 2016, the pension plans adopted GASB 72, which addresses accounting and financial reporting issues related to fair value measurement of assets and liabilities. The adoption of GASB 72 resulted in increased disclosures related to the fair value measurement of the pension plans' portfolios as presented below:

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Investments by Level	Balance	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
GERS			
<u>Investments by fair value level</u>			
Debt securities			
US Government and agency obligations	\$10,432,623	\$ -	\$10,432,623
Corporate bonds	9,570,516	-	9,570,516
Mortgage backed securities	2,852,376	-	2,852,376
Total debt securities	<u>22,855,515</u>	-	<u>22,855,515</u>
Equity securities	52,952,774	52,952,774	-
Total investments by fair value level	<u>75,808,289</u>	<u>52,952,774</u>	<u>22,855,515</u>
<u>Investments measured at net asset value</u>			
Real estate fund	10,860,414		
Equity funds - large cap	17,033,590		
Total investments measured at net asset value	<u>27,894,004</u>		
Total investments	103,702,293		
Cash deposits	4,108,038		
Total cash and investments	<u>\$107,810,331</u>		
PPF			
<u>Investments by fair value level</u>			
Debt securities			
US Government and agency obligations	12,701,775	-	12,701,775
Corporate bonds	8,964,543	-	8,964,543
Total debt securities	<u>21,666,318</u>	-	<u>21,666,318</u>
Equity securities	43,073,122	43,073,122	-
Total investments by fair value level	<u>64,739,440</u>	<u>43,073,122</u>	<u>21,666,318</u>
<u>Investments measured at net asset value</u>			
Real estate fund	3,349,966		
Total investments measured at net asset value	<u>3,349,966</u>		
Total investments	68,089,406		
Cash and cash equivalents	3,209,702		
Total cash and investments	<u>\$71,299,108</u>		
FPTF			
<u>Investments by fair value level</u>			
Debt Securities			
US Government and agency obligations	4,567,538	-	4,567,538
Corporate bonds	3,667,581	-	3,667,581
Total debt securities	<u>8,235,119</u>	-	<u>8,235,119</u>
Equity securities	27,606,826	27,606,826	-
Total investments by fair value level	<u>35,841,945</u>	<u>27,606,826</u>	<u>8,235,119</u>
<u>Investments measured at net asset value</u>			
Real estate fund	12,014,015		
Mutual funds	26,339,111		
Total investments measured at net asset value	<u>38,353,126</u>		
Total investments	74,195,071		
Cash deposits	3,550,780		
Total cash and investments	<u>\$77,745,851</u>		

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Interest Rate Risk

The following table shows the sensitivity of the fair values of the pension plans' investments to market interest rate fluctuations:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
GERS					
US Treasury securities	\$6,436,584	\$ -	\$2,196,508	\$2,726,007	\$1,514,069
US Agency securities	3,996,040	-	825,940	1,015,800	2,154,300
Corporate bonds	9,570,516	103,913	5,471,397	1,992,511	2,002,695
Mortgage backed securities	2,852,376	-	2,337,441	-	514,935
Total fixed income securities	\$22,855,516	\$103,913	\$10,831,286	\$5,734,318	\$6,185,999
PPF					
US Treasury securities	8,330,004	1,438,179	4,078,058	137,257	2,676,510
US Agency securities	4,371,771	-	359,412	2,204,396	1,807,963
Corporate bonds	8,964,543	370,188	2,551,744	5,754,443	288,168
Total fixed income securities	\$21,666,318	\$1,808,367	\$6,989,214	\$8,096,096	\$4,772,641
FPTF					
US Treasury securities	1,387,053	405,596	396,118	366,496	218,843
US Agency securities	3,180,485	1,052,740	1,276,660	836,188	14,897
Corporate bonds	13,341,821	476,673	1,657,311	11,207,837	-
Total fixed income securities	\$17,909,359	\$1,935,009	\$3,330,089	\$12,410,521	\$233,740

Credit Risk

The schedule below provides the credit quality ratings of the fixed income investments of the pension plans:

Rating	GERS	PPF	FPTF
U.S. government guaranteed*	\$10,432,624	\$12,701,775	\$4,567,538
Credit risk debt securities:			
AAA	2,765,416	261,642	-
AA	1,785,232	1,678,114	751,443
A	3,750,203	4,881,565	2,183,166
BBB	3,947,855	2,143,222	10,407,212
BB	174,186	-	-
Total credit risk debt securities	12,422,892	8,964,543	13,341,821
Total fixed income securities	\$22,855,516	\$21,666,318	\$17,909,359

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Investing in Foreign Markets

Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the U.S. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and present and future adverse political, social and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

Plans did not hold any securities in the portfolio which represent foreign investments, other than those which are represented by American Depositary Receipts (ADR) which do have inherent political risk, but trade in U.S. dollars, and therefore are not subject to currency risk. These investments represent less than one percent of the combined portfolio.

Foreign Tax Withholdings and Reclaims

Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the U.S. and applicable foreign jurisdictions, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statement of operations. Where treaties allow for a reclaim of taxes, the plan will make a formal application for refund. Such reclaims are included as an addition to dividend income.

Investing in Real Estate

Plans are subject to risks inherent in the ownership and operation of real estate. These risks include, among others those normally associated with changes in the general economic climate, trends in the industry including creditworthiness of the tenants, changes in the tax laws, interest rate levels, and availability of financing and potential liability under environmental and other laws.

NOTE 4 – ACCOUNTS RECEIVABLE

As of September 30, 2016, receivables are as follows:

	Accounts	Unbilled Accounts	Special Assessments	Total
General Fund	\$2,633,468	\$33,341	\$ -	\$2,666,809
CRA	166,985	-	-	166,985
Capital Bond Fund	1,289	-	-	1,289
Non-major Governmental Funds	707,290	-	25,468	732,758
Internal Service Fund	1,150,240	-	-	1,150,240
Utility Special District	2,469,021	589,830	-	3,058,851
Refuse	172,489	66,146	-	238,635
Marina	801,997	-	-	801,997
Stormwater	664,394	74,338	-	738,732
Riviera Beach CDE	184,169	-	-	184,169
Total	\$8,951,342	\$763,655	\$25,468	\$9,740,465

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and defer revenue recognition on revenues received but not yet earned.

CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance Oct 1, 2015	Additions	Deletions	Ending Balance Sep 30, 2016
Governmental activities				
Capital assets not being depreciated				
Land	\$9,018,711	\$47,500	\$(430,000)	\$8,636,211
Construction in progress	24,017,785	13,900,238	(9,257,624)	28,660,399
Total capital assets not being depreciated	33,036,496	13,947,738	(9,687,624)	37,296,610
Capital assets being depreciated				
Buildings	25,642,860	230,054	(88,459)	25,784,455
Improvements other than buildings	13,280,281	2,322,453	-	15,602,734
Land improvements	51,250	-	-	51,250
Infrastructure	52,007,945	4,477,248	-	56,485,193
Furniture, fixtures, & equipment	21,952,041	2,724,839	(2,541,735)	22,135,145
Total capital assets being depreciated	112,934,377	9,754,594	(2,630,194)	120,058,777
Less accumulated depreciation				
Buildings	(11,443,712)	(1,084,096)	5,344	(12,522,464)
Improvements other than buildings	(4,030,052)	(863,927)	-	(4,893,979)
Land improvements	(51,250)	-	-	(51,250)
Infrastructure	(24,612,060)	(1,722,297)	-	(26,334,357)
Furniture, fixtures, and equipment	(15,523,779)	(1,814,483)	2,329,872	(15,008,390)
Total accumulated depreciation	(55,660,853)	(5,484,803)	2,335,216	(58,810,440)
Governmental activities - capital assets (net)	\$90,310,020	\$18,217,529	\$(9,982,602)	\$98,544,947
Business-type activities				
Capital assets not being depreciated				
Land	\$1,687,202	-	\$(10)	\$1,687,192
Construction in progress	9,397,466	5,342,433	(4,788,867)	9,951,032
Total capital assets not being depreciated	11,084,668	5,342,433	(4,788,877)	11,638,224
Capital assets being depreciated				
Buildings and improvements	18,181,055	8,047,558	-	26,228,613
Utility plants and systems	57,109,628	2,171,547	-	59,281,175
Furniture, fixtures, and equipment	6,112,851	492,438	(1,079,837)	5,525,452
Waterside improvements	16,581,514	-	-	16,581,514
Total capital assets being depreciated	97,985,048	10,711,543	(1,079,837)	107,616,754
Less accumulated depreciation				
Buildings and improvements	(10,423,246)	(846,408)	258,072	(11,011,582)
Utility plants and systems	(33,667,684)	(1,655,919)	-	(35,323,603)
Furniture, fixtures, and equipment	(5,448,293)	(158,959)	555,055	(5,052,197)
Waterside improvements	(414,538)	(829,076)	-	(1,243,614)
Total accumulated depreciation	(49,953,761)	(3,490,362)	813,127	(52,630,996)
Business-type activities - capital assets (net)	\$59,115,955	\$12,563,614	\$(5,055,587)	\$66,623,982

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Depreciation expense was charged to functions as follows for the fiscal year ending September 30, 2016:

Governmental activities:	
General government	\$1,152,405
Public safety	1,265,504
Physical environment	40,258
Transportation	1,795,863
Culture and recreation	985,980
Economic environment	244,794
Total depreciation expense – Governmental	5,484,804
 Business-type activities:	
Utility Special District	1,995,123
Marina	831,199
Refuse	55,000
Stormwater	609,040
Total depreciation expense - Business-type	3,490,362
Total depreciation expense	\$8,975,166

NOTE 6 – OPERATING LEASES

The City leases buildings, office facilities and equipment under non-cancelable operating leases which are subject to appropriation. During the fiscal year, the City made payments of \$327,115 pursuant to the lease agreements.

The CRA leases commercial office space for its operations. During the fiscal year, the CRA made payments of \$121,620 pursuant to the lease agreements. The annual lease payment totals \$121,620 for the fiscal year ending September 30, 2017.

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**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 7 – LONG TERM LIABILITIES

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

	Beginning Balance Oct 1, 2015	Additions	Deletions	Ending Balance Sep 30, 2016	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$83,953,841	-	\$(2,194,000)	\$81,759,841	\$1,580,907
Bond premium	494,438	-	-	494,438	16,356
Net bonds & notes payable	<u>84,448,279</u>	<u>-</u>	<u>(2,194,000)</u>	<u>82,254,279</u>	<u>1,597,263</u>
Capital lease obligation	3,162,417	1,450,566	(993,872)	3,619,111	1,286,504
Net OPEB obligation	3,753,470	543,182	-	4,296,652	-
Net pension liability	24,725,949	(23,382,731)	-	1,343,218	-
Compensated absences	3,073,701	1,233,727	-	4,307,428	248,775
Total governmental activities	<u>119,163,816</u>	<u>(20,155,256)</u>	<u>(3,187,872)</u>	<u>95,820,688</u>	<u>3,132,542</u>
Community redevelopment activities:					
Bonds and notes payable	22,265,000	-	(1,855,000)	20,410,000	1,730,000
Capital lease obligation	33,255	-	(11,126)	22,129	6,218
Compensated absences	163,457	-	(94,099)	69,358	-
Total community redevelopment activities	<u>22,461,712</u>	<u>-</u>	<u>(1,960,225)</u>	<u>20,501,487</u>	<u>1,736,218</u>
Business-type activities:					
Bonds and notes payable	22,645,000	43,205,000	(740,000)	65,110,000	935,000
Bond premium	2,725,753	7,676,411	(40,868)	10,361,296	189,791
Net bonds & notes payable	<u>25,370,753</u>	<u>50,881,411</u>	<u>(780,868)</u>	<u>75,471,296</u>	<u>1,124,791</u>
Utility purchase obligation	740,738	-	(82,257)	658,481	89,085
Net OPEB obligation	630,664	8,329	(71,511)	567,482	-
Net pension liability	6,828,088	(8,004,471)	-	(1,176,383)	-
Compensated absences	370,955	29,569	(42,773)	357,751	29,739
Total business-type activities	<u>33,941,198</u>	<u>42,914,838</u>	<u>(977,409)</u>	<u>75,878,627</u>	<u>1,243,615</u>
Total long term liabilities	<u>\$175,566,726</u>	<u>\$22,759,582</u>	<u>\$(6,125,506)</u>	<u>\$192,200,802</u>	<u>\$6,112,375</u>

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**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Governmental Activities

Capital Projects Notes, Series 2001

Capital Projects Notes, Series 2001, was paid in full as of September 30, 2016.

Community Redevelopment Projects Note, Series 2006

CRA issued two series of bond anticipation notes to finance the development and implementation of capital projects included in the Community Redevelopment Plan. Series 2002A, in the amount of \$5,010,000, were issued in March 2002. Series 2003A, in the amount of \$2,000,000, were issued in August 2003. Series 2002A and Series 2003A Notes were retired in full on July 5, 2006. In July 2006, the City issued the *Community Redevelopment Projects Note, Series 2006* in the amount of \$7,175,876 to repay Series 2002A and 2003A Notes. Although Series 2006 Notes were issued by the City, the proceeds were used to refinance CRA debt and the CRA is making the debt service payments pursuant to its agreement with the City.

The Notes have a fixed interest rate of 4.19% per annum until expiration. Principal and interest payments are secured by a pledge of tax incremental revenues to the City which in turn has subordinated its interest to BB&T Bank and the Series 2011 Notes. Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$475,907	\$152,386	\$628,293
2018	499,703	131,947	631,650
2019	524,688	110,486	635,174
2020	550,922	87,952	638,874
2021	578,468	64,291	642,759
2022-2023	1,245,153	52,808	1,297,961
Total	\$3,874,841	\$599,870	\$4,474,711

Public Improvement Revenue Bonds, Series 2014

The City issued the *Public Improvement Revenue Bonds, Series 2014* to fund infrastructure projects, reconstruction of streets within the City, and improvements to the Marina District Uplands.

A portion of the Series 2014 project involves a loan to the CRA to finance the cost of refurbishment and upgrade of property within Bicentennial Park and reconstruction of certain streets located within the Marina District Uplands. The loan is an unsecured obligation of the CRA and is expected to be repaid to the extent that CRA revenues are available to make such payments. Loan payments from the CRA are equal to the debt service payment due on the portion of the Series 2014 attributed to the CRA project.

Payment is due in semi-annual principal and interest installments and commenced on October 1, 2015. Stated interest rates on bonds are between 2.00% and 3.625% per annum.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$530,000	\$702,293	\$1,232,293
2018	585,000	691,144	1,276,144
2019	640,000	678,894	1,318,894
2020	695,000	662,069	1,357,069
2021	760,000	640,244	1,400,244
2022-2026	4,810,000	2,798,944	7,608,944
2027-2031	6,815,000	1,822,856	8,637,856
2032-2035	7,120,000	523,697	7,643,697
Total	\$21,955,000	\$8,520,141	\$30,475,141

Taxable Public Improvement Revenue Bonds, Series 2015

The City issued *Taxable Public Improvement Revenue Bonds, Series 2015* to pay the cost of funding the unfunded actuarial accrued liability (UAAL) of the City's three pension plans, make payments required to purchase past service credits for employees who opted to participate in the FRS, and to pay the costs of issuance of the Series 2015 bonds, including the premium for municipal bond insurance.

The Series 2015 bonds are not general obligations of the City within the meaning of the State of Florida, but are payable from and secured by a lien only on the pledged revenues and on the deposits in the funds and accounts, and the earnings on those deposits as provided by the bond's resolution.

Payments on the Series 2015 bonds are due in semi-annual principal and interest installments, which commenced on April 1, 2016. Stated interest rates on the bonds are between 1.227% and 5.116% per annum. Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$575,000	\$2,509,360	\$3,084,360
2018	780,000	2,499,481	3,279,481
2019	1,005,000	2,482,189	3,487,189
2020	1,240,000	2,456,722	3,696,722
2021	1,570,000	2,420,960	3,990,960
2022-2026	11,955,000	11,027,150	22,982,150
2027-2031	22,570,000	7,735,911	30,305,911
2032-2035	16,235,000	1,896,501	18,131,501
Total	\$55,930,000	\$33,028,274	\$88,958,274

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Capital Lease Obligations

Oshkosh Capital

The City entered into a seven year capital leasing arrangement with Oshkosh Capital to acquire a fire ladder truck for the Fire Department. Future minimum lease obligations are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$90,292	\$8,286	\$98,578
2018	92,974	5,605	98,579
2019	95,735	2,843	98,578
Total	\$279,001	\$16,734	\$295,735

U.S. Bancorp

The City developed a fleet replacement schedule providing for critical public safety vehicles. Lease agreements were executed under a Master Lease Purchase Agreement with U.S. Bancorp Government Leasing and Finance Inc. Future minimum lease obligations are as follows:

Police Vehicles - Schedule 1

Year Ending September 30	Principal	Interest	Total
2017	\$206,794	\$2,998	\$209,792
Total	\$206,794	\$2,998	\$209,792

Fire Apparatus - Schedule 2

Year Ending September 30	Principal	Interest	Total
2017	\$114,067	\$8,341	\$122,408
2018	116,097	6,311	122,408
2019	118,164	4,244	122,408
2020	120,267	2,141	122,408
Total	\$468,595	\$21,037	\$489,632

Fire Pumper Trucks - Schedule 3

Year Ending September 30	Principal	Interest	Total
2017	\$195,596	\$14,303	\$209,898
2018	199,077	10,821	209,899
2019	202,621	7,278	209,899
2020	206,228	3,671	209,899
Total	\$803,522	\$36,073	\$839,595

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Police Vehicles - Schedule 4

Year Ending September 30	Principal	Interest	Total
2017	\$203,838	\$5,954	\$209,792
2018	206,794	2,999	209,793
Total	\$410,632	\$8,953	\$419,585

Police Vehicles - Schedule 5

Year Ending September 30	Principal	Interest	Total
2017	\$200,930	\$9,302	\$210,232
2018	203,985	6,248	210,233
2019	207,085	3,148	210,233
Total	\$612,000	\$18,698	\$630,698

Fire Apparatus - Schedule 6

Year Ending September 30	Principal	Interest	Total
2017	\$274,987	\$13,752	\$288,739
2018	279,497	9,243	288,740
2019	284,081	4,659	288,740
Total	\$838,565	\$27,654	\$866,219

Community Redevelopment Agency (CRA)

Redevelopment Revenue Notes, Series 2011

In 2011, the CRA issued *Redevelopment Revenue Notes, Series 2011* in the amount of \$25,570,000 to acquire, construct and equip certain capital improvements according to the Community Redevelopment Plan. The notes bear a fixed interest rate of 4.44% per annum and paid semi-annually each February 1 and August 1. The notes are secured by a pledge of and first lien on the CRA's tax increment revenues. Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$865,000	\$468,420	\$1,333,420
2018	900,000	430,014	1,330,014
2019	935,000	390,054	1,325,054
2020	975,000	348,540	1,323,540
2021	1,015,000	305,250	1,320,250
2022-2025	5,860,000	692,640	6,552,640
Total	\$10,550,000	\$2,634,918	\$13,184,918

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Redevelopment Notes, Series 2013A & 2013B

In August 2013, the CRA repaid \$7,855,000 of the Series 2011 Notes by refinancing the debt and issuing two new tax-exempt notes: Series 2013A in the amount of \$3,550,000 and 2013B in the amount of \$8,000,000 were used to pay down the original debt and for the purposes as stated above. Series 2013A Notes bear interest at 3.01% per annum and will mature on August 1, 2025. Series 2013B Notes bear interest at 4.50% per annum. Series 2013A and 2013B Notes are secured by a pledge of and first lien on the CRA's tax increment revenues. Future debt service requirements to maturity are as follows:

Redevelopment Notes, Series 2013A

Year Ending September 30	Principal	Interest	Total
2017	\$265,000	\$91,053	\$356,053
2018	280,000	83,076	363,076
2019	290,000	74,648	364,648
2020	295,000	65,919	360,919
2021	305,000	57,040	362,040
2022-2025	1,590,000	125,066	1,715,066
Total	\$3,025,000	\$496,802	\$3,521,802

Redevelopment Notes, Series 2013B

Year Ending September 30	Principal	Interest	Total
2017	\$600,000	\$307,575	\$907,575
2018	620,000	280,575	900,575
2019	645,000	252,675	897,675
2020	675,000	223,650	898,650
2021	700,000	193,275	893,275
2022-2025	3,595,000	423,900	4,018,900
Total	\$6,835,000	\$1,681,650	\$8,516,650

Capital Lease Obligation

U.S. Bank

The CRA entered into equipment leasing arrangement to acquire equipment with U.S. Bank. Future minimum lease obligations are as follows:

Year Ending September 30	Total
2017	\$6,218
2018	6,218
2019	5,182
2020	4,511
Total	\$22,129

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Business-type Activities

Consolidated Utility:

USD assumed the *Water and Sewer Fund's* obligation to the previous owner of Consolidated Utility. The primary source of repayment of the debt is a pledge of net revenue collected from water and sewage usage. Payments are due monthly with an annual interest rate of 8 percent for a period of 35 years, ending September 2022. Future estimated debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$89,085	\$49,459	\$138,544
2018	96,478	42,065	138,543
2019	104,486	34,057	138,543
2020	113,158	25,385	138,543
2021	122,551	15,993	138,544
2022	132,722	5,821	138,543
Total	\$658,480	\$172,780	\$831,260

Water and Sewer Revenue Refunding Bonds, Series 2014

In September 2014, USD issued *Water and Sewer Revenue Refunding Bonds, Series 2014* with an aggregate principal amount of \$22,645,000 to refund and defease USD's outstanding *Water and Sewer Revenue Bonds, Series 2004* and to pay for costs of issuing the Series 2014 Bonds, including the premium for municipal bond insurance. USD called the refunded bonds for redemption on October 1, 2014.

USD has pledged funds to serve as security for the payment of bonds which consist of net revenues, impact fees that may be legally used for the payment of debt service, and applied in accordance with the provisions of the Bond Resolution, including investments, except the rebate fund. Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$750,000	\$1,009,675	\$1,759,675
2018	770,000	983,025	1,753,025
2019	805,000	951,525	1,756,525
2020	835,000	914,550	1,749,550
2021	875,000	871,800	1,746,800
2022-2026	5,085,000	3,639,000	8,724,000
2027-2031	6,495,000	2,208,875	8,703,875
2032-2035	6,290,000	635,688	6,925,688
Total	\$21,905,000	\$11,214,138	\$33,119,138

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Water and Sewer Revenue Bonds, Series 2016

In August 2016, USD issued *Water and Sewer Revenue Bonds, Series 2016* with an aggregate principal amount \$33,205,000 to finance the costs of acquiring, constructing and equipping improvements and upgrades to the combined water supply, treatment and distribution system and wastewater collection system and to pay for costs of issuing the Bonds.

USD has pledged funds to serve as security for the payment of bonds which consist of net revenues, impact fees that may be legally be used for the payment of debt service, and applied in accordance with the provisions of the Bond Resolution, including investments, except the rebate fund. Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$-	\$848,572	\$848,572
2018	870,000	1,638,500	2,508,500
2019	915,000	1,593,875	2,508,875
2020	965,000	1,546,875	2,511,875
2021	1,020,000	1,497,250	2,517,250
2022-2026	5,950,000	6,645,500	12,595,500
2027-2031	7,660,000	4,952,000	12,612,000
2032-2036	11,665,000	2,726,125	14,391,125
2037	4,160,000	104,000	4,264,000
Total	\$33,205,000	\$21,552,697	\$54,757,697

Stormwater Management Utility Revenue Bonds, Series 2016

In March 2016, the City issued *Stormwater Management Utility Revenue Bonds, Series 2016* with an aggregate principal amount \$10,000,000 to finance improvements to the stormwater system and to pay for costs of issuing the Bonds.

The City has pledged funds that serve as security for the payment of bonds which consist of net revenues, including investments, except the rebate fund. Future debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$750,000	\$1,009,675	\$1,759,675
2018	770,000	983,025	1,753,025
2019	805,000	951,525	1,756,525
2020	835,000	914,550	1,749,550
2021	875,000	871,800	1,746,800
2022-2026	5,085,000	3,639,000	8,724,000
2027-2031	6,495,000	2,208,875	8,703,875
2032-2035	6,290,000	635,688	6,925,688
Total	\$21,905,000	\$11,214,138	\$33,119,138

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8 – JOINT VENTURES

On September 9, 1992, the City entered into an interlocal agreement (the Agreement) with the City of West Palm Beach, the Town of Palm Beach, the City of Lake Worth, and Palm Beach County collectively referred to as the Entities for an initial period of thirty years with a renewable term of thirty years upon the consent of all the entities. Under the Agreement, the entities participate in the operation of a regional sewer plant, herein referred to as the East Central Regional Wastewater Treatment Facility (ECR). The purpose of the Agreement was to consolidate prior separate agreements into a single unified agreement to establish rules and procedures for the operation and management of the existing facility. After the Agreement of 1992, each participating entity held a financial interest in the ECR, whose purpose is to receive, treat, and dispose of sewage generated within each municipality and the County. In addition to providing services to the Entities, the ECR operates a septage receiving facility where private haulers can deposit wastewater into the treatment system.

On April 20, 2010, through USD Resolution No. 8-10UD, the ECR Interlocal Agreement was renewed for a term of thirty years commencing September 9, 2022 through September 9, 2052. The Agreement provides for the establishment of a Governing Board (the "Board"), comprised of one representative from each entity participating in the Agreement, to administer the ECR. Under the Agreement, the Board has the power to enter into contracts, employ personnel and enter into debt in accordance with Florida Statutes, Section 63.01(7). In accordance with the Agreement, the City of West Palm Beach operates and manages the ECR on behalf of the Board and is paid an administrative fee by the ECR members for those services.

The Agreement establishes the duties and responsibilities among the Entities for the operation of the ECR. The Agreement can be terminated only with the unanimous consent of the Entities. An Entity may withdraw from participation in the Agreement; however, the Entity will forfeit its interest and allocation in the ECR and would still be required to meet its obligations under the Agreement. In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on their reserve capacity as of the date of disposition. As of September 30, 2014, the City's interest in the ECR was 11.4285%.

The City has participating equity ownership in ECR. The terms of the Agreement provide that each entity is required to pay a proportional part of the annual operating costs, fund a separate Renewal and Replacement Account based on a percentage of the capital cost of the facility, and, make contributions towards fleet costs. All costs of operating the ECR, including depreciation, are shared by each of the entities based on actual flows of wastewater.

Costs associated with capital projects, renewal and replacement, and debt service are shared among the participating governments based on their pro-rata share of reserve capacity. Under the equity method, the City recorded its initial investment at cost and records its ongoing financial interest as an adjustment to the investment in joint venture for its share of the following: Any income or loss reported by the ECR; depreciation and loss on disposal of the ECR assets attributable to capital contributions; additional debt assumed for which the entities are obligated to repay; and capital and debt reserve contributions, including revenue earned by ECR on such contributions.

The ECR's financial statements for fiscal year ending September 30, 2015 have not been issued, as of the City's financial statement issuance. The ECR's latest available audited financial statements are for fiscal year ended September 30, 2014. Therefore, the amounts recorded by the City could be subject to revision in the future. The City does not believe that the joint venture is accumulating significant financial resources or experiencing financial stress that may cause a future benefit or burden to the City. The City believes that its investment in the ECR, as recorded, is fairly stated.

As of September 30, 2014, the ECR reported total assets of \$129,628,140 and total net assets of \$99,344,226 comprising of \$71,656,147 invested in capital assets net of related debt, \$22,814,051 restricted for construction, renewal, replacement and operations, and \$4,874,028 of unrestricted net assets.

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In order to expand the plant capacity to 70 million gallons per day (MGD), the ECR must meet certain Florida Department of Environmental Protection permitting requirements. In November 2011, ECR met the permitting requirements for rating the plant capacity at 70 MGD; however, demand for treatment capacity from the Entities does not currently equal 70 MGD.

Each Entity is required to make a minimum annual contribution to the renewal and replacement fund equal to 1% of the Entity's share of the facility's replacement value, as estimated by the Board. Once an Entity's renewal and replacement cash balance reaches 10% of its share of the replacement value, the Entity is not required to make annual payments until its cash balance falls below 5% of its share of that value. As of September 30, 2014 and 2013, the City of Riviera Beach is the only entity whose cash balance has ever exceeded 10% of its share of the replacement value.

The reserve capacity percentages based on a capacity of 70 MGD by entity as of September 30, 2014 are shown below. For fiscal year 2014, the Entities effected a 2% renewal and replacement contribution.

Participant	Reserve Capacity
City of West Palm Beach	29.2857 %
Palm Beach County	34.2857
City of Lake Worth	16.4286
City of Riviera Beach	11.4286
Town of Palm Beach	8.5714

During fiscal year 2015, the City made payments to the ECR of \$2,786,151 comprising \$404,884 for annual contribution to the ECR and \$2,381,267 towards monthly operating charges.

According to current generally accepted accounting principles, the City accounts for its interest in the joint venture under the equity method. The following is a reconciliation of the City's investment in the ECR as of September 30, 2015:

City's balance as of October 1, 2014	\$10,481,565
City's 11.4286% share of the ECR 2014 operating gain	872,089
City's ending balance as of September 30, 2015	\$11,353,654

The City's investment in the ECR's interest was \$11,353,654 and, as discussed above for consistency, was used to record and report balances in the City's financial statements for fiscal year ending September 30, 2015.

On November 25, 2014, the ECR issued the *Wastewater Treatment Facilities Revenue Bonds, Series 2014* with a par value of \$86,590,000. The proceeds of the bonds will be used together with certain other available funds of the ECR to (i) finance the 2014 project that is designed to improve the ECR facilities biosolids treatment processes and the quality of biosolids, reduce the volume of biosolids generated, reduce energy consumption, and generate renewal digester gases to in part be reused to generate energy for the biosolids digestion process, and (ii) pay certain costs of issuing the Series 2014 bonds. Based on the environmental benefits of the project, the ECR Board designated the project as a "Green Project" designed to be environmentally beneficial in the broad categories of sustainable waste management, energy efficiency and renewable energy.

The Series 2014 Bonds are limited obligations of the ECR, payable solely from and secured by the net revenues of the ECR, pari-passu with the ECR's bonds. The Series 2014 Bonds shall not be deemed to constitute a debt, liability or obligation of the ECR, the City of West Palm Beach, the Town of Palm Beach, the City of Riviera Beach, the City of Lake Worth or Palm Beach County, the State or any other political subdivision thereof within the meaning of any constitutional, statutory or charter provision or limitations, or

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a pledge of the faith and credit of the ECR, the Entities, the State or any other political subdivision, but shall be payable solely from the net revenues of the ECR. Neither the ECR nor the entities are directly, indirectly, or contingently obligated to levy or pledge any form of taxation whatsoever for the payment of the Series 2014 Bonds, nor do the Series 2014 Bonds constitute a charge, lien, or encumbrance, upon any property of the ECR or the Entities.

Standard & Poor's (S&P), and Fitch Ratings (Fitch) have assigned ratings of AA+ and AA+, respectively, to the Series 2014 Bonds. Such ratings reflect only the view of such organizations and any desired explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that the ratings provided by S&P and Fitch, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the agencies, if, in their judgment, circumstances so warrant. Any downward revisions or withdrawal of any such ratings may have an adverse effect on the market price of the Series 2014 bonds.

In addition to the Series 2014 bonds, the ECR has previously issued and has outstanding under the provisions of the Master Resolutions the following bonds: (i) \$11,000,000 in principal amount of Wastewater Facilities Revenue Bonds, Series 2013, proceeds of which funded a generator renewal project and certain preliminary costs of the 2014 project, including engineering design, legal and consulting costs. and (ii) \$14,000,000 in principal amount of Wastewater Facilities Revenue Bonds, Series 2012, proceeds of which were used to refund two State Revolving Fund loans.

The decision to issue the ECR Series 2014 bonds, to enter into future indebtedness, and the amount, structure and timing of such indebtedness, are decisions that are made by the ECR Board, and are not subject to the oversight or consent of the Entities. Under the Interlocal Agreement, the determination to issue debt requires approval by the members holding more than 50% of treatment capacity, and, in addition, by no less than 3 of the entities voting in favor of the decision. None of the entities have the power, independently, to place limits on the amount or structure of the amount or structure of the indebtedness the ECR Board decides to incur. However, any decisions made by the ECR Board to incur indebtedness obligates each entity to pay its proportionate share of such indebtedness, included within the Wastewater Flow Charges as an operating expense. As a result, payment of flow charges by an Entity to the ECR, including debt service payments required to be made by the ECR on the prior bonds and the Series 2014 bonds, are made prior to the entity's payment of debt service on the entity's utility system debt.

The ECR's complete financial statements, related questions or requests for additional financial information can be obtained from the City of West Palm Beach, Finance Department, 401 Clematis Street, West Palm Beach, Florida, 33401.

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, & TRANSFERS

Amounts receivable and payable, represent short term loans made between funds to cover negative cash balances at fiscal yearend. The outstanding balances between funds mainly result from the time lag between the dates that the goods and services are provided or reimbursable expenditures occur, when transactions are recorded in the accounting system, and payments are made between funds.

The CRA owes the City \$10,766,206 which includes: \$10,194,621 for payments made by the City on behalf of the CRA to OMRD for construction and improvements to the Ocean Mall and the municipal beach; \$233,744 represents service provided by the City to the CRA; \$331,247 for principal and interest payment made on behalf of the CRA for *Public Improvement Revenue Bonds, Series 2014*; \$6,131 for contributions made on behalf of CRA's employees participating in FRS; and \$463 for travel expenses.

During fiscal year 2015, the City provided certain services to the CRA and issued invoices amounting to \$283,465, of which the CRA is disputing \$233,502. As of September 30, 2016, the City recorded an allowance for the amount of \$233,502 as no action has been taken by the Council to write off the amount in dispute.

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The Marina Fund owes \$6,260,664 to the General Fund for short term loans made to cover negative cash balances.

The RB CDE owes \$7,298,000 to the CRA for the construction of the Event Center and an amount of \$8,092,727 is due from other funds which includes the advance of \$7,298,000 to the RB CDE and \$794,727 for reimbursements related to the Marina District improvements and maintenance costs of the Marina Village. As of September 30, 2016, interfund receivables and payables balances are as follows:

	Due from Other Funds	Due to Other Funds
Governmental activities:		
General Fund	\$7,802,084	\$564,971
Community Redevelopment Agency (CRA)	8,092,727	10,766,206
Capital Project Fund		114,268
Internal Service Fund	10,194,621	-
Non-major Governmental Funds	-	946,741
Business-type activities:		
Utility Special District		138,582
Marina	-	6,260,664
Riviera Beach CDE		7,298,000
Total	\$26,089,432	\$26,089,432

Transfers are used to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and provide contributions and supplemental funding.

Transfers out from the General Fund and non-major governmental funds are to fund debt service requirements, promotional activities, capital improvements, housing assistance, and grant matching. Transfers to the General Fund and non-major governmental funds are primarily to fund capital projects, debt service requirements, and matching of grants.

As of September 30, 2016, interfund transfers are as follows:

Transfer from (to):	General Fund	Debt Service Fund	Capital Project Fund	Non-major Governmental Funds	Enterprise Funds	Total
General Fund	\$ -	(\$4,977,729)	(\$3,917,082)	\$722,824	\$499,031	(\$7,672,956)
Debt Service Fund	4,977,729	-	-	-	-	4,977,729
Capital Project Fund	3,917,082	-	-	-	-	3,917,082
Non-major Governmental Funds	(722,824)	-	-	-	-	(722,824)
Enterprise Funds	(499,031)	-	-	-	-	(499,031)
Total	\$7,672,956	(\$4,977,729)	(\$3,917,082)	\$722,824	\$499,031	\$ -

NOTE 10 – RISK MANAGEMENT

The City is exposed to the risks of theft, damage, and destruction of assets, errors and omissions, and natural disasters. The Risk Management program is a combination of self-insurance funded at a specified amount and commercial policies for potential claims or losses above the self-funding limit. The City purchases insurance to cover excess liabilities and catastrophic losses. Within the self-funded layer, the City's liability is limited to the following amounts per occurrence: third party liability - \$100,000; public officials/employment practices liability - \$100,000; workers' compensation - \$275,000; crime - \$25,000;

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municipal property - \$100,000; utilities property - \$50,000; boiler & machinery - \$25,000, and cyber risk - \$25,000. The City maintains a total liability limit of \$1,500,000 for all self-insured losses before aggregate excess coverage applies. In the event of damage from a named windstorm, certain percentage deductibles apply, as is common for property insurance in the State of Florida. The total potential self-insured losses are funded through a Loss Fund which is administered by a third party.

The Risk Management program is accounted for in the Internal Service Fund. All operating funds participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims. Expenses for claims paid are recorded in the individual funds and a transfer is used to record the reimbursement to the Internal Service Fund.

Pursuant to GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount provided by the third party administrator for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount, as it depends on factors, such as inflation, changes in legal doctrines, and damage awards. Claims are evaluated periodically. The claims liability estimate includes amounts for incremental claim adjustment expenses related to specific claims, other claim adjustment expenses regardless of whether allocated to specific claims or estimated recoveries. Settlements have not exceeded coverage for the past three fiscal years. Changes in the balances of claims liabilities during the past three fiscal years are as follows:

Fiscal Year	Balance October 1	Claims and Changes in Estimates	Claim Payments	Balance September 30
2014	\$ 1,739,624	\$ 2,232,735	\$ (1,739,587)	\$ 2,232,772
2015	2,232,772	3,283,748	(3,055,450)	2,461,070
2016	2,461,070	1,925,281	(2,124,559)	2,261,792

NOTE 11 – PENSION PLANS

During the fiscal year ended September 30, 2016, the City sponsored three separate single employer defined benefit pension plans: General Employees' Retirement System (GERS), Police Pension Fund (PPF), and Firefighters' Pension Trust Fund (FPTF). On February 4, 2015, the City Council approved an ordinance to allow its employees participation in the Florida Retirement System (FRS).

Pursuant to City Ordinance No. 4508 enacted by the City Council on February 4, 2015, all general employees and firefighters hired by the City on or after June 1, 2015, and elected officials, as of March 1, 2015, are required to participate in FRS instead of the City sponsored pension plans (Pension Plans). General employees and firefighters hired by the City before May 1, 2015, also were required to become compulsory participants in FRS, except for those general employees and firefighters who elected prior to June 1, 2015 not to participate in FRS.

Of the 266 general employees and firefighters hired by the City prior to June 1, 2015 who were previously in the Pension Plans, 241 elected to stay in the Pension Plans and not participate in FRS. For each of the 25 current employees opting to leave the Pension Plans and transfer the FRS, the City agreed to purchase up to 5-years of past service credits in FRS. The cost of these past service credit is expected to be approximately \$325,000. The City also agreed to purchase up to five years of past service credits in FRS for approximately 70 part-time employees at an estimated cost of \$300,000. In exchange, the Pension Plans retain all prior contributions made to the Pension Plans on behalf of those current employees and part time employees and the investment earnings thereon.

Based on the number of general employees and firefighters who are now participating in FRS, the City estimates that it's total required annual contribution to the Pension Plans and to FRS will be approximately

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\$130,000 less than if all general employees and firefighters continued to be participants in the Pension Plans.

Ordinance No. 4058 does not apply to police officers, because the police officers voted not to join FRS. However, the City and the union representing the police offices have re-entered negotiations to discuss pension concessions. Discussions revolve around another FRS vote or modifications to the current plan to generate savings to the City equal to those that would be realized from joining FRS. If the police officers opt to join FRS, there is no way to predict how many police officers would elect to stay in the PPF and not participate in FRS, although based on the experience with the City's general employees and firefighters, it is expected that most current police officers would remain in the PPF.

The CRA has a separate retirement plan, a defined contribution plan, in which all employees participate. Employer contributions are from 6% to 8% of the employee's annual compensation with all contributions made by the CRA on behalf of the employees. Contributions are made directly to the investment fund selected by the employees and are held in the employee's name. The CRA maintains no additional liability or investment management duties as related to the investments. Vesting is 100%, effective at time of hire.

In September 2015, the City issued Taxable Public Improvement Bonds, Series 2015 to fund the unfunded accrued actuarial liability (UAAL) of the City's General Employees, Firefighters, and Police Pension funds. Refer to Note 7 - Long-term Obligations for further details on the Pension Obligation Bonds.

Independent Boards of Trustees administer each pension plan. Audited financial statements are issued separately for the PPF and FPTF. Actuarial valuations are issued separately for all the City's pension plans. Copies of the reports may be obtained from the City of Riviera Beach, Finance and Administrative Services Department, 600 W. Blue Heron Boulevard, Riviera Beach, Florida, 33404.

General Employees' Retirement System (GERS)

A. General Information

Plan Description

The GERS covers all regular full time employees excluding members of the Police Pension Fund, Firefighters' Pension Trust Fund and Florida Retirement System Plans. GERS is reported as a trust fund in its financial statements, therefore, a separate set of financial statements is not issued. GERS is administered by a board of trustees comprising of seven members, of which four members are appointed by the Mayor with approval of the City Council, and three members are elected by GERS's participants.

GERS may be amended by the City Council from time to time. GERS was established under of the Code of Ordinances for the City of Riviera Beach, Part II, Chapter 14, Article II, and was recently amended under Ordinance No. 4001 passed and adopted on March 7, 2012. GERS is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

As of June 1, 2015, the GERS is closed to new members.

Benefits Provided

A member may retire on the first day of the month coincident with or next following the earlier of: (1) age 65 regardless of Credited Service, or (2) age 55 with 10 years of Credited Service, or (3) age 52 1/2 with 15 years of Credited Service, or (4) age 50 with 20 years of Credited Service, or (5) when the total of age plus service equals 75. The normal retirement benefit is equal to 3% of the average monthly earnings for each year of service calculated, based on the highest two consecutive years of the last ten years of service

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preceding the retirement or termination date.

A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 10 years of Credited Service and approval of the Board. The Normal Retirement Benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the Early Retirement date precedes the Normal Retirement date.

Members may also receive retirement benefits other than through normal retirement. The plan document provides special details on the requirements and the payment calculation methods used to determine benefit payments.

Summary of significant accounting policies

Basis of accounting: GERS's financial statements are presented using the accrual basis of accounting. GERS member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of GERS.

Valuation of investments: GERS investments are reported at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities traded on a national exchange are valued at the last reported sales price on the balance sheet date while securities without an established market are reported at estimated fair value.

Income Tax Status

GERS is exempt from federal income taxes under the Internal Revenue Code, and therefore recorded no income tax liabilities or expense.

Contributions

Employer and employee obligations to contribute, as well as employee contributions rates are included in the enabling pension statutes and agreements. Employees are required to contribute 6% of their earnings. The City's funding requirement is based on periodic actuarial valuations. The City contributes the remaining amount necessary to meet the normal cost of the plan and to make payments towards the liquidation of an unfunded past service liability. The actuarial valuation is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year. For the fiscal year ended September 30, 2016, the City's actual contribution was \$1,901,653 or 21.39% of payroll.

GERS's membership information

As of September 30, 2016, GERS's membership consisted of:

Retirees and beneficiaries currently receiving benefits, including DROP and terminated employees entitled to, but not yet receiving benefits	209	
Active employees	172	
Total members	381	

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B. Net Pension Liability

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and GERS's Fiduciary Net Position (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. NPL is based on an actuarial valuation performed as of September 30, 2015.

Total pension liability	\$95,907,220
Fiduciary net position	<u>100,138,810</u>
Net pension liability	<u><u>\$(4,231,590)</u></u>

C. Schedule of Changes in Net Pension Liability

The Change in Net Pension Liability for the fiscal year ended September 30, 2016 (based on a measurement year ended September 30, 2015) is presented below:

Total pension liability	
Service cost	\$2,501,084
Interest	7,077,437
Differences between expected and actual experience	725,132
Changes of benefits	(1,185,639)
Benefit payments, including refunds of member contributions	(10,047,191)
Refunds	<u>(103,879)</u>
Net change in total pension liability	<u>(1,033,056)</u>
Total pension liability - beginning	<u>96,940,276</u>
Total pension liability - ending	<u>95,907,220</u>
Plan fiduciary net position	
Contributions - City	36,283,028
Contributions - Members	618,751
Net investment income	2,232,802
Benefit payments, including share distributions	(10,047,191)
Refund of contributions	(103,879)
Administrative expenses	<u>(163,633)</u>
Net change in plan fiduciary net position	<u>28,819,878</u>
Plan fiduciary net position - beginning	<u>71,318,932</u>
Plan fiduciary net position - ending	<u>100,138,810</u>
City's net pension (asset) liability	<u><u>\$(4,231,590)</u></u>
Plan fiduciary net position as a percentage of total pension liability	104.41%
Covered employee payroll	\$10,312,517
Net pension liability as a percentage of covered employee payroll	(41.03)%

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D. Pension Expense

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$3,152,630 recognized as follows:

Service cost	\$2,501,084
Interest on total pension liability	7,077,437
Current period benefit changes	(1,185,639)
Less: Employee contributions	(618,751)
Less: Projected earnings on plan investments	(5,373,057)
Pension plan administrative expenses	163,633
Other changes in plan fiduciary net position	-
Other changes in total pension liability (contribution to share plan a/c)	-
Recognition of outflow (inflow) of resources due to liabilities	300,741
Recognition of outflow (inflow) of resources due to assets	287,182
Total pension expense	<u><u>\$3,152,630</u></u>

Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City as of September 30, 2016 are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$300,741	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	628,051	340,869
Total	<u><u>\$928,792</u></u>	<u><u>\$340,869</u></u>

The deferred outflows and deferred inflows of resources related to the pension plan, totaling \$2,323,880 from the City's contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to GERS will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2017	\$587,923
2018	587,923
2019	485,451
2020	662,583
Total	<u><u>\$2,323,880</u></u>

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E. Assumptions and Other Data

Discount Rate

The discount rate reported is based on the certified actuarial report and is used to measure the total pension liability as of September 30, 2016. A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on GERS investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that GERS's member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, GERS's fiduciary net position was projected to be available to make all projected future payments of current GERS members. Therefore, the long term expected rate of return on GERS's investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net position liability to changes in the single discount rate, the following presents GERS's net pension liability, calculated using a single discount rate of 7.50%, as well as what GERS's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point-higher:

1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
\$ 5,469,259	\$(4,231,590)	\$(12,478,976)

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used to determine the NPL for the current fiscal year are as follows:

Valuation date	September 30, 2015
Actuarial cost method	Entry age normal
Inflation	3.0%
Salary increases	6.2% to 11%, depending on service, including inflation
Investment rate of return	7.5%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

Riviera Beach Police Pension Fund (PPF)

A. General Information

Plan Description

PPF is a single employer defined benefit plan established by the City of Riviera Beach on May 14, 1957. PPF was created to provide retirement benefits to all regular full-time employees of the City classified as police officers, which includes both law enforcement officers and supervisory and command personnel. PPF is administered by an independent board of trustees consisting of five members, two of whom are

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appointed by the City Council and three of whom are elected. The PPF Board has the ability to make recommendations on establishing and amending PPF's provisions which can only be authorized by the City Council. Since PPF is sponsored by the City, PPF is included as a pension trust fund in the City's financial statements.

Benefits Provided

A police officer may retire and receive normal retirement benefit upon age of 55 with ten or more years of credited service or attainment of age 50 with 20 years of credited service. Upon normal retirement members will receive a monthly benefit amount equal to 3% of the member's average final compensation multiplied by the number of years of credited service. The average final compensation is calculated based on the highest two (2) consecutive during the member's last ten (10) years of contributing service. Police officers may also receive retirement benefits other than through normal retirement. PPF's financial statements provide details on the requirements and the payment calculation methods used to determine benefit payments.

Summary of significant accounting policies

Basis of accounting: PPF's financial statements are prepared based on the accrual basis of accounting and in accordance with generally accepted accounting principles in the U.S. Member contributions are recognized as revenues in the period which contributions are due. Employer contributions are recognized as revenue when due pursuant to the actuarial valuation. Share plan contributions are recognized as revenue in the period in which they are approved by the State. Expenditures incurred, benefits and refunds owed, are recognized when due and payable in accordance with the terms of PPF rather than when paid. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash and cash equivalents: PPF's cash and cash equivalents are invested in securities with maturities of three months or less from the date of acquisition.

Investments: Investments are recorded at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which PPF has entered into requires a range of techniques to determine fair value. The overall valuation process and information sources by major investment classification are as follows:

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government sponsored agencies and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date. When quoted prices are not available, fair value is determined based on valuation methods that use inputs that include market observable inputs, which include recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment type.

Equity securities: These include domestic common stock and equity international fund. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars in effect at the end of the fiscal year. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and

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dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Income Tax Status

PPF is exempt from federal income taxes under the Internal Revenue Code and therefore recorded no income tax liabilities or expense.

Contributions

Employer and employee obligations to contribute, as well as employee contribution rates are included in the enabling pension statutes and agreements. Employees are required to contribute 8% of their earnings to PPF. Pursuant to Florida Statutes, Chapter 185, a contribution from the State of Florida Department of Insurance consist of a tax imposed by the City upon certain casualty insurance policies covering property within the City for property and casualty coverage and annually remits a contribution to PPF. The allowable portion of the State contribution is used to reduce the City's contribution when received. The City is expected to contribute such additional amounts necessary on an actuarial basis to fund PPF's expenses, normal cost, and to amortize the unfunded actuarial accrued liability. Pension expense is determined based on an annual actuarial calculation. The actuarial valuation is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year.

For fiscal year ending September 30, 2016, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation. For the fiscal year ending September 30, 2016, the actual City (employer) contributions, for active members and the State contributions totaled \$1,197,938 which includes \$966,436 from the City, \$231,502 from the State under Chapter 185, and were made in accordance with the contribution requirements determined by an actuarial valuation of PPF.

Plan's membership information

As of September 30, 2016, PPF's membership consisted of:

Retirees and beneficiaries currently receiving benefits, including DROP and terminated employees entitled to, but not yet receiving benefits	90
Active employees	94
Total members	184

B. Net Pension Liability

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and Fiduciary Net Position (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. NPL is based on an actuarial valuation performed as of September 30, 2014.

Total pension liability	\$68,951,579
Fiduciary net position	70,119,256
Net pension (asset) liability	\$(1,167,677)

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C. Schedule of Changes in Net Pension Liability

The Change in Net Pension Liability for the fiscal year ended September 30, 2016 (based on a measurement year ended September 30, 2014) is presented below:

Total pension liability	
Service cost	\$1,373,828
Interest	4,945,789
Changes in benefit terms	1,648,461
Difference between expected and actual experience of pension liability	509,736
Increase in DROP account liabilities	(1,560,756)
Benefit payments	(6,351,580)
Changes of assumptions	1,636,347
Refunds	(69,018)
Net change in total pension liability	<u>484,346</u>
Total pension liability - beginning	68,467,233
Total pension liability - ending	<u>68,951,579</u>

Plan fiduciary net position

Contributions – City & State	1,197,938
Contributions - Members	498,883
Net investment income	5,442,481
Benefit payments, including share distributions	(6,351,580)
Refund of contributions	(69,018)
Administrative expenses	(163,192)
Other	8,795
Net change in plan fiduciary net position	<u>564,307</u>
Plan fiduciary net position - beginning	69,554,949
Plan fiduciary net position - ending	<u>70,119,256</u>
City's net pension (asset) liability	<u>\$(1,167,677)</u>

Plan fiduciary net position as a percentage of total pension liability	101.69%
Covered employee payroll	\$6,260,283
Net pension liability as a percentage of covered payroll	(18.65%)

D. Pension Expense

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$965,478 recognized as follows:

Service cost	\$1,373,828
Interest on total pension liability	4,945,789
Current period benefit changes	-
Less: Employee contributions	(498,883)
Less: Projected earnings on plan investments	(5,033,690)
Pension plan administrative expenses	163,192
Other changes in plan fiduciary net position	(8,795)
Other changes in total pension liability (net change in DROP account liabilities)	(1,560,756)
Recognition of outflow (inflow) of resources due to liabilities	848,977
Recognition of outflow (inflow) of resources due to assets	735,816
Total pension expense	<u>\$965,478</u>

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Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City as of September 30, 2016 are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$311,518	\$ -
Changes of assumptions	537,459	-
Net difference between projected and actual earnings on pension plan investments	817,574	81,758
Total	<u>\$1,666,551</u>	<u>\$81,758</u>

The deferred outflows and deferred inflows of resources related to the pension plan, totaling \$3,735,944 from the City's contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to PPF will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2017	\$1,584,793
2018	1,465,655
2019	767,254
2020	(81,758)
Total	<u>\$3,735,944</u>

E. Assumptions and Other Data

Discount Rate

The discount rate reported is based on the certified actuarial report and is used to measure the total pension liability as of September 30, 2016. A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on the pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, PPF's fiduciary net position was projected to be available to make all projected future payments of current PPF members. Therefore, the long term expected rate of return of 7.50% on PPF's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net position liability to changes in the single discount rate, the following presents the PPF's net pension liability, calculated using a single discount rate of 7.50%, as well as what PPF's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point-higher:

1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
\$6,090,385	\$ (1,167,677)	\$ (7,407,187)

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used to determine NPL for the current fiscal year are as follows:

Valuation date	September 30, 2015
Actuarial cost method	Individual entry age normal
Amortization method	Level percent of payroll, closed
Single equivalent amortization period	5 to 25 years
Actuarial assumptions:	
Asset valuation method	5-year smoothed market
Investment rate of return	7.5%
Projected salary increase	4.9% to 8.6% including inflation
Salary inflation	4.5%
Mortality assumption	RP-2000 Combined Mortality table

Firefighters' Pension Trust Fund (FPTF)

A. General Information

Plan Description

The Riviera Beach Firefighters' Pension Trust Fund (FPTF) is a single employer defined benefit pension plan established by the City. FPTF reflects the provisions and requirements set forth in Chapter 14 of the Code of Ordinances of the City. FPTF was created to provide retirement benefits for all regular full-time employees of the City classified as firefighters which includes fire department officers. FPTF is administered by an independent board of trustees comprising five members, two of whom are appointed by the City Council and three of whom are elected. Since FPTF is sponsored by the City, FPTF is included as a pension trust fund in the City's financial statements.

As of June 1, 2015, the FPTF is closed to new members.

Benefits Provided

A member of FPTF may retire with normal retirement benefits at the earlier of age 55 and 10 years on credited service or after accumulating 20 years of credited service, regardless of age. Early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service.

Normal retirement benefits are 3% of the member's average final compensation times the member's number of years of credited service. Early retirement benefits are the same of normal retirement benefits except they are actuarially reduced (not more than 3% per year) if payable immediately.

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Average final compensation for purposes of calculating benefits is the average salary during the highest 2 years of the last 10 years of a member's contributing service. Pay for unused leave at time retirement is included in this average. Members may also receive retirement benefits other than through normal retirement, such as eligibility for disability and death benefits. FPTF's financial statements provide details on the requirements and the payment calculation methods used to determine benefit payments.

Summary of significant accounting policies

Basis of accounting: FPTF's financial statements are prepared based on the accrual basis of accounting and in accordance with generally accepted accounting principles in the U.S. Member contributions are recognized as revenues in the period which contributions are due. Employer contributions are recognized as revenue when due pursuant to the actuarial valuation. Share plan contributions are recognized as revenue in the period in which they are approved by the State. Expenditures incurred, benefits and refunds owed, are recognized when due and payable in accordance with the terms of FPTF rather than when paid. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash equivalents: FPTF considers all highly liquid investment securities, with an original maturity of one year or less when purchased to be cash equivalents.

Investments: Investments are recorded at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which FPTF has entered into requires a range of techniques to determine fair value. The overall valuation process and information sources by major investment classification are as follows:

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government sponsored agencies and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date. When quoted prices are not available, fair value is determined based on valuation methods that use inputs that include market observable inputs, which include recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment type.

Equity securities: These include domestic common stock and equity international fund. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars in effect at the end of the fiscal year. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Real estate: Real estate funds are valued using their respective net asset value (NAV) as of the end of the fiscal year. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued on a quarterly or semi-annual basis, in conjunction with management and investment advisors.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

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Income Tax Status

FPTF is exempt from federal income taxes under the Internal Revenue Code, and therefore recorded no income tax liabilities or expense.

Contributions

Employer and employee obligations to contribute, as well as employee contributions rates are included in the enabling pension statutes and agreements. Employees are required to contribute 8% of their covered salary to FPTF. Pursuant to Florida Statutes, Chapter 175, FPTF receives a contribution from the State for excise taxes collected on casualty and fire insurance premiums on policies written within the City. The City is required to contribute after offset by the allowable amount received from the State of Florida, an amount sufficient to place FPTF on a sound financial basis as determined by actuarial valuation. The allowable portion of the State contribution is used to reduce the City's contribution when received. The City is expected to contribute such additional amounts necessary on an actuarial basis to fund FPTF expenses, normal cost, and to amortize the unfunded actuarial accrued liability.

Pension expense is determined based on an annual actuarial calculation. The actuarial valuation is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year. For fiscal year ending September 30, 2015, the City funded pension expense based on the based on the required employer contribution amount as determined by the actuarial valuation.

For the fiscal year ending September 30, 2016, the actual employer and State contributions were \$1,413,133 and \$86,456 respectively, for a total of \$1,499,589.

Plan membership information

As of September 30, 2016, FPTF's membership consisted of:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to, but not yet receiving benefits	60
Active employees	<u>62</u>
Total members	<u>122</u>

B. Net Pension Liability

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and Fiduciary Net Position (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. NPL is based on an actuarial valuation performed as of September 30, 2014.

Total pension liability	\$72,662,226
Fiduciary net position	<u>72,693,756</u>
Net pension (asset) liability	<u>\$(31,530)</u>

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C. Schedule of Changes in Net Pension Liability

The Change in Net Pension Liability for the fiscal year ended September 30, 2016 is presented below:

Total pension liability	
Service cost	\$1,697,839
Interest	4,855,614
Changes of benefit terms	(64,553)
Differences between expected and actual experience	1,648,461
Changes of assumptions	1,737,554
Benefit payments, including refunds of member contributions	(4,600,087)
Other - contributions to share plan accounts	269,930
Net change in total pension liability	<u>5,544,758</u>
Total pension liability - beginning	67,117,468
Total pension liability - ending	<u>72,662,226</u>
Plan fiduciary net position	
Contributions - City	14,937,238
Contributions - State	356,386
Contributions - Members	400,547
Net investment income	1,536,397
Benefit payments, including share distributions	(4,600,087)
Administrative expenses	(117,514)
Net change in plan fiduciary net position	<u>12,513,012</u>
Plan fiduciary net position - beginning	60,180,744
Plan fiduciary net position - ending	<u>72,693,756</u>
City's net pension (asset) liability	<u>\$(31,530)</u>
Plan fiduciary net position as a percentage of the total pension liability	100.04%
Covered employee payroll	\$5,022,618
Net pension liability as a percentage of covered payroll	(0.63)%

D. Pension Expense

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$3,175,442 recognized as follows:

Service cost	\$1,697,839
Interest on total pension liability	4,855,614
Current period benefit changes	\$64,553
Less: Employee contributions	(400,547)
Less: Projected earnings on plan investments	(4,321,984)
Pension plan administrative expenses	117,514
Other changes in total pension liability (contribution to share plan a/c)	269,930
Recognition of outflow (inflow) of resources due to liabilities	713,277
Recognition of outflow (inflow) of resources due to assets	308,358
Total pension expense	<u>\$3,175,442</u>

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Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City as of September 30, 2016 are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$457,906	\$227,283
Changes of assumptions	482,654	-
Net difference between projected and actual earnings on pension plan investments	557,117	248,765
Total	<u>\$1,497,677</u>	<u>\$476,048</u>

The deferred outflows and deferred inflows of resources related to the pension plan, totaling \$3,473,066 from the City's contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to FPTF will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2017	\$1,021,629
2018	1,021,631
2019	872,687
2020	557,119
Total	<u>\$3,473,066</u>

E. Assumptions and Other Data

Discount Rate

The discount rate reported is based on the certified actuarial report and is used to measure the total pension liability as of September 30, 2016. A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on trust fund investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, FPTF's fiduciary net position was projected to be available to make all projected future payments of current FPTF members. Therefore, the long term expected rate of return on FPTF's investments (7.15%) was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net position liability to changes in the single discount rate, the following presents FPTF's net pension liability, calculated using a single discount rate of 7.30%, as well as what FPTF's net pension liability would be if it were calculated using a single discount rate that is 1-percent-point lower or 1-percent-point-higher:

1% Decrease (6.15%)	Current Single Discount Rate Assumption (7.15%)	1% Increase (8.15%)
\$7,841,201	\$(31,530)	\$6,629,514

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used to determine the NPL for the current fiscal year are as follows:

Valuation date	September 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.15%
Salary increase	7.5%
Inflation	3.0%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	75% of RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA; 25% of 1983 Group Annuity Mortality Table for males and females.

Florida Retirement System (FRS)

City employees that do not participate in one of the City sponsored pension plans, participate in the Florida Retirement System (FRS). As provided by Florida Statutes, Chapters 112 and 121, the FRS provides two cost sharing, multiple employer defined benefits plans administered by the Florida Department of Management Services, Division of Retirement, including FRS Pension Plan and the Retiree Health Insurance Plan (HIP). Under Florida Statutes, Section 121.4501, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). 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. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Florida Statutes, Chapter 121 and Florida Administrative Code, Chapter 60S. 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 from website:
www.dms.myflorida.com/workforce_operations/retirement/publications.

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FRS Pension Plan

A. General Information

Plan Description

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

Benefits Provided

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

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

As provided in Florida Statutes, Section 121.101, if the member is initially enrolled in FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011 and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS 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 FRS, other than DROP participants, are required to contribute 3% of their salary to FRS. In addition to member contributions, governmental employers are

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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. Employer contribution rates by job class for the period from October 1, 2015 to June 30, 2016 and July 1, 2016 to September 30, 2016, respectively, were as follows: Regular - 7.37% and 7.26%, Special Risk - 19.82% and 22.04%, Special Risk Administrative - 42.07% and 32.95%, Elected Officers - 43.24% and 42.27%, Senior Management Service - 21.14% and 21.43% and DROP participants - 12.28% and 18.75%. These employer contribution rates include 1.20% and 1.26% HIS Plan subsidy for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively.

B. Net Pension Liability

As of September 30, 2016, the City reported a liability of \$3,834,639 for its proportionate share of the FRS's net pension liability. At June 30, 2016, the City's proportionate share was 0.0151%. Fiscal year 2015 was the first year that the City calculated its proportionate share of FRS's net pension liability.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$920,497. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

C. Schedule of Deferred Outflows and Deferred Inflows of Resources

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$293,609	\$36,703
Changes of assumptions	231,984	-
Net difference between projected and actual earnings on pension plan investments	1,764,076	772,868
Changes in proportion and differences between City pension plan contributions and proportionate share of contributions	1,797,988	-
Total	<u>\$4,087,657</u>	<u>\$809,571</u>

The deferred outflows of resources related to FRS, totaling \$111,346 resulting from City contributions to FRS subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016.

Actuarial Assumptions

The total pension liability in the FRS actuarial valuation for June 30, 2016 was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.6%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Mortality	Generational RP-2000 with Projection Scale BB tables

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Retiree Health Insurance Subsidy (HIS)

A. General Information

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum of HIS payment of \$30 and a maximum 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

HIS is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 required was 1.20% and 1.26%, respectively. The City contributed 100% of its statutorily required contributions for the current year. HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS 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 canceled.

B. Net Pension Liability

As of September 30, 2016, the City reported a liability of \$1,762,993 for its proportionate share of the HIS program's net pension liability. The City's proportionate share was 0.0151%.

C. Pension Expense

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$343,718.

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Schedule of Deferred Outflows and Inflows of Resources

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$4,015
Changes of assumptions	276,658	-
Net difference between projected and actual earnings on pension plan investments	891	-
Changes in proportion and differences between City pension plan contributions and proportionate share of contributions	1,221,506	-
Total	\$1,499,058	\$4,015

The deferred outflows of resources related to the HIS Plan, totaling \$17,478 resulting from City contributions to HIS subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016.

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

FRS Investment Plan

A. General Information

Plan Description

The SBA administers 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 Florida Statutes, Section 121.4501, 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 member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of the 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

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 FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the FY 2014/2015 as established by Florida Statutes, Section 121.72, are based

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

on a percentage of gross compensation, by class as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and City Elected Officers class 11.34%.

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 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 the 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 forfeit the accumulated account balance. For fiscal year ended September 30, 2015, 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.

Benefits Provided

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS 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 the transfer the account balance to the FRS Pension Plan when approved for disability retirement guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon the account balance for retirement income.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

The Other Post-Employment Benefits (OPEB) Plan is reported in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. GASB No. 45 requires employer governments to account for and report the annual cost of OPEB in the same manner as pensions. The City recognizes the cost of post-employment healthcare in the year when the employee's services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on future cash flows.

According to Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available to active employees. Retirees are required to pay the full amount of the premium in order to remain covered under the medical plan. Premiums charged by the insurance company are based on the blending of the experience among active employees and older retired employees. Since retirees tend to have higher costs, the City is subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees, which is referred to as the implicit rate subsidy.

Plan Description

Full-time employees who satisfy the disability, early or normal retirement provisions of the applicable City sponsored plan may be eligible for certain OPEB. OPEB include lifetime access to coverage for retirees and their dependents under the medical and prescription plans and participation in the City's dental, vision, and life insurance plans.

Eligible retirees may choose the same medical plan options available for active employees. Dependents of retirees may be covered at the retiree's option, same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and dependents who continue coverage under any one of the medical plan options. Covered retirees and dependents are subject to the same medical and prescription benefits and rules for coverage as active employees. Retirees and dependents age 65 and over are not required to enroll in Part B under Medicare. The plan pays as secondary for claims, otherwise covered under Part B.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Retirees may continue their participation in the City's dental, vision, and life insurance plans. However, these benefits are not considered as other post-employment benefits for the purposes of GASB No. 45.

Funding Policy

OPEB benefits are unfunded. There is no separate trust fund or equivalent arrangement into which contributions are made. The subsidies are financed by the general assets of the City. Approved benefits are paid by the City when due. Consequently, according to GASB No. 45, the interest discount rate used to calculate the present values and costs of OPEB must be long-range expected return on such short-term fixed income instruments.

Plan membership

Based on the actuarial valuation results as of October 1, 2015, the number of participants included in the plan is as follows:

Retired participants	28
Active employees	<u>415</u>
Total	<u>443</u>

Actuarial Methods and Assumptions

In any long-term actuarial valuation, demographic, economic and behavioral assumptions are made concerning the population, investment discount rates, and benefits provided. Future determinations of the funded status of the plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial assumptions form the basis for the actuarial model which is used to project the future population, future benefits and future contributions. Investment discount rate assumptions are used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost that will be expensed in the City's financial statements and the Unfunded Actuarial Accrued Liability disclosed in the statements. Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used for the current year are summarized below:

Valuation Date	October 1, 2015
Actuarial Cost Method	Projected unit credit
Amortization Method	Closed
Amortization Period	24 years
Actuarial Assumptions	
Asset Valuation Method	Market value of assets
Investment Rate of Return	3.75%
Projected Salary Increase	3.00%
Inflation Rate	2.40%
Medical trend assumption rate	4.70%

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that is expensed for the year. Since the OPEB plan is currently unfunded, the offset to that expense comes from actual subsidies expected to be paid on behalf of the current retirees and their dependents for the current year. The offset equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year, net of payments made by retirees during the year. OPEB cost accrued for the fiscal year ended September 30, 2016 is \$655,000, an amount actuarially determined in accordance with the parameters of GASB No. 45.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

The annual OPEB cost and net OPEB obligation are presented below:

Fiscal year ending September 30	2016	2015	2014
Normal cost (service cost for one year)	\$ 516,000	\$ 394,000	379,000
Amortization of Unfunded Actuarial Accrued Liability	181,000	175,000	154,000
Annual Required Contribution (ARC)	697,000	569,000	533,000
Net OPEB obligation (NOO), beginning of year	4,384,135	3,990,135	3,619,135
Annual Required Contribution (ARC)	697,000	569,000	533,000
Interest on Normal Cost and Amortization	164,000	150,000	136,000
Adjustment to ARC	(206,000)	(170,000)	(149,000)
Annual OPEB Cost (expense)	655,000	549,000	520,000
Employer contributions made	(175,000)	(155,000)	(149,000)
Increase (decrease) in NOO	480,000	394,000	371,000
Net OPEB obligation (NOO), end of year	\$ 4,864,135	\$ 4,384,135	\$ 3,990,135

NOTE 13 – RELATED PARTY TRANSACTIONS

2006 Note

In July 2006, the City issued the *Community Redevelopment Projects Note, Series 2006*, in the amount of \$7,175,876 to refund the *Community Redevelopment Bond Anticipation Notes, Series 2002A and Series 2003A*. Through an interlocal agreement, the CRA pledged its tax incremental revenues to the City for the payment of the amounts due by the City pursuant to the Series 2006 Note.

Ocean Mall Redevelopment (OMRD) loan

The Ocean Mall, a retail property, and Municipal Beach are owned by the City. The properties are located within the CRA boundaries. In October 2009, the City loaned \$10,194,621 to the CRA and in turn, the CRA provided a grant to Ocean Mall Redevelopment, LLC (OMRD) to make required infrastructure, parking and beach improvements. On behalf of the CRA, the City advanced the loan proceeds to OMRD based on draw requests from OMRD for construction of the improvements based on inspection and approval of the requests by the City.

In April 2011, the City agreed to modify the loan agreement by offering more flexible terms to the CRA. In February 2016, the CRA Board approved a Second Modification reducing the interest rate to zero percent and adjusting payments to 15 equal installments of \$679,641 each October 1, commencing October 1, 2023 until the loan is paid in full.

In February 2016, the City agreed to modify the loan agreement with the CRA for OMRD loan of \$10,194,621. The restructure of the loan is necessary to enhance CRA's cash flow to meet ongoing operational needs. The CRA Board approved a Second Modification to the Loan Agreement. The terms of the Second Modification will reduce the interest rate to zero percent for the remainder of the term of the loan and the CRA will pay fifteen equal installments of \$679,641 each October 1st, commencing October 1, 2023 until the loan is paid in full.

Marina District Master Ground Lease

In September 2014, the City as Lessor and the CRA as Lessee, entered into a Master Ground Lease approximately 12.6 acres of property owned by the City at the Marina. The lease was entered for the purpose of allowing the CRA to assemble City-owned, CRA-owned and privately-owned parcels for major CRA funded development. The lease rents paid by the CRA to the City are market based, as determined by an independent appraisal. The initial year's rent requirement for fiscal year 2016 is \$1,150,628.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Marina Uplands funding to CRA

In September 2014, the City issued the *Public Improvement Revenue Bonds, Series 2014* in the aggregate principal amount of \$22,000,000 of which the City advanced \$8,091,858 from the proceeds to the CRA to provide gap financing for the City's Marina District development. The CRA has entered into an agreement to reimburse the City for a proportional share, 37.48%, of the annual debt service on the Series 2014 Bonds.

CDE Recoverable grant

The CDE and the CRA are under common control. The CDE entered into a management services agreement with the CRA to manage its books, records, and operations. Thus, the CRA has a controlling influence over the day-to-day management and operations of the CDE. The CRA's Executive Director has been named as the uncompensated non-member manager of the RBEC.

The CDE entered into a recoverable grant agreement with the CRA on December 1, 2013. Funding up to \$8,928,728 payable in installments, has been granted to provide funding for the construction of the Event Center. The grant proceeds are reflected in recoverable grants in the financial statements. Repayment of the grant proceeds is due upon repayment of loan receivable principal payments, unless otherwise canceled in accordance with the grant agreement. As of September 30, 2016, the CDE has been advanced grant proceeds of \$6,930,000.

CDE Note payable

During 2013, the CRA over funded the recoverable grant by \$368,000. The amounts over funded are to be repaid by the CDE out of available cash flow. As of September 30, 2016, remain payable as there was no available cash flow for repayment.

CDE Management services fee

The CRA entered into a management services agreement with the CDE to manage its books, records, and operations and for other management services as required. An annual management services fee of \$50,000 is due October 31st of each year for services provided during the prior year. For the year ended September 30, 2016, a fee of \$50,000 was incurred and paid.

CDE Facility lease

The RBEC entered into a facility lease agreement to lease the Event Center to the CRA so that the CRA could vest control of the operations of the Event Center and to allow the RBEC sufficient funds to service loans from NDC New Markets Investments LXXXIV, LLC. Upon substantial completion of the Event Center and receipt of a certificate of occupancy, which occurred April 26, 2016, the CRA took possession of the Event Center. The lease agreement will terminate on September 30, 2050. Annual rent of \$299,349, under triple net lease terms, shall be increased annually by the Consumer Price Index for All Urban Consumers, and is due quarterly in arrears. As of September 30, 2016, lease revenues of \$149,675 remain due to the CDE and is included in the accounts receivable in the financial statements for the CDE.

NOTE 14 – CONDUIT DEBT

In April 2012, the Council approved an interlocal agreement between the City and Capital Trust Agency authorizing the issuance of approximately \$14,725,000 of its housing revenue bonds in one or more series from time to time to provide financing or refinancing the costs of acquiring, upgrading, reconditioning, improving and beautification of an existing 216 unit low income multi-family rental housing facility for the elderly and families known as the Stonybrook Apartments located in the City. The City has no liability for these bonds in the event of default by the borrower. All bond proceeds were fully disbursed on December 31, 2012, with the first principal payment due on April 1, 2013 with a maturity date of April 1, 2047. As of September 30, 2016, the outstanding principal balance was \$14,035,000.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Construction

As of September 30, 2016, outstanding commitments relating to projects for the City, CRA, USD, Stormwater, and Marina was \$31,448,345. Projects are funded from various sources, including bonds and notes payable, grants, and City funds. Commitments with contractors are as follows:

	Approved Contract Amount	Expended at September 30, 2016	Balance to Complete
Governmental funds	\$ 55,190,299	\$ 33,032,005	\$ 22,158,294
Business-type funds	27,643,193	18,353,172	9,290,021
Total	\$ 82,833,492	\$ 51,385,177	\$ 31,448,315

Lawsuits

Outstanding claims and lawsuits are pending against the City. The City purchases insurance to assist in covering most judgments and settlements. As of September 30, 2016, management estimates that the combined out of pocket net liability to the City to be in the range of \$500,000 to \$1,000,000.

Other Contingencies

Arbitrage Rebate Liability

The Cumulative Rebate Liability was determined pursuant to Treasury Regulations generally applicable to tax-exempt obligations. Earnings from the investment of tax exempt bond proceeds, which exceed related interest expenditures on bonds, must be remitted to the Federal government on every fifth anniversary of the bond issue. The City used an independent consultant to evaluate the *Utility Special District Water and Sewer Revenue Refunding Bonds, Series 2014* for arbitrage liability and it was determined that there is no arbitrage liability due as of September 30, 2016.

A copy of the report on the arbitrage rebate calculation may be obtained from the City of Riviera Beach, Finance and Administrative Services Department, 600 W. Blue Heron Blvd., Riviera Beach, Florida 33404.

Amounts received from grantors

Amounts receivable from grantors are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable special revenue funds. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 16 – ON-BEHALF PAYMENTS

The State of Florida makes a contribution to the Police Officers' and Firefighters' Retirement Plans from the Casualty Insurance Premium Tax and the Fire Insurance Premium Tax, respectively. During fiscal year 2016, the State of Florida, Division of Retirement, was authorized by the City to remit distributions directly to the Police and Firefighters' pension funds.

**CITY OF RIVIERA BEACH
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 17 – STEWARDSHIP

As of September 30, 2016, expenditures exceeded appropriations for the following General Fund departments:

<u>Department</u>	<u>Amount</u>	<u>% of Budget</u>
Legal	\$ 42,442	6.94%

The Legal Department was the only department to exceed its respective budgetary allowance during fiscal year 2016, due to personnel and retirement related costs.

NOTE 18 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through May 5, 2017, the date that the financial statements were issued. No other significant events occurred subsequent to the balance sheet date, but prior to May 5, 2017 that would have a material impact on the financial statements.

Required Supplementary Information

Budgetary Comparison Schedules

MAJOR FUNDS

General Fund
Community Redevelopment Agency (CRA)

**CITY OF RIVIERA BEACH, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$44,964,680	\$44,964,680	\$45,089,743	\$125,063
Licenses and permits	4,077,673	4,077,673	4,252,502	174,829
Intergovernmental	4,337,659	4,337,659	4,235,815	(101,844)
Charges for services	8,817,619	8,817,619	9,050,311	232,692
Fines and forfeitures	312,024	312,024	542,393	230,369
Investment earnings	77,209	77,209	108,288	31,079
Miscellaneous	1,924,132	1,924,132	2,544,351	620,219
Grants and contributions	118,824	118,824	649,102	530,278
Total Revenues	<u>64,629,820</u>	<u>64,629,820</u>	<u>66,472,505</u>	<u>1,842,685</u>
EXPENDITURES				
Current:				
General government	20,647,997	20,647,997	20,203,528	444,469
Public safety	27,582,003	27,582,003	27,496,238	85,765
Transportation	1,472,465	1,472,465	1,341,075	131,390
Human services	248,532	248,532	235,698	12,834
Culture and recreation	4,794,217	4,794,217	4,298,070	496,147
Economic environment	-	-	10,646	(10,646)
Capital outlay	616,500	616,500	537,646	78,854
Interest and debt service costs	-	-	50,520	(50,520)
Total Expenditures	<u>55,361,714</u>	<u>55,361,714</u>	<u>54,173,421</u>	<u>1,188,293</u>
Excess (deficiency) of revenues Over (under) expenditures	9,268,106	9,268,106	12,299,084	3,030,978
OTHER FINANCING SOURCES (USES)				
Transfers in	499,031	499,031	499,031	-
Transfers out	(9,767,137)	(9,767,137)	(9,617,635)	149,502
Total Other Financing Sources (Uses)	<u>(9,268,106)</u>	<u>(9,268,106)</u>	<u>(9,118,604)</u>	<u>149,502</u>
Net Change in Fund Balance			<u>3,180,480</u>	
Fund Balance - Beginning			<u>19,472,633</u>	
Fund Balance - Ending			<u>\$22,653,113</u>	

**CITY OF RIVIERA BEACH, FLORIDA
CRA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$7,122,728	\$7,122,728	\$7,117,647	\$(5,081)
Investment earnings - restricted	-	-	14,519	14,519
Miscellaneous	(1,473,723)	(1,473,723)	656,420	2,130,143
Grants and contributions	1,966,980	1,966,980	3,082,843	1,115,863
Total Revenues	7,615,985	7,615,985	10,871,429	3,255,444
EXPENDITURES				
General government	4,199,085	4,199,085	2,525,602	1,673,483
Redevelopment program	-	-	1,947,517	(1,947,517)
Real estate development	203,880	203,880	-	203,880
Capital outlay	19,871,737	19,871,737	5,907,627	13,964,110
Principal	2,330,907	2,330,907	3,115,399	(784,492)
Interest and debt service costs	1,569,663	1,569,663	1,693,544	(123,881)
Total Expenditures	28,175,272	28,175,272	15,189,689	12,985,583
Excess (deficiency) of revenues Over (under) expenditures	(20,559,287)	(20,559,287)	(4,318,260)	16,241,027
OTHER FINANCING SOURCES (USES)				
BB&T Notes, 2013A & 2013B	10,144,416	10,144,416	-	(10,144,416)
Advance from City	8,800,663	8,800,663	-	(8,800,663)
Carry forward from General Fund	1,614,208	1,614,208	-	(1,614,208)
Total Other Financing Sources (Uses)	20,559,287	20,559,287	-	(20,559,287)
Net Change in Fund Balances			(4,318,260)	
Fund balance - Beginning			<u>8,279,150</u>	
Fund balance – Ending			<u>\$3,960,890</u>	

**CITY OF RIVIERA BEACH, FLORIDA
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2016**

NOTE 1—BUDGETARY BASIS

The budget is presented on a basis consistent with GAAP which for governmental funds uses the modified accrual method in which revenues are recorded when received or when they are both measurable and available to be used for current year liabilities. Proprietary funds are maintained and budgeted for on the accrual basis of accounting which records revenues when earned and expenses when a liability is incurred.

The City and CRA are legally required to adopt annual budgets prior to October 1st of each year. The legal level of budgetary control, is the level at which expenditures may not exceed the budget. Budget amendments which alter the original adopted budget must be approved by the Council.

As of September 30, 2016, actual revenues exceeded the final budgeted amounts and actual expenditures were below the budgeted appropriations.

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CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET POSITION LIABILITY AND RELATED RATIOS
FOR SINGLE-EMPLOYER PENSION PLANS
SEPTEMBER 30, 2016

Fiscal year ended September 30,	GERS	
	2016	2015
Total Pension Liability		
Service cost	\$2,501,084	\$2,257,243
Interest	7,077,437	6,902,113
Benefit changes	(1,185,639)	-
Difference between expected and actual experience	725,132	537,982
Increase in DROP and share account liabilities	-	-
Changes of assumptions	-	-
Benefit payments	(10,047,191)	(4,900,328)
Refunds	(103,879)	(155,661)
Net Change in Total Pension Liability	(1,033,056)	4,641,349
Total Pension Liability - Beginning	96,940,276	92,298,927
Total Pension Liability - Ending (a)	95,907,220	96,940,276
Plan Fiduciary Net Position		
Contributions - Employer (from City and State)	36,283,028	4,843,648
Contributions - Members	618,751	534,435
Net investment income	2,232,802	6,555,653
Benefit payments	(10,047,191)	(4,900,328)
Refunds	(103,879)	(155,661)
Administrative expenses	(163,633)	(163,784)
Other	-	-
Net Change in Plan Fiduciary Net Position	28,819,878	6,713,963
Plan Fiduciary Net Position - Beginning	71,318,932	64,604,969
Plan Fiduciary Net Position - Ending (b)	100,138,810	71,318,932
Net Pension (Asset) Liability - Ending (a) - (b)	\$(4,231,590)	\$25,621,344
Plan Fiduciary Net Position as a Percentage of		
Total Pension Liability	104.41%	73.57%
Covered-Employee Payroll	\$10,312,517	\$8,907,250
Net Pension Liability as a Percentage of		
Covered-Employee Payroll	(41.03)%	287.65%

Additional years will be displayed as they become available.

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET POSITION LIABILITY AND RELATED RATIOS
FOR SINGLE-EMPLOYER PENSION PLANS
SEPTEMBER 30, 2016

Fiscal year ended September 30,	PPF	
	2016	2015
Total Pension Liability		
Service cost	\$1,373,828	\$1,244,109
Interest	4,945,789	4,860,129
Benefit changes	-	-
Difference between expected and actual experience	509,736	457,243
Increase in DROP and share account liabilities	(1,560,756)	105,272
Changes of assumptions	1,636,347	-
Benefit payments	(6,351,580)	(4,621,754)
Refunds	(69,018)	(136,604)
Net Change in Total Pension Liability	<u>484,346</u>	<u>1,908,395</u>
Total Pension Liability - Beginning	<u>68,467,233</u>	<u>66,558,838</u>
Total Pension Liability - Ending (a)	<u>68,951,579</u>	<u>68,467,233</u>
 Plan Fiduciary Net Position		
Contributions - Employer (from City and State)	1,197,938	14,782,134
Contributions - Members	498,883	456,248
Net investment income	5,442,481	689,800
Benefit payments	(6,351,580)	(4,621,754)
Refunds	(69,018)	(136,604)
Administrative expenses	(163,192)	(156,538)
Other	8,795	2,218
Net Change in Plan Fiduciary Net Position	<u>564,307</u>	<u>11,015,504</u>
Plan Fiduciary Net Position - Beginning	<u>69,554,949</u>	<u>58,539,445</u>
Plan Fiduciary Net Position - Ending (b)	<u>70,119,256</u>	<u>69,554,949</u>
Net Pension (Asset) Liability - Ending (a) - (b)	<u>\$(1,167,677)</u>	<u>\$(1,087,716)</u>
Plan Fiduciary Net Position as a Percentage of		
Total Pension Liability	101.69%	101.59%
Covered-Employee Payroll	\$ 6,260,283	\$ 5,415,519
Net Pension Liability as a Percentage of		
Covered-Employee Payroll	(18.65)%	(20.09)%

Additional years will be displayed as they become available.

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET POSITION LIABILITY AND RELATED RATIOS
FOR SINGLE-EMPLOYER PENSION PLANS
SEPTEMBER 30, 2016

Fiscal year ended September 30,	FFPF	
	2016	2015
Total Pension Liability		
Service cost	\$1,697,839	\$1,705,915
Interest	4,855,614	4,757,527
Benefit changes	(64,553)	-
Difference between expected and actual experience	1,648,461	(909,130)
Increase in DROP and share account liabilities	1,737,554	-
Changes of assumptions	(4,596,421)	(4,353,458)
Benefit payments	(3,666)	-
Refunds	269,930	274,190
Net Change in Total Pension Liability	5,544,758	1,475,044
Total Pension Liability - Beginning	67,117,468	65,642,424
Total Pension Liability - Ending (a)	72,662,226	67,117,468
Plan Fiduciary Net Position		
Contributions - Employer (from City and State)	15,293,669	2,541,250
Contributions - Members	400,547	349,056
Net investment income	1,536,397	5,306,723
Benefit payments	(4,596,421)	(4,353,458)
Refunds	(3,666)	-
Administrative expenses	(117,514)	(101,092)
Other	-	-
Net Change in Plan Fiduciary Net Position	12,513,012	3,742,479
Plan Fiduciary Net Position - Beginning	60,180,744	56,438,265
Plan Fiduciary Net Position - Ending (b)	72,693,756	60,180,744
Net Pension (Asset) Liability - Ending (a) - (b)	\$(31,530)	\$6,936,724
Plan Fiduciary Net Position as a Percentage of		
Total Pension Liability	100.04%	89.66%
Covered-Employee Payroll	\$ 5,022,618	\$ 4,379,691
Net Pension Liability as a Percentage of		
Covered-Employee Payroll	(0.63)%	158.38%

Additional years will be displayed as they become available.

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET POSITION LIABILITY AND RELATED RATIOS
FOR SINGLE-EMPLOYER PENSION PLANS
SEPTEMBER 30, 2016

Fiscal ended September 30,	FRS ⁽¹⁾	
	2016	2015
City's proportion of the net pension liability	0.01518%	0.0005621%
City's proportionate share of the net pension liability	\$3,834,639	\$72,605
City's covered-employee payroll	4,495,370	1,125,705
City's proportionate share of the net pension liability as a % of its covered-employee payroll	85.302%	6.450%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%

	HIS⁽¹⁾	
	2016	2015
City's proportion of the net pension liability	0.01513%	0.0001086%
City's proportionate share of the net pension liability	\$77,536	\$415
City's covered-employee payroll	4,495,370	1,125,705
City's proportionate share of the net pension liability as a % of its covered-employee payroll	1.72%	0.04%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.02367%	0.000%

Note: (1) The amounts presented for each fiscal year were determined as of June 30. The City implemented FRS in June 2015, therefore, amounts are not presented for years prior to fiscal year 2015.

Additional years will be displayed as they become available.

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET POSITION LIABILITY AND RELATED RATIOS
FOR SINGLE-EMPLOYER PENSION PLANS
SEPTEMBER 30, 2016

Fiscal year ended September 30, 2016	2016	2015	2014
GERS			
Contractually required contribution	\$1,901,653	\$5,150,931	\$4,843,648
Contributions in relation to the contractually required contribution	3,681,009	36,283,028	4,843,648
Contribution deficiency (excess)	<u>(1,779,356)</u>	<u>(31,132,097)</u>	<u>-</u>
Covered-employee payroll	8,298,350	10,312,517	8,907,250
Contributions as a % of covered-employee payroll	44.36%	351.83%	54.38%
PPF			
Contractually required contribution	966,436	2,135,653	2,340,959
Contributions in relation to the contractually required contribution	966,436	14,561,471	2,340,959
Contribution deficiency (excess)	<u>-</u>	<u>(12,425,818)</u>	<u>-</u>
Covered-employee payroll	6,260,283	5,415,519	4,980,736
Contributions as a % of covered-employee payroll	15.44%	268.88%	47.00%
FFPF			
Contractually required contribution	1,499,589	2,491,591	2,267,060
Contributions in relation to the contractually required contribution	1,499,589	15,023,739	2,267,060
Contribution deficiency (excess)	<u>-</u>	<u>(12,532,148)</u>	<u>-</u>
Covered-employee payroll	5,212,098	5,022,618	4,379,691
Contributions as a % of covered-employee payroll	28.77%	299.12%	51.76%
FRS ⁽¹⁾			
Contractually required contribution	370,350	13,705	
Contributions in relation to the contractually required contribution	370,350	13,705	
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	
Covered-employee payroll	6,260,283	5,415,519	
Contributions as a % of covered-employee payroll	5.92%	0.25%	
HIS ⁽¹⁾			
Contractually required contribution	77,536	415	
Contributions in relation to the contractually required contribution	77,536	415	
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	
Covered-employee payroll	6,260,283	5,415,519	
Contributions as a % of covered-employee payroll	1.24%	0.01%	

Note: (1) The amounts presented for each fiscal year were determined as of June 30. The City implemented FRS in June 2015, therefore, amounts are not presented for years prior to fiscal year 2015.

Additional years will be displayed as they become available.

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
SEPTEMBER 30, 2016**

Measurement Date	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) b	Unfunded AAL (UAAL) b-a	Funded Ratio a/b	Covered Payroll c	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2015	\$ -	\$3,865,000	\$3,865,000	0.00%	N/A	
10/1/2014	-	4,103,000	4,103,000	0.00%	N/A	
10/1/2013	-	3,740,000	3,740,000	0.00%	N/A	
10/1/2011	-	8,957,160	8,957,160	0.00%	19,724,066	45.41%
10/1/2009	-	8,621,762	8,621,762	0.00%	24,435,877	35.28%

Other Supplementary Information

Budgetary Comparison Schedules

SPECIAL REVENUE FUNDS

Community Development Block Grant

Law Enforcement Grant

Major Disaster

**CITY OF RIVIERA BEACH, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	\$-	\$-	\$443	\$443
Miscellaneous	600	361,027	-	(361,027)
Grants and contributions	-	154,588	188,760	34,172
Total revenues	<u>600</u>	<u>515,615</u>	<u>189,203</u>	<u>(326,412)</u>
EXPENDITURES				
Capital outlay	<u>175,000</u>	<u>515,615</u>	<u>196,963</u>	<u>318,652</u>
Total expenditures	<u>175,000</u>	<u>515,615</u>	<u>196,963</u>	<u>318,652</u>
Net Change in Fund Balance			<u>(7,760)</u>	
Fund balance - beginning			<u>170,785</u>	
Fund balance - ending			<u>\$163,025</u>	

**CITY OF RIVIERA BEACH, FLORIDA
LAW ENFORCEMENT GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	\$-	\$-	\$66	\$66
Grants and contributions	-	421,720	216,710	(205,010)
Total revenues	-	421,720	216,776	(204,944)
EXPENDITURES				
Public safety	-	421,720	216,956	204,764
Total expenditures	-	421,720	216,956	204,764
Net Change in Fund Balance			(180)	
Fund balance - beginning			11,586	
Fund balance - ending			\$11,406	

**CITY OF RIVIERA BEACH, FLORIDA
MAJOR DISASTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	\$5,000	\$5,000	\$15,268	\$10,268
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>15,268</u>	<u>10,268</u>
EXPENDITURES				
Current				
General government	553,315	553,315	3,250	550,065
Total expenditures	<u>553,315</u>	<u>553,315</u>	<u>3,250</u>	<u>550,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(548,315)</u>	<u>(548,315)</u>	<u>12,018</u>	<u>560,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	548,315	548,315	548,315	-
Total other financing sources (uses)	<u>548,315</u>	<u>548,315</u>	<u>548,315</u>	<u>-</u>
Net Change in Fund Balance			<u>560,333</u>	
Fund balance - beginning			<u>3,469,985</u>	
Fund balance - ending			<u>\$4,030,318</u>	

Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Criminal Justice Grant
Community Development Block Grant
Mass Transit Assistance
County Grants
Police Grants
Law Enforcement Grants
Major Disaster
Other Special Revenue Funds

DEBT SERVICE FUNDS

Debt Service Fund

CAPITAL PROJECT FUNDS

Paving & Drainage
Public Improvement
Capital Impact Fee
Street Improvement
Capital Projects

**CITY OF RIVIERA BEACH, FLORIDA
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

	Criminal Justice Grant	Community Development Block Grant	Mass Transit Assistance	County Grants	Police Grants	Law Enforce- ment Grants	Major Disaster Fund	Other Special Revenue Funds	Total Non- Major Special Revenue Funds
ASSETS									
Cash and cash equivalents	\$30,945	\$163,025	\$1,997,529	\$54,140	\$1,507	\$19,175	\$4,055,595	\$108,494	\$6,430,410
Receivables, net	68,817	-	-	-	466,983	49,638	-	102,228	687,666
Inventory	-	-	-	-	-	-	-	128,175	128,175
Total assets	99,762	163,025	1,997,529	54,140	468,490	68,813	4,055,595	338,897	7,246,251
DEFERRED OUTFLOWS OF RESOURCES									
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable	2,293	-	1,060	-	-	-	-	7,014	10,367
Accrued liabilities	-	-	-	-	-	-	-	18,123	18,123
Due to other funds	94,270	-	-	-	298,192	53,342	-	500,938	946,742
Other liabilities	-	-	350,000	-	-	-	-	-	350,000
Total Liabilities	96,563	-	351,060	-	298,192	53,342	-	526,075	1,325,232
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows	3,199	-	-	-	-	4,065	25,277	33,636	66,177
Total deferred inflows of resources	3,199	-	-	-	-	4,065	25,277	33,636	66,177
Fund Balances:									
Restricted	-	163,025	1,646,469	54,140	170,298	11,406	-	(220,814)	1,824,524
Committed	-	-	-	-	-	-	4,030,318	-	4,030,318
Total Fund Balances	-	163,025	1,646,469	54,140	170,298	11,406	4,030,318	(220,814)	5,854,842
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$99,762	\$163,025	\$1,997,529	\$54,140	\$468,490	\$68,813	\$4,055,595	\$338,897	\$7,246,251

**CITY OF RIVIERA BEACH, FLORIDA
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2016**

	Criminal Justice	Community Development Block Grant	Mass Transit Assistance	County Grants	Police Grants	Law Enforce- ment Grants	Major Disaster	Other Special Revenues	Total Non-Major Special Revenue Funds
REVENUES									
Intergovernmental	\$214,592	\$-	\$-	\$-	\$-	\$-	\$-	\$127,361	\$341,953
Fines and forfeitures	-	-	-	-	-	-	-	29,351	29,351
Investment earnings	-	443	6,567	163	-	66	15,268	854	23,361
Miscellaneous	-	-	-	-	-	-	-	10,763	10,763
Grants and contributions	-	188,760	22,745	-	466,011	216,710	-	371,205	1,265,431
Total revenues	<u>214,592</u>	<u>189,203</u>	<u>29,312</u>	<u>163</u>	<u>466,011</u>	<u>216,776</u>	<u>15,268</u>	<u>539,534</u>	<u>1,670,859</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	3,250	-	3,250
Public safety	-	-	71,180	-	464,312	216,956	-	167,139	919,587
Human services	214,592	-	-	-	-	-	-	402,944	617,536
Culture and recreation	-	-	-	6,500	-	-	-	43,929	50,429
Economic environment	-	-	20,000	-	-	-	-	-	20,000
Capital outlay	-	196,963	100,000	-	-	-	-	201,180	498,143
Total expenditures	<u>214,592</u>	<u>196,963</u>	<u>191,180</u>	<u>6,500</u>	<u>464,312</u>	<u>216,956</u>	<u>3,250</u>	<u>815,192</u>	<u>2,108,945</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(7,760)</u>	<u>(161,868)</u>	<u>(6,337)</u>	<u>1,699</u>	<u>(180)</u>	<u>12,018</u>	<u>(275,658)</u>	<u>(438,086)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	548,315	174,000	722,315
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,315</u>	<u>174,000</u>	<u>722,315</u>
Net change in fund balances	<u>-</u>	<u>(7,760)</u>	<u>(161,868)</u>	<u>(6,337)</u>	<u>1,699</u>	<u>(180)</u>	<u>560,333</u>	<u>(101,658)</u>	<u>284,229</u>
Fund balances - beginning	-	170,785	1,808,337	60,477	168,599	11,586	3,469,985	(119,156)	5,570,613
Fund balances - ending	<u>\$-</u>	<u>\$163,025</u>	<u>\$1,646,469</u>	<u>\$54,140</u>	<u>\$170,298</u>	<u>\$11,406</u>	<u>\$4,030,318</u>	<u>\$(220,814)</u>	<u>\$5,854,842</u>

**CITY OF RIVIERA BEACH, FLORIDA
NON-MAJOR DEBT SERVICE FUND
BALANCE SHEET
SEPTEMBER 30, 2016**

ASSETS

Cash and cash equivalents	\$32,169
Total assets	32,169

DEFERRED OUTFLOWS OF RESOURCES

Total deferred outflows of resources	-
Liabilities	
Total liabilities	-

DEFERRED INFLOWS OF RESOURCES

Total deferred inflows of resources	-
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Fund Balances:	
Restricted	32,169
Total Fund Balances	32,169
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$32,169

**CITY OF RIVIERA BEACH, FLORIDA
NON-MAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2016**

REVENUES

Investment earnings	\$1,960
Total Revenues	1,960

EXPENDITURES

Debt Service	
Principal	2,706,827
Interest	2,240,693
Total Expenditures	4,947,520

Excess (deficiency) of revenues over expenditures	(4,945,560)
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OTHER FINANCING SOURCES (USES)

Transfers in	4,977,729
Total other financing sources (uses)	4,977,729

Net change in fund balance	32,169
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Fund balance - beginning	-
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Fund balance - ending	\$32,169
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**CITY OF RIVIERA BEACH, FLORIDA
NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

	Paving and Drainage	Public Improvement	Capital Impact Fees	Street Improvement	Capital Projects	Total Non-Major Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$531,375	\$3,184,569	\$932,493	\$-	\$301,362	\$4,949,799
Receivables, net	45,092	-	-	-	-	45,092
Total assets	<u>576,467</u>	<u>3,184,569</u>	<u>932,493</u>	<u>-</u>	<u>301,362</u>	<u>4,994,891</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	-	111,917	-	-	2,937	114,854
Total liabilities	<u>-</u>	<u>111,917</u>	<u>-</u>	<u>-</u>	<u>2,937</u>	<u>114,854</u>
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	576,467	3,072,652	932,493	-	298,425	4,880,037
Total fund balances	<u>576,467</u>	<u>3,072,652</u>	<u>932,493</u>	<u>-</u>	<u>298,425</u>	<u>4,880,037</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$576,467</u>	<u>\$3,184,569</u>	<u>\$932,493</u>	<u>\$-</u>	<u>\$301,362</u>	<u>\$4,994,891</u>

**CITY OF RIVIERA BEACH, FLORIDA
NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2016**

	Paving and Drainage	Public Improvement	Capital Impact Fees	Street Improvement	Capital Projects	Total Non-Major Capital Projects Funds
REVENUES						
Taxes	\$243,659	\$-	\$-	\$-	\$-	\$243,659
Licenses and permits	-	-	337,827	-	-	337,827
Investment earnings	3,017	9,296	8,099	-	-	20,412
Miscellaneous	414	-	-	-	-	414
Grants and contributions	-	27,825	-	-	-	27,825
Total revenues	<u>247,090</u>	<u>37,121</u>	<u>345,926</u>	<u>-</u>	<u>-</u>	<u>630,137</u>
EXPENDITURES						
Current						
General government	-	4,452	-	-	-	4,452
Culture and recreation	-	12	-	-	-	12
Capital outlay	<u>182,036</u>	<u>403,941</u>	<u>648,172</u>	<u>-</u>	<u>27,234</u>	<u>1,261,383</u>
Total expenditures	<u>182,036</u>	<u>408,405</u>	<u>648,172</u>	<u>-</u>	<u>27,234</u>	<u>1,265,847</u>
Excess (deficiency) of revenues over expenditures	<u>65,054</u>	<u>(371,284)</u>	<u>(302,246)</u>	<u>-</u>	<u>(27,234)</u>	<u>(635,710)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	509	-	509
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>509</u>	<u>-</u>	<u>509</u>
Net change in fund balances	65,054	(371,284)	(302,246)	509	(27,234)	(635,201)
Fund balances - beginning	<u>511,413</u>	<u>3,443,936</u>	<u>1,234,739</u>	<u>(509)</u>	<u>325,659</u>	<u>5,515,238</u>
Fund balances - ending	<u>\$576,467</u>	<u>\$3,072,652</u>	<u>\$932,493</u>	<u>\$-</u>	<u>\$298,425</u>	<u>\$4,880,037</u>

Part III

STATISTICAL SECTION

(Unaudited)

Financial Trends

(Unaudited)

**CITY OF RIVIERA BEACH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$35,976,456	\$41,674,279	\$31,738,366	\$47,289,990	\$55,818,186	\$36,654,786	\$41,055,828	\$21,562,964	\$39,920,794	\$14,248,672
Restricted	21,399,921	28,205,633	25,960,389	21,336,521	37,987,138	39,571,280	37,122,826	44,583,925	37,023,863	38,640,859
Unrestricted	19,151,514	3,058,671	18,021,042	20,177,061	4,077,354	13,839,263	30,075,750	4,267,120	(46,755,383)	13,460,543
Total governmental activities net position	<u>76,527,891</u>	<u>72,938,583</u>	<u>75,719,797</u>	<u>88,803,572</u>	<u>97,882,678</u>	<u>90,065,329</u>	<u>108,254,404</u>	<u>70,414,009</u>	<u>30,189,272</u>	<u>66,350,074</u>
Business-type activities:										
Net investment in capital assets	816,200	1,798,847	3,623,089	5,881,999	9,290,712	17,056,826	37,769,604	30,641,963	41,467,081	34,720,313
Restricted	28,896,380	30,359,786	27,515,990	27,176,794	27,225,865	15,228,268	12,242,586	10,481,565	12,762,727	52,472,305
Unrestricted	15,449,598	14,892,471	12,250,922	16,547,591	17,922,555	39,662,512	12,810,201	25,177,245	28,135,272	348,101
Total business-type activities net position	<u>45,162,178</u>	<u>47,051,104</u>	<u>43,390,001</u>	<u>49,606,384</u>	<u>54,439,132</u>	<u>71,947,606</u>	<u>62,822,391</u>	<u>66,300,773</u>	<u>82,365,080</u>	<u>87,540,719</u>
Total government:										
Net investment in capital assets	36,792,656	43,473,126	35,361,455	53,171,989	65,108,898	53,711,612	78,825,432	52,201,927	81,387,877	48,968,985
Restricted	50,296,301	58,565,419	53,476,379	48,513,315	65,213,003	54,799,548	49,365,412	55,065,490	49,786,590	91,113,164
Unrestricted	34,601,112	17,951,142	30,271,964	36,724,652	21,999,909	53,501,775	42,885,951	29,444,365	(18,620,113)	13,808,644
Total governmental net position, restated	<u>\$121,690,069</u>	<u>\$119,989,687</u>	<u>\$119,109,798</u>	<u>\$138,409,956</u>	<u>\$152,321,810</u>	<u>\$162,012,935</u>	<u>\$171,076,795</u>	<u>\$136,714,873</u>	<u>\$112,554,354</u>	<u>\$153,890,793</u>

Source: City of Riviera Beach, Finance and Administrative Services Department

CITY OF RIVIERA BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	\$10,019,759	\$16,076,212	\$16,987,279	\$13,482,149	\$15,173,364	\$18,132,947	\$16,785,692	\$21,820,264	\$21,058,870	\$22,738,925
Public safety	27,212,410	26,733,258	31,374,513	29,181,692	29,006,785	28,092,367	26,612,208	28,913,127	30,099,943	28,415,825
Culture and recreation	5,484,935	5,376,579	4,493,520	4,862,154	5,014,393	4,552,035	5,910,024	8,354,852	4,392,302	4,348,511
Transportation	2,074,318	2,435,357	1,917,713	2,021,076	2,717,985	2,217,587	5,437,862	953,676	1,404,272	1,355,625
Human services	176,978	672,906	736,847	239,584	154,931	733,697	588,169	692,929	750,939	853,234
Economic & physical environment	367,599	3,533,299	3,213,269	3,769,087	2,291,586	1,354,783	923,927	630,946	8,251,450	1,978,163
Interest on long term debt	305,158	1,821,957	361,715	490,733	908,777	1,629,841	1,884,050	1,791,966	56,090,063	3,985,148
Total governmental activities	<u>45,641,157</u>	<u>56,649,568</u>	<u>59,084,856</u>	<u>54,046,475</u>	<u>55,267,821</u>	<u>56,713,257</u>	<u>58,141,932</u>	<u>63,157,760</u>	<u>122,047,839</u>	<u>63,675,431</u>
Business-type activities:										
Water and sewer	13,593,587	12,528,886	14,648,997	13,421,949	14,833,468	18,151,261	15,912,624	14,077,433	8,022,053	16,380,403
Marina	2,670,078	2,846,420	2,627,781	2,514,106	2,243,476	1,759,458	1,561,294	1,325,128	1,304,439	2,650,519
Refuse and stormwater	5,242,968	5,702,904	5,711,198	5,623,943	5,187,564	4,883,152	5,474,999	5,552,227	4,444,093	5,855,255
Community Development Entity	-	-	-	-	-	-	-	-	-	235,868
Interest on long term debt	-	-	-	-	-	1,575,606	1,332,724	1,401,885	506,714	1,120,455
Total business-type activities	<u>21,506,633</u>	<u>21,078,210</u>	<u>22,987,976</u>	<u>21,559,998</u>	<u>22,264,508</u>	<u>26,369,477</u>	<u>24,281,641</u>	<u>22,356,673</u>	<u>14,277,299</u>	<u>26,242,500</u>
Total government expenses	<u>67,147,790</u>	<u>77,727,778</u>	<u>82,072,832</u>	<u>75,606,473</u>	<u>77,532,329</u>	<u>83,082,734</u>	<u>82,423,573</u>	<u>85,514,433</u>	<u>136,325,138</u>	<u>89,917,931</u>
Program revenues:										
Governmental activities:										
Charges for services										
General government	685,881	6,904,276	4,868,886	6,809,910	6,967,484	5,274,854	6,565,474	12,141,552	9,622,826	9,050,311
Public safety	2,985,579	-	1,650,316	2,141,498	2,315,019	1,379,328	1,250,448	1,454,827	-	-
Culture and recreation	478,488	-	262,682	187,243	157,607	248,278	188,556	254,456	-	-
Transportation	-	-	-	13,535	5,087	132,242	17,109	8,063	-	-
Human services	-	-	-	-	-	-	1,710	500	-	-
Economic & physical environment	-	-	144,938	-	163,771	-	253,372	360,889	-	-
Redevelopment program	-	3,398,889	-	-	-	-	-	-	-	-
Operating grants and contributions	1,544,350	-	825,363	2,108,641	8,323,293	3,932,071	1,551,571	1,078,287	1,856,503	4,624,844
Capital grants and contributions	698,364	-	644,356	-	-	6,311,037	1,261,838	647,408	344,150	400,357
Total program revenues	<u>6,392,662</u>	<u>10,303,165</u>	<u>8,396,541</u>	<u>11,260,827</u>	<u>17,932,261</u>	<u>17,277,810</u>	<u>11,090,078</u>	<u>15,945,982</u>	<u>11,823,479</u>	<u>14,075,512</u>
Business-type activities:										
Charges for services										
Water and sewer	13,023,687	13,009,959	12,774,404	17,135,737	17,483,171	21,147,885	20,832,321	20,102,058	21,499,314	22,547,279
Marina	2,976,234	2,784,456	2,069,216	1,946,582	1,701,677	1,392,703	1,216,138	4,323,779	855,209	1,265,758
Refuse and stormwater	5,891,309	6,098,284	6,386,253	6,375,843	5,480,849	5,357,116	5,859,101	5,670,814	5,770,787	7,059,583
Community Development Entity	-	-	-	-	-	-	-	-	-	149,685
Operating grants and contributions	-	-	150,000	1,114,717	1,462,139	4,100,844	-	-	566,603	568,670
Capital grants and contributions	-	-	405,136	-	-	-	2,328,640	-	217,744	21,075
Total program revenues	<u>21,891,230</u>	<u>21,892,699</u>	<u>21,785,009</u>	<u>26,572,879</u>	<u>26,127,836</u>	<u>31,998,548</u>	<u>30,236,200</u>	<u>30,096,651</u>	<u>28,909,657</u>	<u>31,612,050</u>
Total program revenues	<u>28,283,892</u>	<u>32,195,864</u>	<u>30,181,550</u>	<u>37,833,706</u>	<u>44,060,097</u>	<u>49,276,358</u>	<u>41,326,278</u>	<u>46,042,633</u>	<u>40,733,136</u>	<u>45,687,562</u>
Net (expenses) revenues:										
Governmental activities										
Business-type activities	384,597	814,489	(1,202,967)	5,012,881	3,863,328	5,629,071	5,954,559	7,739,978	14,632,358	5,369,550
Total net (expenses) revenues	<u>(38,863,898)</u>	<u>(45,531,914)</u>	<u>(51,891,282)</u>	<u>(37,772,767)</u>	<u>(33,472,232)</u>	<u>(33,806,376)</u>	<u>(41,097,295)</u>	<u>(39,471,800)</u>	<u>(39,501,939)</u>	<u>(40,245,221)</u>

CITY OF RIVIERA BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

General revenues:										
Governmental activities:										
Property taxes	32,568,163	33,805,741	36,672,033	33,451,452	33,722,134	31,225,716	31,558,773	33,986,648	35,750,075	44,624,615
Utility taxes	5,726,731	4,749,106	6,470,590	5,140,557	4,996,255	4,985,199	4,060,124	4,316,158	4,275,034	4,633,809
Franchise fees	1,904,192	1,820,555	2,377,371	1,505,458	2,552,850	2,482,954	2,507,601	2,721,401	2,679,740	2,586,398
Other permits and fees	-	-	415,683	-	-	-	-	-	4,924,658	4,590,329
Impact fees	287,500	209,708	-	-	-	-	-	-	-	-
Sales and use taxes	2,482,155	-	447,563	-	-	-	-	-	-	-
Intergov't and shared revenues	1,326,618	412,976	3,213,844	4,373,394	4,311,664	4,909,182	6,757,906	6,631,201	5,315,152	5,568,857
Investment earnings	2,708,023	1,408,409	235,784	(33,443)	238,381	86,523	673,917	(1,209,881)	(50,986)	205,147
Gain (loss) on disposals	-	-	(291,254)	-	-	-	-	-	-	-
Net pension plan asset	-	-	-	-	-	-	-	-	(5,995,735)	19,268,841
Miscellaneous	1,023,766	350,600	1,599,853	1,121,951	593,381	246,655	2,436,162	1,151,114	3,436,450	3,783,692
Transfers	-	-	500,000	-	-	-	270,119	(1,901,014)	-	499,031
Total governmental activities	48,027,148	42,757,095	51,641,467	45,559,369	46,414,665	43,936,229	48,264,602	45,695,627	50,334,388	85,760,719
Business-type activities:										
Investment earnings	1,931,482	1,025,891	367,586	526,730	198,727	294,938	121,163	(63,547)	1,409,192	483,568
Miscellaneous	-	48,546	423,006	676,762	770,690	1,113,175	232,500	(9,459)	22,759	-
Transfers in (out)	-	-	(500,000)	-	-	-	(270,119)	1,901,014	-	(499,031)
Total business-type activities	1,931,482	1,074,437	290,592	1,203,492	969,417	1,408,113	83,544	1,828,008	1,431,951	(15,463)
Total general revenues	49,958,630	43,831,532	51,932,059	46,762,861	47,384,082	45,344,342	48,348,146	47,523,635	51,766,339	85,745,256
Change in net position:										
Governmental activities	8,778,653	(3,589,308)	953,152	2,773,721	9,079,105	4,500,782	1,212,748	(1,516,151)	(59,889,972)	36,160,800
Business-type activities	2,316,079	1,888,926	(912,375)	6,216,373	4,832,745	7,037,184	6,038,103	9,567,986	16,064,309	5,354,087
Total change in net position, restated	\$11,094,732	\$(1,700,382)	\$ 40,777	\$8,990,094	\$13,911,850	\$11,537,966	\$7,250,851	\$8,051,835	\$(43,825,663)	\$ 41,514,887

Source: City of Riviera Beach, Finance and Administrative Department

CITY OF RIVIERA BEACH, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund:										
Reserved for:										
Encumbrances	\$ 556,485	\$ 660,362	\$ 254,909	\$ 100,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory and prepaid	180,437	219,398	219,398	231,729	-	-	-	-	-	-
Fines and forfeitures	286,008	242,922	-	-	-	-	-	-	-	-
Long term advance	1,809,399	-	759,399	486,913	-	-	-	-	-	-
Debt service	-	1,429,018	-	-	-	-	-	-	-	-
Unrealized gain/(loss) FMV	-	-	(96,256)	-	-	-	-	-	-	-
Investments	-	-	(96,256)	-	-	-	-	-	-	-
Nonspendable (1):										
Inventories	-	-	-	-	1,797,560	1,524,928	1,475,943	942,298	391,881	368,759
Prepaid items	-	-	-	-	498,612	576,423	-	15,000	-	-
Unreserved, undesignated	13,247,092	11,983,273	15,302,817	11,069,332	-	-	-	-	-	-
Unassigned (1):										
Other special revenue funds	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	-	13,458,237	11,939,205	15,321,358	17,400,596	19,080,752	22,284,354
Total general fund	<u>16,079,421</u>	<u>14,534,973</u>	<u>16,440,267</u>	<u>11,888,638</u>	<u>15,754,409</u>	<u>14,040,556</u>	<u>16,797,301</u>	<u>18,357,894</u>	<u>19,472,633</u>	<u>22,653,113</u>
All other governmental funds:										
Reserved for:										
Encumbrances	1,113,914	-	3,470,716	741,116	-	-	-	-	-	-
Inventory and prepaid	1,316,930	-	1,702,071	2,080,747	-	-	-	-	-	-
Debt service	307,201	-	383,138	384,640	-	-	-	-	-	-
Nonspendable (1):										
Inventories	-	-	-	-	716,085	716,085	716,085	128,175	-	-
Prepaid items	-	-	-	-	4,412	4,110	-	11,740	-	-
Restricted (1):										
Community redevelopment	-	-	-	-	20,967,466	19,894,682	20,106,600	10,116,221	1,738,967	3,960,890
Capital projects	-	-	-	-	16,633,167	19,289,469	16,627,681	36,630,393	29,131,722	25,715,486
Debt service	-	-	-	-	386,505	387,129	388,545	252,724	-	32,169
Committed (1):										
Emergency reserves	-	-	-	-	2,280,502	2,679,826	3,062,374	3,468,375	3,469,985	4,030,318
Assigned (1):										
Special revenue	-	-	-	-	558,663	2,986,167	3,003,922	1,203,282	2,100,628	1,824,524
Unreserved, undesignated reported in:										
Special revenue funds	1,437,579	-	544,638	1,728,862	-	-	-	-	-	-
Capital projects funds	25,558,888	25,982,131	4,255,074	4,172,992	-	-	-	-	-	-
Undesignated	-	4,892,351	17,015,750	10,502,868	-	-	-	-	-	-
Total all other governmental funds	<u>29,734,512</u>	<u>30,874,482</u>	<u>27,371,387</u>	<u>19,611,225</u>	<u>41,546,800</u>	<u>45,957,468</u>	<u>43,905,207</u>	<u>51,810,910</u>	<u>36,441,302</u>	<u>35,563,387</u>
Total governmental funds	<u>\$45,813,933</u>	<u>\$45,409,455</u>	<u>\$43,811,654</u>	<u>\$31,499,863</u>	<u>\$57,301,209</u>	<u>\$59,998,024</u>	<u>\$60,702,508</u>	<u>\$70,168,804</u>	<u>\$55,913,935</u>	<u>\$58,216,500</u>

Source: City of Riviera Beach, Finance and Administrative Services Department

Note: (1) GASB Statement No. 54 was implemented for fiscal year ended 9/30/2011, resulting in the reclassification of Governmental Funds fund balances.

CITY OF RIVIERA BEACH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:										
Taxes	\$39,953,571	\$43,001,457	\$45,967,556	\$40,097,467	\$41,271,239	\$31,448,287	\$39,122,872	\$41,467,611	\$43,182,086	\$52,451,049
Licenses and permits	1,494,939	2,457,084	415,683	1,037,569	1,256,129	1,231,233	1,241,983	1,658,174	4,924,658	4,590,329
Intergovernmental	7,995,092	2,914,144	4,683,563	7,144,404	13,297,326	15,031,555	6,231,962	6,466,606	4,099,977	4,577,768
Charges for services	6,833,174	6,904,276	6,926,822	7,156,327	7,394,474	12,521,851	6,469,086	8,056,137	9,622,826	9,050,311
Fines and forfeitures	468,123	275,668	263,787	295,921	295,996	276,665	436,058	369,536	628,307	571,744
Loan & capital lease proceeds	-	-	-	-	-	614,868	-	-	-	-
Rent	-	-	-	-	-	-	34,381	-	-	-
Investment earnings	2,708,022	1,408,409	235,784	(33,442)	238,381	101,678	155,511	138,139	295,945	205,147
Miscellaneous	1,786,864	1,054,630	1,422,216	1,121,950	593,380	617,926	1,370,405	(307,600)	714,520	3,211,948
Grant and contributions	-	-	-	-	-	-	3,404,560	1,889,669	2,205,288	5,025,201
Total Revenues	61,239,785	58,015,668	59,915,411	56,820,196	64,346,925	61,844,063	58,466,818	59,738,272	65,673,607	79,683,497
Expenditures:										
Current										
General government	14,466,829	16,066,730	16,639,695	16,118,660	17,111,819	16,705,691	17,617,869	24,429,023	21,502,285	22,738,925
Public safety	28,081,250	26,733,258	30,721,921	30,251,599	28,284,372	26,635,641	25,743,021	28,283,246	30,099,943	28,415,825
Transportation	1,270,377	2,435,357	1,468,824	1,272,828	1,816,708	1,296,846	1,003,004	1,348,693	1,408,908	1,355,625
Human services	174,043	672,906	766,887	233,592	148,566	724,838	584,090	694,523	762,196	853,234
Culture and recreation	5,281,373	5,376,579	4,397,119	4,383,388	4,487,922	3,858,531	3,532,554	4,366,977	4,392,302	4,348,511
Economic environment	253,746	451,574	2,584,439	10,360,211	3,573,182	1,248,817	2,396,058	223,679	8,598,381	1,978,163
Physical environment	-	-	562,947	1,359,429	741,746	-	-	-	-	-
Capital outlay	4,921,549	3,081,725	5,481,157	4,466,848	6,470,525	8,402,517	7,772,369	8,502,269	8,878,525	14,922,489
Debt service:										
Principal retirement	984,274	1,417,069	522,007	544,339	571,968	2,283,729	10,352,067	2,675,126	2,280,812	5,822,226
Interest and fiscal charges	385,190	404,888	361,715	490,733	908,777	1,629,841	1,573,816	1,627,881	2,791,712	3,985,148
Total expenditures	55,818,631	56,640,086	63,506,711	69,481,627	64,115,585	62,786,451	70,574,848	72,151,417	80,715,064	84,420,146
Excess (deficiency of revenues over expenditures)	5,421,154	1,375,582	(3,591,300)	(12,661,431)	231,340	(942,388)	(12,108,030)	(12,413,145)	(15,041,457)	(4,736,649)
Other financing sources (uses)										
Loan proceeds	-	-	-	-	25,570,000	-	11,550,000	23,780,455	56,973,253	-
Payment to pension plans	-	-	-	-	-	-	-	-	(56,090,063)	-
Transfers in	3,862,790	3,399,246	7,202,787	729,016	861,553	829,608	2,874,219	1,723,322	1,104,633	10,116,666
Transfers out	(3,862,790)	(4,784,327)	(5,202,787)	(729,016)	(861,553)	(829,608)	(1,611,704)	(3,624,336)	(1,569,234)	(9,617,635)
Loss on sale of inventory	-	(94,699)	-	-	-	-	-	-	-	-
Loss on investments	-	-	(14,706)	-	-	-	-	-	-	-
Loss on value of land inventory	-	(807,575)	(94,560)	-	-	-	-	-	-	-
Loan and capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of land	-	55,934	-	-	-	-	-	-	-	-
Proceeds from surplus	-	-	23,116	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,231,421)	1,913,850	-	25,570,000	-	12,812,515	21,879,441	418,589	499,031
Net change in fund balances	5,421,154	(855,839)	(1,677,450)	(12,661,431)	25,801,340	(942,388)	704,485	9,466,296	(14,622,868)	(4,237,618)
Fund balance - beginning as restated	40,392,779	46,265,294	45,489,104	44,161,294	31,499,867	60,940,411	59,998,023	60,702,508	70,536,803	62,454,118
Fund balance - ending	\$ 45,813,933	\$ 45,409,455	\$ 43,811,654	\$ 31,499,863	\$ 57,301,207	\$ 59,998,023	\$ 60,702,508	\$ 70,168,804	\$ 55,913,935	\$ 58,216,500
Debt service as a percentage of non-capital expenditures	1.99%	2.74%	0.91%	0.85%	1.02%	4.52%	5.17%	4.51%	3.02%	8.38%

Revenue Capacity

**CITY OF RIVIERA BEACH, FLORIDA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year Ended Sep 30	Tax Year	<u>Taxable Value of Operating Millage</u>					Exemptions & Adjustments	Gross Assessed Value	Total Direct Tax Rate
		Real Property	Personal Property	Centrally Assessed	Total Property				
2007	2006	\$3,461,716,447	\$312,107,614	\$5,188,700	\$3,779,012,761	\$39,074,442	\$3,739,938,319	9.000	
2008	2007	3,665,329,272	335,919,182	5,306,193	4,006,554,647	9,017,535	3,997,537,112	8.750	
2009	2008	3,681,580,819	336,072,996	8,881,910	4,026,535,725	25,127,340	4,001,408,385	8.426	
2010	2009	3,351,772,451	308,308,269	8,804,706	3,668,885,426	78,132,343	3,590,753,083	8.426	
2011	2010	2,854,182,893	304,388,248	4,542,328	3,163,113,469	(7,147,834)	3,170,261,303	8.998	
2012	2011	3,437,386,175	302,134,311	4,855,627	3,744,376,113	720,587,888	3,023,788,225	8.998	
2013	2012	3,423,577,683	280,218,177	5,108,721	3,708,904,581	716,488,332	2,992,416,249	8.998	
2014	2013	3,826,250,140	301,145,150	4,657,362	4,132,052,652	750,387,922	3,381,664,730	8.998	
2015	2014	3,821,801,946	306,390,283	5,268,669	4,133,460,898	754,569,514	3,378,891,384	8.952	
2016	2015	4,123,057,541	1,202,591,653	6,020,005	5,331,669,199	773,060,380	4,558,608,819	8.452	

Source: DR-403 - Recapitulation of Ad Valorem Assessment Rolls, Palm Beach County Property Appraiser's Office

**CITY OF RIVIERA BEACH, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS**

Fiscal Year Ended Sep 30	Tax Roll Year	Direct	Overlapping							
		City of Riviera Beach General Operations	Palm Beach County	Palm Beach County School Board	South Florida Water Mgt District	South Florida Water Mgt District - Everglades Construction	Florida Inland Navigation District (F.I.N.D.)	Children's Services Council	Palm Beach County Health Care District	Total Direct and Overlapping Rates
2007	2006	8.7500	4.4775	7.8720	0.5970	0.1000	0.0385	0.6199	0.9700	23.4249
2008	2007	8.4260	3.9813	7.3560	0.5346	0.0894	0.0345	0.5823	0.8900	21.8941
2009	2008	8.4260	4.5614	7.9830	0.5346	0.0894	0.0345	0.6009	0.9975	23.2273
2010	2009	8.4260	4.5614	7.9830	0.5346	0.0894	0.0345	0.6898	1.1451	23.4638
2011	2010	8.9980	4.9925	8.1800	0.5346	0.0894	0.0345	0.7475	1.1250	24.7015
2012	2011	8.9980	4.9902	7.7780	0.3676	0.0613	0.0345	0.7300	1.1220	24.0816
2013	2012	8.9980	4.9852	7.5860	0.3523	0.0587	0.0345	0.7025	1.0800	23.7972
2014	2013	8.9980	4.9729	7.5940	0.3294	0.0548	0.0345	0.6745	1.0800	23.7381
2015	2014	8.9520	4.9277	7.5940	0.3045	0.0506	0.0320	0.6677	1.0426	23.5711
2016	2015	8.4520	4.9142	7.0700	0.2836	0.0471	0.0320	0.6833	0.8993	22.3815

Sources: City of Riviera Beach, Finance and Administrative Services Department
Palm Beach County Property Appraiser's Office

Notes: Millage rates are based on \$1 for every \$1,000 of assessed value. The City has a millage rate limit of 10.00 as stipulated by the State of Florida. Overlapping rates are those of local and county governments that apply to property owners within the City.

**CITY OF RIVIERA BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Tax Year 2015			Tax Year 2006		
	Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Assessed Value (2)	Rank	Percentage of Total Assessed Valuation
Florida Power & Light	\$1,026,792,140	1	22.52%	\$35,087,162	2	0.94%
Marriott Ownership Resorts Inc.	114,568,873	2	2.51			
Morguard Woodbine LLC	37,613,583	3	0.83			
AR Northlake LLC	20,883,980	4	0.46			
HHR Singer Island Ltd. Partnership	21,923,641	5	0.48	24,200,000	6	0.65
Ask Florida LLC	21,135,000	6	0.46			
Pandya Dinesh	19,575,206	7	0.43			
Fred Keller Trust	15,461,587	8	0.34	21,702,723	8	0.58
Sysco Food Services	15,210,955	9	0.33	17,516,615	9	0.47
Port of Palm Beach District Lessor	13,696,560	10	0.30	44,936,862	1	1.20
Pandya Dinesh						
Alliance RT Limited Partnership				29,400,000	3	0.79
Resort at Singer Island Properties Inc.				25,852,260	5	0.69
Randolph Cornerstone LLC				26,000,000	4	0.70
RBY LLC				23,675,351	7	0.63
Sonoma Bay				11,023,000	10	0.29
	<u>\$1,306,861,525</u>		<u>28.66%</u>	<u>\$259,393,973</u>		<u>6.94%</u>

Sources: (1) Palm Beach County Tax Collector, values as of January 1, 2015
(2) Palm Beach County Tax Collector, values as of January 1, 2006

**CITY OF RIVIERA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sep 30	Tax Roll Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2006	\$32,724,460	\$31,502,034	96.26%	\$116,235	\$31,618,269	96.62 %
2008	2007	33,759,229	32,406,580	95.99	151,798	32,558,378	96.44
2009	2008	33,927,590	32,332,320	95.30	512,816	32,845,136	96.81
2010	2009	30,999,758	27,715,818	89.41	387,193	28,103,011	90.66
2011	2010	28,461,695	28,257,434	99.28	351,497	28,608,931	100.52
2012	2011	27,217,043	25,871,229	95.06	243,621	26,114,850	95.95
2013	2012	27,020,224	25,713,920	95.17	406,352	26,120,272	96.67
2014	2013	27,693,990	27,257,403	98.42	736,387	27,993,790	101.08
2015	2014	28,901,318	29,304,127	101.39	213,593	29,517,720	102.13
2016	2015	36,554,341	37,057,072	101.38	449,897	37,506,969	102.61

Sources: City of Riviera Beach, Finance and Administrative Services Department and Palm Beach County Property Appraiser's Officer

Note: (1) Amounts collected within the fiscal year of the levy includes legally available early payment discounts ranging from 4% to 1%.

**CITY OF RIVIERA BEACH, FLORIDA
GENERAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year Ended Sep 30	Total Revenues	Taxes	Licenses and Permits	Inter-Gov't	Charges for Service	Fines and Forfeitures	Interest	Payment in Lieu of Taxes	Misc.
2007	\$49,887,305	\$38,995,852	\$1,494,939	\$3,867,692	\$5,751,775	\$468,123	\$1,029,733	\$715,943	\$270,032
2008	53,078,929	39,714,825	2,457,084	270,162	5,847,965	275,668	520,067	715,943	85,591
2009	48,377,649	41,910,952	411,022	3,196,857	5,935,447	263,787	90,036	715,943	554,885
2010	50,320,673	34,749,027	1,037,569	4,905,478	6,149,617	295,921	59,892	715,943	464,202
2011	45,639,219	36,158,036	1,256,129	4,758,236	6,452,185	295,996	165,847	715,943	518,301
2012	49,289,002	26,114,850	1,231,234	4,780,363	11,374,799	276,665	(182,481)	715,943	1,327,846
2013	51,932,988	33,464,465	1,212,131	6,231,962	5,753,143	299,852	28,095	715,943	1,583,411
2014	55,930,112	35,246,989	1,642,699	6,466,606	7,060,624	286,888	33,297	995,513	200,372
2015	55,930,112	36,497,116	4,796,158	4,030,264	7,481,921	600,609	178,301	1,340,905	1,004,838
2016	66,472,505	45,089,743	4,252,502	4,235,815	7,484,108	542,393	108,288	1,566,203	3,193,453

Source: City of Riviera Beach, Finance and Administrative Services Department

Note: Information includes General Fund only.

**CITY OF RIVIERA BEACH, FLORIDA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year Ended Sep 30	Total Tax Revenues	General Property Taxes	Use and Fuel	Public Service Taxes	Communi- cations Service Tax	Insurance Premium (1)
2007	\$38,995,852	\$31,610,444	\$537,881	\$4,765,007	\$1,706,447	\$376,073
2008	39,714,825	32,558,378	586,786	4,222,219	1,881,201	466,241
2009	41,910,952	32,845,136	484,036	5,969,600	1,872,006	740,174
2010	34,749,027	28,103,012	488,168	3,960,607	1,654,023	543,217
2011	36,158,036	28,608,931	470,924	5,000,327	1,528,274	549,580
2012	32,755,944	26,114,850	473,444	4,158,028	1,433,830	575,792
2013	33,464,465	26,120,272	471,241	4,936,033	1,369,752	567,167
2014	35,246,989	27,993,790	477,499	5,331,088	1,222,571	222,041
2015	36,497,116	29,304,127	510,525	5,467,289	1,215,175	-
2016	45,089,741	37,506,969	523,141	6,068,542	991,089	-

Source: City of Riviera Beach, Finance and Administrative Services Department

Note: Information for General Fund only.
During FY 2015, the City authorized the State of Florida, Department of Retirement, to remit the insurance premium taxes directly to Firefighters' and Police Pension Trust Funds.

CITY OF RIVIERA BEACH, FLORIDA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended Sep 30	Total Expenditures	General Government	Public Safety	Physical & Economic Environment	Transportation	Human Services	Culture and Recreation	Capital Outlay	Other Uses
2007	\$46,782,448	\$12,710,579	\$27,846,799	\$ -	\$1,270,377	\$174,043	\$3,874,696	\$905,954	\$ -
2008	49,561,980	14,796,438	26,272,105	446,022	1,577,773	191,159	4,190,320	1,153,971	934,192
2009	53,240,701	16,586,493	29,776,175	534,990	1,429,666	222,630	4,211,616	479,131	-
2010	51,120,497	16,092,060	29,463,970	-	1,083,672	233,592	3,793,904	453,299	-
2011	47,385,166	14,874,275	27,108,414	185,349	1,010,134	148,566	3,916,768	141,660	-
2012	46,863,033	15,131,531	25,706,435	37,531	1,012,555	180,386	3,831,948	962,647	-
2013	47,775,617	15,836,787	25,184,466	18,003	1,049,076	146,583	3,509,547	2,031,155	-
2014	50,340,791	15,190,226	27,968,913	208,090	1,325,789	212,058	4,183,259	1,252,456	-
2015	54,603,976	17,868,821	29,334,074	590,809	1,404,272	245,367	4,325,676	684,704	150,253
2016	54,173,421	20,203,528	27,496,238	10,646	1,341,075	235,698	4,298,070	537,646	50,520

Source: City of Riviera Beach, Finance and Administrative Services Department

Note: Information includes General Fund only.

Debt Capacity

**CITY OF RIVIERA BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sep 30	Governmental Activities						Business-type Activities					Total Primary Government	Percent of Personal Income	Per Capita
	Capital Projects Note	Public Improvement Revenue Bonds	FLGFC Pooled Commercial Paper Loan	CRA Projects Note	CRA Redevelopment Revenue Note	Capital Leases	Water & Sewer Consolidated Utility Obligation	Water & Sewer Revenue Bonds	Sales Tax Revenue Refunding Bonds	Capital Leases	Stormwater Revenue Bonds			
2007	\$2,043,912	\$ -	\$650,000	\$7,175,876	\$ -	\$ -	\$417,860	\$29,730,000	\$2,435,000	\$9,211	\$-	\$ -	5.06 %	\$1,175
2008	1,851,987	-	-	6,950,732	-	-	390,003	29,105,000	1,980,000	-	-	42,461,859	4.76	1,106
2009	1,652,093	-	-	6,628,619	-	-	362,146	28,460,000	1,510,000	-	-	40,277,722	4.85	1,051
2010	1,445,973	-	-	6,290,400	-	-	334,289	27,795,000	1,025,000	-	-	38,612,858	5.23	1,136
2011	1,229,134	-	-	5,935,271	25,570,000	-	306,432	27,110,000	520,000	-	-	36,890,662	8.60	1,867
2012	1,003,291	-	-	5,562,385	23,885,000	614,868	951,580	26,400,000	-	-	-	60,670,837	7.94	1,778
2013	768,071	-	-	5,170,855	25,790,000	534,551	886,823	25,665,000	-	-	-	58,417,124	7.93	1,775
2014	523,084	22,000,000	-	4,759,748	24,045,000	1,454,173	816,691	25,385,871	-	-	-	58,815,300	10.22	2,367
2015	265,755	79,360,000	-	4,328,086	22,265,000	3,162,417	740,738	25,370,853	-	-	-	78,984,567	17.63	4,171
2016	-	77,885,000	-	3,874,841	20,410,000	3,652,366	658,480	55,110,000	-	-	10,000,000	135,492,849	21.30	5,046

Source: City of Riviera Beach, Finance and Administrative Services Department

Note: The notes to the basic financial statements provide specific details regarding the City's outstanding debt.

**CITY OF RIVIERA BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2016**

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable to City of Riviera Beach (4)	Amount Applicable to City of Riviera Beach
Direct Debt:			
City of Riviera Beach Direct Debt (1)	\$85,873,391	100.00 %	\$85,873,391
Overlapping Debt:			
Palm Beach County School Board (2)	1,776,258,000	2.77	49,202,347
Palm Beach County (3)	1,172,262,227	2.99	35,050,641
	Total Overlapping Debt		84,252,988
	Total Direct and Overlapping Debt		\$170,126,379

Sources: City of Riviera Beach, Finance and Administrative Services Department
Palm Beach County School Board, CAFR June 30, 2016
Palm Beach County, Office of Financial Management and Budget
Palm Beach County Property Appraiser's Office

Notes:

- (1) City of Riviera Beach's net outstanding debt includes revenue bonds and notes payable less Water and Sewer revenue bonds and obligations. Details of the debt are available in the City's Notes to the Financial Statements for fiscal year ended September 30, 2016
- (2) Details regarding Palm Beach County School Board's outstanding debt are available in the School Board's Notes to the Financial Statements for fiscal year ended June 30, 2016
- (3) Details regarding Palm Beach County's outstanding debt for fiscal year ended September 30, 2016 are available from PBC, Office of Financial Management and Budget.
- (4) Estimated percentage applicable to the City of Riviera Beach is computed based on the ratio of Palm Beach County and Palm Beach County School Board's total taxable assessed value to that within the City of Riviera Beach.

Overlapping government units are those with geographic areas that coincide, at least in part, with the geographic boundaries of the City of Riviera Beach.

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF GENERAL GOVERNMENT PLEDGED REVENUE COVERAGE
LAST TEN YEARS

Fiscal Year Ended Sep 30	Gas Tax	Franchise Fees	Public Service Taxes	Business Taxes	Sales Tax	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
							Principal	Interest	Total	
2007	\$537,881	\$1,904,193	\$4,567,262	\$442,281	\$3,600,801	\$11,052,418	\$734,274	\$97,950	\$832,224	13.28
2008	586,786	1,820,555	4,749,106	464,132	3,551,266	11,171,845	191,925	82,048	273,973	40.78
2009	484,036	2,377,371	5,016,652	447,563	3,163,697	11,489,319	199,893	74,079	273,972	41.94
2010	488,168	1,505,458	3,486,534	463,486	2,154,172	8,097,818	216,839	57,135	273,974	29.56
2011	470,924	2,552,850	3,467,981	643,632	2,193,715	9,329,102	225,843	48,131	273,974	34.05
2012	473,444	2,482,954	3,551,369	606,659	2,125,149	9,239,575	315,537	57,016	372,553	24.80
2013	471,241	2,507,601	4,060,124	875,908	2,236,508	10,151,382	327,690	44,863	372,553	27.25
2014	506,435	2,721,401	4,316,158	976,696	2,396,237	10,916,927	340,319	32,234	372,553	29.30
2015	510,525	2,704,479	4,275,034	1,192,255	2,583,803	11,266,096	3,201,228	2,067,852	5,269,080	2.14
2016	523,141	2,586,398	4,633,809	1,434,733	2,678,737	11,856,818	2,607,198	2,273,181	4,880,379	2.43

Source: City of Riviera Beach, Finance and Administrative Services Department

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF CRA REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sep 30	Operating Revenues	Operating Expenditures	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
				Principal	Interest	Total	
2007	\$2,949,490	\$1,323,298	\$1,626,192	\$225,144	\$145,618	\$370,762	4.39
2008	3,347,585	1,275,844	2,071,741	322,113	291,236	613,349	3.38
2009	3,874,372	1,702,492	2,171,880	338,219	277,739	615,958	3.53
2010	5,429,873	2,943,999	2,485,874	355,129	263,568	618,697	4.02
2011	5,251,843	4,794,835	457,008	2,057,886	1,383,996	3,441,882	0.13
2012	6,782,567	4,390,944	2,391,623	2,151,530	1,293,558	3,445,088	0.69
2013	5,642,411	5,431,271	211,140	1,745,000	1,061,503	2,806,503	0.08
2014	6,049,804	8,805,321	(2,755,517)	2,211,662	1,223,335	3,434,997	(0.80)
2015	6,640,071	14,931,925	(8,291,854)	1,875,592	1,271,072	3,146,664	(2.64)
2016	10,871,420	15,189,689	(4,318,269)	1,730,000	867,048	2,597,048	(1.66)

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF WATER AND SEWER REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sep 30	Gross Revenues	Cost of Operations and Maintenance	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
				Principal	Interest	Total	
2007	\$14,285,382	\$10,893,166	\$3,392,216	\$600,000	\$1,389,581	\$1,987,581	1.71
2008	13,456,517	10,736,506	2,720,011	610,000	1,377,581	1,987,581	1.37
2009	13,833,204	10,603,830	3,229,374	625,000	1,362,331	1,987,331	1.62
2010	18,028,983	9,800,047	8,228,936	645,000	1,345,144	1,990,144	4.13
2011	18,154,046	11,284,394	6,869,652	665,000	1,325,794	1,990,794	3.45
2012	17,430,619	11,400,144	6,030,475	685,000	1,304,181	1,989,181	3.03
2013	20,935,035	14,580,576	6,354,459	710,000	1,280,206	1,990,206	3.19
2014	19,965,256	12,184,146	7,781,110	760,000	1,226,019	1,986,019	3.92
2015	22,252,898	12,920,215	9,332,683	740,000	1,050,925	1,790,925	5.21
2016	22,673,701	14,282,235	8,391,466	839,084	1,907,706	2,746,790	3.06

Source: City of Riviera Beach, Finance and Administrative Services Department

**CITY OF RIVIERA BEACH, FLORIDA
DEBT COMPLIANCE
SEPTEMBER 30, 2016**

<u>Description</u>	<u>Targets</u>	<u>Actual</u>
<u>General Government</u>		
Debt service as a percentage of General Government Expenditures		
Debt limit	20% maximum	
Goal / Target	10% maximum	8.19%
Weighted Average Maturity of Debt Program (s)	10-year maximum	11.7 years
Variable rate debt as a percentage of Total Debt	25% maximum	0%
Pay-as-you-go funding for Renewal and Replacement:		
Fleet and minor equipment	\$0.5 million annually (min)	\$ 500,000
Technology equipment	\$0.1 million annually (min)	\$1,000,000
Buildings / structures maintenance	\$0.1 million annually (min)	\$ 367,472
Roads, curbs, and sidewalks	\$0.5 million annually (min)	\$ 881,306
General Fund Emergency Reserve as a percentage of Operating Revenues		
Goal / Target	20% minimum	41.14%
<u>Enterprise Funds</u>		
Debt Service Coverage		
Test #1 (as a percentage of Maximum Annual Debt Service)		
Goal / Target	120% minimum	229%
Test #2 (Required Transfers)		
Goal / Target	100% minimum	230%
Weighted Average Maturity of Debt Program (s)	25-year maximum	15 years
Variable Rate Debt as a percentage of Total Debt	25% maximum	0%
Pay-as-you-go for Renewal and Replacement funding as a percentage of Operating Revenues:		
Water and Sewer	10% minimum	19.76%
Stormwater	10% minimum	19.48%
Emergency Reserve as a percentage of Operating Revenues:		
Water and Sewer	20% minimum	33.70%
Stormwater	20% minimum	36.72%

Source: City of Riviera Beach's Debt Management Policy

Demographic and Economic Information

**CITY OF RIVIERA BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Palm Beach County Population ⁽²⁾	City of Riviera Beach Population ⁽³⁾	PBC per Capita Personal Income ⁽⁴⁾	City per Capita Personal Income ⁽⁵⁾	City Unemployment Rate ⁽¹⁾
2007	1,264,648	36,138	\$58,749	\$23,234	5.6
2008	1,269,745	36,430	59,240	23,234	9.0
2009	1,279,745	36,722	51,910	21,694	11.4
2010	1,320,134	32,488	52,526	21,702	12.8
2011	1,323,394	32,496	53,871	21,702	11.8
2012	1,335,187	32,861	55,628	22,399	10.4
2013	1,356,545	33,129	57,985	22,399	7.9
2014	1,372,171	33,369	66,914	23,159	6.1
2015	1,397,710	33,649	N/A	23,652	5.7
2016	1,422,789	34,005	N/A	23,685	5.8

- Sources:
- (1) U.S. Bureau of Labor Statistics (Sep 2015)
 - (2) U.S. Census Bureau, Population Estimates Program (July 1, 2014 estimate)
 - (3) U.S. Census Bureau, Population Estimates Program (July 1, 2015 estimate)
City of Riviera Beach, Community Development Department
 - (4) Bureau of Economic Analysis - <http://www.bea.gov/regional/bearfacts/action.cfm> (2014)
 - (5) U.S. Census Bureau - <http://factfinder.census.gov>

Notes: Palm Beach County (PBC) population for 2005 to 2015 is based on U.S. Census Bureau Population estimates as of July 1 of each year.

**CITY OF RIVIERA BEACH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR, 2016**

Employer	Type of Business	Approximate Number of Employees
Veterans Affairs Medical Center	Health care	2,700
Palm Beach County School Board	Education	1,950
Cheney Brothers	Food distribution	660
Tropical Shipping	Food distribution	500
City of Riviera Beach	City government	500
Pepsi Cola Bottling Co.	Bottled soft drinks	450
Lockheed Martin Corp.	Aerospace engineering	430
SYSCO Food Services	Food distribution	350
Serta Mattress	Mattress manufacturing	135
Farmer & Irwin Corp.	Mechanical construction	130

Source: Business Development Board of Palm Beach County
City of Riviera Beach Finance and Administrative Services Department

Operating Information

**CITY OF RIVIERA BEACH, FLORIDA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	112.5	115.5	109	95	89	89.5	87.5	103	103	112
Police	168	176.5	180.5	170.5	160	157	152.5	156	160	160
Fire	79	79	78	76	73.5	70	71.5	74	74	68
Culture and recreation	67.5	58	60.5	53	41.5	49	50	50	48.5	47
Transportation	17	16	15	12	13	14	11.5	12	12	13
Human Services	3	4	4	4	4	3.5	3	4.5	4.5	4.5
Marina	16	16	14.5	14.5	8.5	9	8.5	8	8	-
Water and sewer	53	53	51	49	55	55	56	49	48	42
Stormwater	9	8	7.5	8.5	10	9.5	9.5	9	9	7
Total number of employees	525	526	520	482.5	454.5	456.5	450	465.5	467	453.5

Source: City of Riviera Beach, Finance and Administrative Services Department

**CITY OF RIVIERA BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire										
Emergency responses	6,992	6,595	6,204	6,077	6,490	6,604	6,750	7,172	6,577	8,090
Fires reported	184	145	161	120	118	105	100	84	124	128
Streets										
Potholes repaired	N/A	364	267	N/A	135	300	375	180	300	350
Streets swept (miles)	N/A	144	240	240	3,100	4,800	3,200	3,200	4,500	4,500
Planning and development										
Building permits issued	4,187	3,474	2,305	2,401	2,497	2,444	2,601	2,535	2,952	2,825
Building inspections conducted	9,426	5,886	3,862	5,848	3,772	4,131	4,937	5,419	7,082	7,662
Parks and recreation										
Number of participants:										
Barracuda Bay	29,756	29,813	28,164	19,568	22,155	20,086	4,509	6,710	6,100	8,396
Swim lessons	382	348	262	497	530	675	558	175	600	466
Junior lifeguard	9	36	31	38	30	26	34	58	60	28
Football and cheerleading	225	290	334	260	250	270	210	250	250	219
Summer program	100	90	86	71	60	65	75	250	250	192
Seniors program	100	90	100	85	80	80	80	80	100	100
Youth basketball	224	235	200	190	215	190	130	130	600	191
Tee ball / Baseball / Tennis	N/A	150	175	195	100	100	125	125	250	56
Utility system										
Active accounts - water	13,659	13,641	13,656	13,559	13,929	13,175	13,366	12,975	12,686	12,665
Active accounts - sewer	13,192	13,156	13,193	13,114	13,475	13,127	13,315	13,010	13,052	12,616
Active accounts - trash	10,851	10,820	10,839	10,769	10,832	10,746	10,827	10,663	10,540	10,538
Water treated (MG)	2,544	2,322	2,079	2,380	2,450	2,472	2,500	2,647	2,762	2,800
Wastewater treated (MG)	1,780	1,625	1,455	1,666	1,715	1,759	1,836	1,778	1,796	1,799

Source: Various departments of the City of Riviera Beach

N/A = Not Available

**CITY OF RIVIERA BEACH, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:											
Government buildings	1	1	1	1	1	1	1	1	1	2	2
Public safety:											
Police stations	1	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1	1
Patrol cars	75	80	85	95	110	110	110	110	120	132	135
Fire stations	4	4	4	4	4	4	4	4	4	4	4
Culture and recreation											
Parks	12	12	12	12	12	12	12	12	12	12	12
Parks acreage	55	55	55	55	55	55	55	55	55	55	55
Recreation centers	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2	2
Senior centers	1	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2	2
Playgrounds	11	11	11	10	10	10	10	10	10	10	10
Tennis courts	7	6	6	6	6	6	6	6	6	6	6
Basketball courts	5	5	5	5	5	5	5	5	5	5	5
Baseball/softball/soccer fields	7	7	7	7	7	7	7	7	7	7	7
Libraries	1	1	1	1	1	1	1	1	1	1	1
Transportation:											
Miles of streets	82	82	82	82	82	82	82	82	82	82	82
Number of street lights	3,395	3,430	3,465	3,500	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Miles of sidewalks	57	57	57	57	57	57	57	57	57	57	57
Utility systems:											
Water mains (miles)	175	175	175	175	175	188	188	187	187	187	187
Sewer mains (miles)	156.3	156.3	156.3	156.3	156.3	157.4	157.4	157.3	157.3	157.3	157.3
Water treatment capacity (MGD)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Storage tank & pump stations	4	4	4	4	4	4	4	4	4	4	4
Lift stations	51	51	51	51	51	51	51	51	51	51	51
Fire hydrants	1,089	1,089	1,089	1,089	1,089	1,100	1,100	1,109	1,109	1,125	1,125

Source: Various departments of the City of Riviera Beach

Part IV

COMPLIANCE SECTION

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the City Council
City of Riviera Beach, 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 Riviera Beach, Florida (the ‘City’), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated May 5, 2017. Our report includes a reference to other auditors who audited the financial statements of the Fiduciary Funds, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

May 5, 2017

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

To the Honorable Mayor and Members of City Council
City of Riviera Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Riviera Beach, Florida's (the 'City') compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified.

Report on Internal Control over Compliance

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

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

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

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.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

May 5, 2017

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

<u>ROUGH GRANTOR/PROGRAM TITLE</u>	Federal CFDA Number	Pass - Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
JAG 13	16.738	2013-DJ-BX-0087	\$ 3,319
JAG 14	16.738	2014-DJ-BX-0003	39,125
Bullet Proof Vests	16.607	2014-BUBX-140-73372	4,860
Cops Hiring	16.710	2014UMWX0156	142,854
<u>PASS THROUGH STATE OF FLORIDA OFFICE OF ATTORNEY GENERAL</u>			
VICTIMS OF CRIME ACT (VOCA)	16.575	V179-14266	51,379
Total U.S. Department of Justice			<u>241,537</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<u>PASS THROUGH: PBC HOUSING AND COMM DEVELOPMENT</u>			
CDBG W 23rd Street	14.218	B-14-UC-12-0004	188,761
Total Housing and Urban Development			<u>188,761</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>FLORIDA DEPARTMENT OF LAW ENFORCEMENT (EDWARD BYRNE MEMORIAL JAG PROGRAM)</u>			
<u>PASS THROUGH PALM BEACH COUNTY</u>			
Criminal Justice Re-Entry	16.804	R2016 0293	30,165
Criminal Justice Restore	16.804	R2016 0285	120,128
Criminal Justice Restore	16.804	R2016 0284	18,254
Criminal Justice Restore	16.804	R2015 1841	46,045
Youth Violence Prevention Project	16.804	R2015 1726	127,261
Civil Drug Court Contract Services	16.804	R2016 0280	120,349
Total Department of Law Enforcement			<u>462,202</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>PASS THROUGH: STATE OF FL DEPT OF EDUCATION</u>			
Summer Food	10.559	18729	27,404
Total Department of Agriculture			<u>27,404</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>PASS THROUGH: FEMA</u>			
ASSISTANCE TO FIREFIGHTER GRANT PROGRAM	97.044	EMW-2014-FO-03470	158,736
PORT SECURITY GRANT PROGRAM - spot shooter	97.056	EMW-2014-PU-00532-S0'	401,250
Total U.S Dept of Homeland Security			<u>559,986</u>
<u>U.S DEPARTMENT of the INTERIOR, NPS</u>			
<u>PASS THROUGH:</u>			
<u>Florida Department of</u>			
<u>Environmental Protection</u>			
Bi-centennial Park Improvements	15.916	LW12-00605	200,000
Total			<u>200,000</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,679,890</u>

CITY OF RIVIERA BEACH, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule of Expenditures of Federal Award (the “Schedule”) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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 reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule includes the federal and state grant activities of the City. The information in 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*. For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable.

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? _____ Yes X No

Type of auditors’ report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? _____ Yes X No

Identification of major programs:

Federal Program	Federal CFDA
US Department of Justice	16.804
U.S Department of Homeland Security	97.056

Dollar threshold used to distinguish between Type A and Type B

Federal Programs: \$300,000

Auditee qualified as low-risk auditee for federal award programs? _____ Yes X No

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

SECTION II - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Matters that are repeated in the accompanying Schedule of Findings and Questioned Costs

None.

Matters that are not repeated

2015-01 Material Adjustments

Condition

Material adjustments were posted by the auditee which affected prior year balances.

Criteria

Statement of Auditing Standards (SAS) No. 115 indicates that the "Identification by the Auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the Entity's internal control" should be regarded as a material weakness in internal controls.

Cause

Due to the inadequate capital assets inventory monitoring material adjustments were recorded to properly reflect capital assets.

Effect

Without the adjustments, the financial statements would not be properly presented under GAAP.

Recommendation

We recommend the City undertake a physical inventory count for capital assets so that adjustments can be made in a timely manner.

Status

Implemented

PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Matters that are repeated in the accompanying Schedule of Findings and Questioned Costs

None.

Matters that are not repeated

None.

**CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

SECTION III – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

CONTROL DEFICIENCY, SIGNIFICANT DEFICIENCY, AND MATERIAL WEAKNESS

None.

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

CONTROL DEFICIENCY

None.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor and City Council
City of Riviera Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Riviera Beach, Florida (the 'City'), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated May 5, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 5, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-01.

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. All related disclosures have been made in the notes to the financial statements.

Financial Condition

Sections 10.554(1)(i)5.a. 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 or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific 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 Statute.

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

Annual Financial Report

Sections 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 City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

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, findings and recommendations are incorporated in the accompanying Schedules of Findings and Questioned Costs as finding number 2015-01.

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

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

We would like to thank the management and staff of the City for their assistance and courtesy during the engagement. Please feel free to contact us with any questions or comments, as we would be pleased to meet you at your convenience.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
May 5, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

To the Honorable Mayor and Members of City Council
City of Riviera Beach, Florida

We have audited the financial statements of the City of Riviera Beach, Florida (the "City") as of and for the year ended September 30, 2016, and have issued our report thereon dated May 5, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Non-Profit Organizations; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; (as applicable) Schedule of Findings and Questioned Costs; the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General and the management letter in accordance with the rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated May 5, 2017, should be considered in conjunction with this report.

Local Government Investment Policies

We have examined the City's 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 City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016. This report is intended solely for the information and use of 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.

HCI Certified Public Accountants & Consultants, LLC

Hollywood, Florida

May 5, 2017