



2017

# Comprehensive Annual Financial

Fiscal year ended  
September 30, 2017 **Report**

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City of Riviera Beach  
Riviera Beach, Florida

# **City of Riviera Beach**

## **Riviera Beach, Florida**

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### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal year ended September 30, 2017**

**CITY OF RIVIERA BEACH, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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# Part I

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## INTRODUCTORY SECTION

## Our Mission

We are committed to creating an exceptional City by providing excellent customer service, progressive leadership and accountable stewardship.

## Our Vision

To be the best water front City in which to live, work, and play.

## Our Core Values

Professionalism

Ethics

Excellence in Customer Service

Integrity

Diversity

Respect for Opinions

Transparency

Innovation





# CITY OF RIVIERA BEACH

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

April 26, 2018

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Riviera Beach, Florida (City) for the fiscal year ended September 30, 2017, with the Independent Auditors' Report submitted in accordance with the City's Charter, City Ordinances, and Florida Statutes. The CAFR has been prepared by the Department of Finance and Administrative Services 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, the 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.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. 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.

The Auditor has issued an unqualified 'clean' opinion on the City of Riviera Beach's financial statements for the fiscal year ended September 30, 2017. The Independent Auditors' Report is included in the Financial Section of this report.

## **FINANCIAL REPORT SECTIONS**

The City's CAFR is presented in four sections:

The Introductory Section includes information about the organizational structure and the letter of transmittal from the Director of Finance and Administrative Services.

The Financial Section is prepared in accordance with the GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* requirements by including the Management Discussion and Analysis (MD&A), the Basic Financial Statements including notes and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary, and other funds. Also included in this section is the Independent Auditor's Report on the Basic Financial Statements.

The Statistical Section includes tables containing historical financial information, revenue and debt trends, and demographic, economic and operating information of the City.

The Compliance Section includes the Independent Auditors' 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 AND ITS SERVICES**

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.

This CAFR includes the financial activities of the primary government, which encompasses several enterprise activities, as well as its component units. Component units include legally separate entities for which the primary government is financially accountable and have the same board as the City. For reporting purposes, the operations of the USD, Marina, Stormwater, Solid Waste Collection, and Parking are blended with the City. In addition, the CRA, which is a legally separate entity, for reporting purposes is shown as discretely presented component unit.

Municipal services provided to the citizens of Riviera Beach include law enforcement, fire protection, emergency management services, community planning and development services, traffic engineering, road and drainage construction and maintenance, a library, parks and recreational facilities, recreational activities, code compliance and inspections, and other general governmental administrative services. There are additional operations reported as enterprise funds, which are self-supporting from user charges established by the Council such as water and wastewater collection services, stormwater management, marina, and solid waste collection.

## **CITY'S ECONOMY AND OUTLOOK**

### **Local Economy**

The City is part of the Miami-Fort Lauderdale-West Palm Beach, Florida, Metropolitan Statistical Area (MSA), which includes Palm Beach County. The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus. Riviera Beach is a trade and industrial center for Palm Beach County and the surrounding area, with the Port of Palm Beach encompassed within the City limits.

Riviera Beach is a relatively small municipality comprising approximately 8.52 square miles of land with a relatively ethnically diverse population. According to the 2010 U.S. Census, Riviera Beach had a population of 32,488 residents of which 68% of residents are Black or African American, 26% are White Non-Hispanic, and 6% comprise other races. 26% of residents are foreign born, of which 9% were born in Europe, 10% were born in Asia and 73% were born in Latin American. (2015 ACS) 82.4% of the residents are a high school graduate or higher and 21.8% of residents have a Bachelor's degree or higher. (2010 U.S. Census)

As of the City's fiscal year end September 2017, the City's unemployment rate improved slightly at 4.4%, but was still higher than the State of Florida's rate of 3.9% and the national rate of 4.2%. While the national economic downturn a few years ago have affected the City's local economy, overall the City has retained a solid foundation of business and industry diversification. Riviera Beach has large employers which include the Veterans' Administration, Cheney Brothers, Tropical Shipping, and Lockheed Martin Corporation. The small business sector is also strong and diverse. According to the 2012 Survey of Business Owners, there are 3,900 companies in Riviera Beach of which 59% are minority-owned and 48% are women-owned firms. In 2012, retail trade comprised the highest number of establishments in Riviera Beach followed by wholesale trade. Wholesale trade recorded \$1.641 billion which is the highest value of sales, shipments and receipts followed by manufacturing reporting \$463 million. (2012 Economic Census of the U.S.)

With the opening of the Riviera Beach Marina Village along with Intracoastal Waterway in 2016, the City's waterfront has been transformed into a modern and vibrant center for recreational activities, hosting of events, and open air markets. In addition, the improved Bicentennial Park also provides a venue for shows, concerts, and festivals. The newly built marina features 140 wet slips for annual, seasonal, monthly, or transient dockage. Floating wet slips at the Marina can accommodate vessels up to 120 feet and the catamaran slips accommodate catamarans with more than 2,000 linear feet of face dock. Environmental best management practices designed by the Florida Department of Environmental Protection which address critical issues such as sensitive habitat, waste management, storm water control, spill prevention, and emergency preparedness have been implemented to preserve Florida's waterways. As such, the Marina has obtained the distinguished Clean Marina designation.

### **Financial Trends**

For FY 2017, the General Fund's four major operating revenue sources were property taxes, public service (utility) taxes, franchise fees, and sales tax totaling \$50.595 million, an increase of \$3.189 million or 6.73% over FY 2016. Property values continue to increase along with other tax revenues. The four major operating revenue sources comprise over 70% of the total operating revenues.

The following table shows the historical trends for the General Fund’s major revenue sources for the past five years.

	<b>ACTUAL FY 2013</b>	<b>ACTUAL FY 2014</b>	<b>ACTUAL FY 2015</b>	<b>ACTUAL FY 2016</b>	<b>ACTUAL FY 2017</b>
Property taxes	\$26,120,271	\$27,993,790	\$29,304,127	\$37,506,969	\$40,381,674
Public service taxes	4,060,124	4,316,158	4,275,034	4,633,809	4,762,948
Franchise fees	2,507,601	2,721,401	2,704,479	2,586,398	2,774,685
Sales tax	2,236,508	2,396,237	2,583,803	2,678,737	2,676,005
<b>Total</b>	<b>\$34,924,504</b>	<b>\$37,427,586</b>	<b>\$38,867,443</b>	<b>\$47,405,913</b>	<b>\$50,595,312</b>

### **Property Taxes**

The City’s property tax revenue, is the single largest revenue source for the General Fund, increasing by an average of 9% over the past five years. Total assessed property value for FY 2017 was \$4.943 billion with an approved millage rate of 8.4520 generating property tax revenue of \$40.382 million in comparison to \$37.507 million in FY 2016, an increase of \$3.611 million or 9.74%.

### **Public Service Taxes**

Public service taxes are levied in accordance with the City Code and Florida Statutes which authorize 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 marginally by 2.79% in FY 2017, moving from \$4.634 million in FY 2016 to \$4.763 in FY 2017.

### **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. 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 \$2.775 million in FY 2017 which increased by 7.28% moving from \$2.586 million in 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 reduced slightly by \$2,732 or 0.10% decreasing from \$2.679 million in FY 2016 to \$2.676 million in FY 2017.

## **MAJOR INITIATIVES AND ACHIEVEMENTS**

The City embarked on a number of significant initiatives, as described below that will have a positive impact on the City's financial stability and its ability to provide services to its residents and businesses.

### **City Facilities**

The City continues to improve existing facilities and build new ones designed to meet the needs of its citizens. Projects ranging in costs from \$50,000 to over \$1,000,000 are in progress and planned for existing or new facilities throughout the City. Significant projects include the following:

- Fire Station #2 - Design began to replace Fire Station #2, the City's oldest operating station. The new facility will meet current standards with hardening features, segregated restrooms, and sleeping quarters.
- Public Works Building – Construction of a new Public Works facility at the current Avenue L site. This facility will include an administrative building, operations facility, fleet services, landscaping, lighting and storage area.
- City Hall Complex and Mixed Use Development – The City is contemplating entering into a public/private partnership to leverage capital investment in constructing major City facilities to include a city hall complex to include public safety.

### **Cultural and Recreational Facilities**

- Cunningham Park - After years of planning, the City began the renovations to Cunningham Park. The project encompasses a full redesign to include basketball and tennis courts, pavilions, playground equipment, lighting, and new amenities, such as park furniture and public restrooms.
- Southside Community Center - Groundbreaking was formally held in the fourth quarter of FY 2017 for the construction of a second City-owned community center to be located on the City's Southside. The facility, which will offer both youth and senior programs in approximately 4,000 square feet, is scheduled to open in August 2018.
- Library – Planning for the construction of a new state of the art library comprising approximately 32,000 square feet is ongoing.
- Ocean Mall - The City owns and leases the Ocean Mall, a retail/restaurant strip located adjacent to the City owned municipal public beach at the southern tip of Singer Island. The City entered into a new lease arrangement with a property development company. The lease calls for significant improvements, and a new branding for the property.

### **Infrastructure**

The City continues to improve its infrastructure to meet the needs of its citizens. Significant projects include the following:

- Street Improvements – Significant improvements for the City's roadways are planned for 2018 and beyond, which include improvements to the water, wastewater, and stormwater collection systems.
- Water and Wastewater Improvements – USD will replace its antiquated water and wastewater infrastructure and systems, which includes intracoastal water mains, water meters, and rehabilitation of raw water wells, lift stations, and pumps.
- Stormwater Improvements – Improvements to the stormwater collection system will be conducted during the City's roadway improvements.

## Marina

- South Docks - The City received approval for the next phase of the marina expansion. Dredging and engineering are currently in process to add additional dock for larger vessels to the south-end of the marina.
- Parking – The City has hired a parking consultant to develop a full parking master plan for the City. Parking will be operated as an enterprise fund and will initially compass parking operations at the Ocean Mall and the marina.

## Technology

- Tyler Munis Financial Solution - The City continued steps in the implementation of the 2015 IT Strategic Master Plan. The number one priority identified in the Plan was a new, comprehensive Enterprise Resource Program. After a lengthy, needs assessment and evaluation process, the City entered into a seven year SAAS contract with Tyler Technologies. Implementation commenced in November 2017.
- Kronos Timekeeping Solution - As part of the IT Strategic Master Plan implementation, the City approved a third-party, bio-metric time and attendance contract with Kronos.
- SunGuard - The Police Department spent all of FY 2017 on its critical implementation of its CAD-RMS system. Go-live is planned for the summer of 2018.

## STRATEGIC AND FINANCIAL PLANNING FOR FISCAL YEAR 2018 AND BEYOND

The FY 2018 budget was developed within the projected revenues without having to reduce the level of City services. Revenues are expected to increase modestly in FY 2018, mainly in the areas of property taxes, licenses, permits, sales tax and charges for services. New construction has increased over the last four years, resulting in an expansion of the property tax base and increased revenues from building permits. Business licenses and other tax revenues have increased due to the rebounding in consumer spending and economic growth. The FY 2018 budget was balanced without the use of fund balance reserves.

The City has a long range financial plan in the areas of capital projects, equipment replacement, cash and investment management and debt. The City's mission and values provide the basic framework for the development of the annual operating budget and capital plan. Over the past few years, the economy and its impact on the City's revenues required the City to implement appropriate and fiscally responsible policies to balance its budget. The City's strategic plan continues to incorporate the discussion of internal and external factors that may impact the City over the next few years along with the assessment of the City's current situation. Council identified the following five goals for the City:

- **Public Safety** – Promote public safety and address the challenges and opportunities to improve the quality of life for residents and enhance the relationships within the community.
- **Economic Development** – Promote and foster a friendly business atmosphere and work to strengthen and create mutually beneficial partnerships.
- **Infrastructure** – Develop a strategic framework that addresses a broad range of infrastructure needs to provide a sustainable and livable community for future generations.
- **Education** – Strengthen and support social services and education opportunities for the benefit of all residents.
- **Demographics** – Value and support racial, socio-economic, cultural, and religious diversity of the City.

## **OTHER FINANCIAL INFORMATION**

### **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.

The examination of controls is performed by members of the Finance and Administrative Services Department, who continually review and assess the soundness and adequacy 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 Improvement Plan**

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 2018 through 2022 amounts to \$124.724 million of which \$48.263 million has been allocated to governmental funds and \$76.461 million for enterprise funds.

### **Pension Trust Funds**

The City sponsors three separate single employer defined benefit pension plans: General Employees' Retirement System, Police Pension Fund, and Firefighters' Pension Trust Fund. In February 2015, all general employees and firefighters hired by the City on or after June 1, 2015 and elected officials are required to participate in the Florida Retirement System instead of the City sponsored pension plans. The City sponsored plans' most recent actuarial valuations, as of October 1, 2017, estimate that the plans are fully funded: General Employees - 103.8%; Police – 100%; and Firefighters – 101.6%.

### **Cash Management**

The City's pooled deposits and investments are invested pursuant to the City's Investment Policy and in accordance with Florida Statutes. The City's Investment Policy emphasizes safety of principal, liquidity of funds, and return on investment. The Policy addresses soundness of financial institutions holding the City's assets and the types of investments permitted. As of September 30, 2017, 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.

### **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.

### **Credit Rating**

In March 2017, Fitch Ratings upgraded the City's default rating from A+ to AA, which reflects the City's moderate long-term liability burden, solid expenditure flexibility, expectations for strong financial performance throughout the economic cycle, and strong revenue growth prospects. The City's liquidity has recovered strongly since the Great Recession as the City has pursued policies intended to bolster financial flexibility by reducing outstanding receivables and rebuilding general fund cash coupled with the strong signs of recovery of the City's tax base.

In February 2018, Standard & Poor's (S&P) upgraded the City's bond rating from A+ to AA- based on its revised criteria application. A rating of AA- means that the City has a very strong capacity to meet its financial commitments. S&P confirmed the City's outlook as stable which means that the rating is not likely to change. 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.



## INDEPENDENT AUDIT

In accordance with 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.

## 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](http://www.rivierabch.com).

## 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 also acknowledge the efforts of other City departments in adhering to strong financial management and providing information and assistance during the preparation of the financial report. I thank the Mayor and Council for their continued support.

Respectfully submitted,



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

**CITY OF RIVIERA BEACH, FLORIDA  
ELECTED OFFICIALS  
SEPTEMBER 30, 2017**

The elected officials responsible for the governance of the City of Riviera Beach as of September 30, 2017 are as follows.



Thomas A. Masters  
Mayor



Lynne L. Hubbard  
District 1



Kashamba L. Miller - Anderson  
Chairperson  
District 2



Tonya Davis Johnson  
Chair Pro-Tem  
District 3

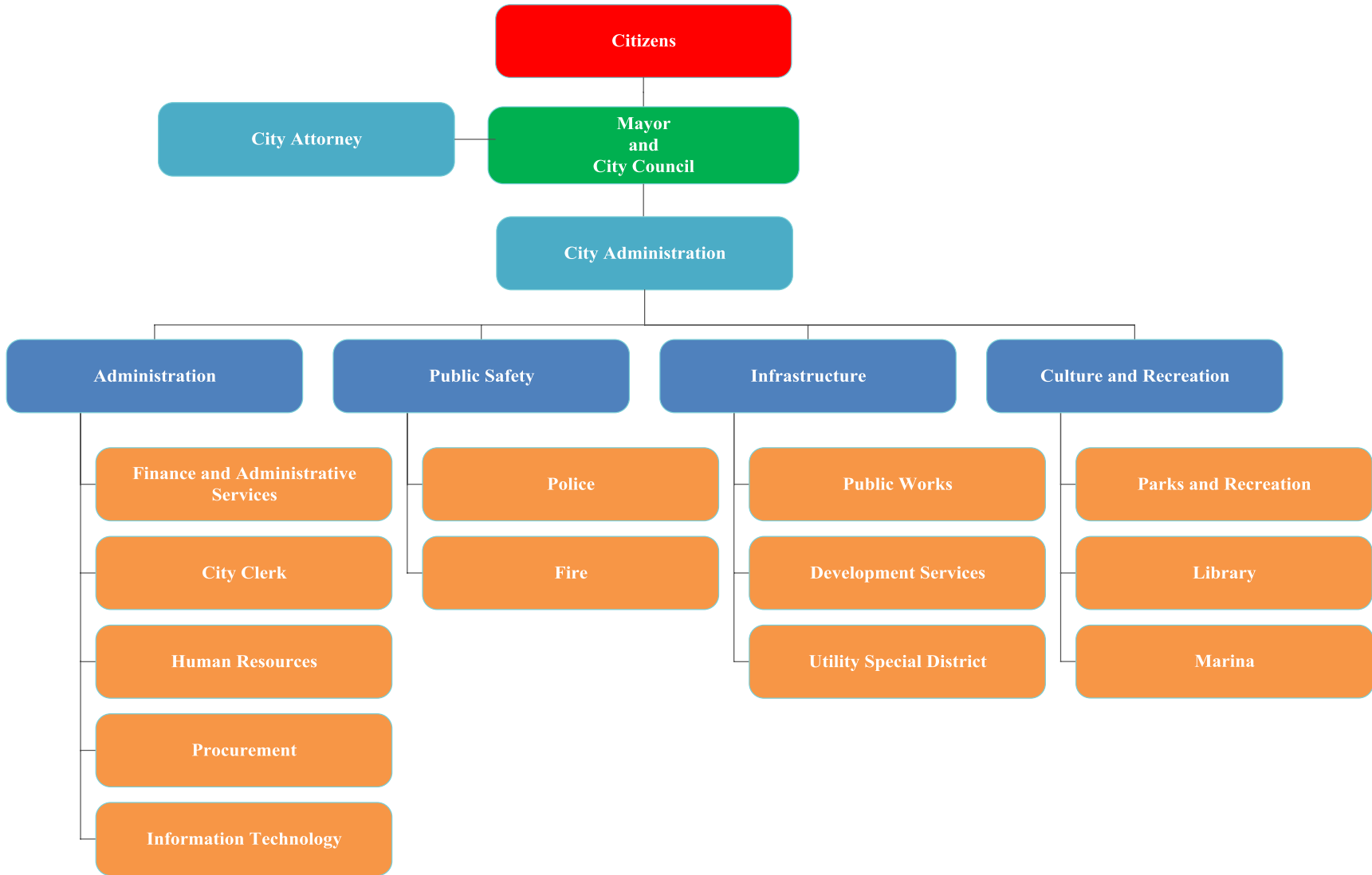


Dawn S. Pardo  
District 4



Terence D. Davis  
District 5

**CITY OF RIVIERA BEACH  
CITY STRUCTURE  
SEPTEMBER 30, 2017**



**CITY OF RIVIERA BEACH, FLORIDA  
PRINCIPAL OFFICERS  
SEPTEMBER 30, 2017**

The principal officers responsible for the operations of the City of Riviera Beach as of September 30, 2017 are as follows:

<b>EXECUTIVE</b>	Troy Perry   City Manager (Interim) (561) 845-4010
	Vacant   Assistant City Manager
<b>FINANCE AND ADMINISTRATIVE SERVICES</b>	Randy Sherman   Director (561) 845-4040   <a href="mailto:financedept@rivierabch.com">financedept@rivierabch.com</a>
<b>CITY CLERK</b>	Claudene Anthony   City Clerk (561) 845-4090
<b>HUMAN RESOURCES</b>	Bruce Davis   Director (561) 840-4880
<b>PROCUREMENT</b>	Rickey Little   Director (Interim) (561) 845-4180
<b>LEGAL</b>	Andrew Degraffenreidt   City Attorney (561) 845-4069
<b>COMMUNITY DEVELOPMENT</b>	Jeff Gagnon   Director (Interim) (561) 845-4060
<b>PUBLIC WORKS AND STORMWATER</b>	Terrence Bailey   Director (Interim) (561) 845-4080
<b>PARKS AND RECREATION</b>	Richard Blankenship   Director (561) 845-4070
<b>LIBRARY</b>	Cynthia Cobb   Director (561) 845-4195
<b>POLICE</b>	Clarence Williams   Police Chief (561) 845-4110
<b>FIRE</b>	Reginald Duren   Fire Chief (561) 845-4110
<b>UTILITY SPECIAL DISTRICT</b>	Troy Perry   Executive Director (Interim) (561)845-4185

## **Part II**

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# **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, the aggregate discretely presented component units, 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-12 and 81-83, 90-92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 and state financial assistance 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* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*, 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 and state financial assistance 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, the combining and individual nonmajor fund financial statements and schedule of

expenditures of federal awards and state financial assistance 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 April 26, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are 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. Those reports are 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

April 26, 2018



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

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**CITY OF RIVIERA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
SEPTEMBER 30, 2017**

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, 2017. 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 2017, the City's total net position increased by \$12.782 million or 8.13% over FY 2016. The governmental activities net position increased by \$2.691 million or 3.86% and the business-type activities increased by \$10.091 million or 11.53% over the prior fiscal year.
- Comparing FY 2017 and FY 2016, the City's total revenues decreased by \$22.266 million or 16.94% with governmental activities revenues decreasing by \$25.781 million or 25.82% and business-type activities revenues increasing by \$3.515 million or 11.13%. The City's total expenses increased by \$6.467 million or 7.19%.
- For FY 2017, the General Fund, the primary operating fund, reported an increase in fund balance of \$3.860 million or 17.04% over FY 2016.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is an overview and analysis of the City for the fiscal years ended September 30, 2017 and 2016. 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 - Include 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, marina, parking, and Marina Event Center.

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.

**CITY OF RIVIERA BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2017**

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.

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, solid waste collection, and parking.
- 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, solid waste collection, and parking. Internal service funds are presented separately with the proprietary funds' 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

**CITY OF RIVIERA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
SEPTEMBER 30, 2017**

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.

**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.

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**CITY OF RIVIERA BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2017**

**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 exceed liabilities and deferred inflow of resources (net position) by \$170.008 million as of September 30, 2017, an increase of \$12.782 million or 8.13% 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		Business-type		Total	
	2017	2016* RESTATED	2017	2016* RESTATED	2017	2016* RESTATED
Current and other assets	\$106,674,697	\$86,756,214	\$126,506,769	\$119,006,828	\$233,181,466	\$205,763,042
Capital assets	104,284,513	100,831,359	67,522,497	67,087,155	171,807,010	167,918,514
<b>Total assets</b>	<b>210,959,210</b>	<b>187,587,573</b>	<b>194,029,266</b>	<b>186,093,983</b>	<b>404,988,476</b>	<b>373,681,556</b>
<b>Deferred outflows of resources</b>	<b>2,405,998</b>	<b>16,559,752</b>	<b>2,684,821</b>	<b>2,618,747</b>	<b>5,090,819</b>	<b>19,178,499</b>
Current and other liabilities	23,648,992	32,818,116	19,602,569	19,360,358	43,251,561	52,178,474
Long-term debt outstanding	112,356,582	101,685,535	79,124,772	81,716,891	191,481,354	183,402,426
<b>Total liabilities</b>	<b>136,005,574</b>	<b>134,503,651</b>	<b>98,727,341</b>	<b>101,077,249</b>	<b>234,732,915</b>	<b>235,580,900</b>
<b>Deferred inflows of resources</b>	<b>4,983,339</b>	<b>2,056,174</b>	<b>354,751</b>	<b>94,762</b>	<b>5,338,090</b>	<b>2,150,936</b>
Net position						
Invested in capital assets	26,089,236	14,248,672	34,898,049	34,898,787	60,987,285	49,147,459
Restricted	31,375,720	38,640,859	9,435,277	12,194,743	40,810,997	50,835,602
Unrestricted	14,911,339	16,795,943	53,298,669	40,447,189	68,210,008	57,243,132
<b>Total net position</b>	<b>\$72,376,295</b>	<b>\$69,685,474</b>	<b>\$97,631,995</b>	<b>\$87,540,719</b>	<b>\$170,008,290</b>	<b>\$157,226,193</b>

\* Effect of corrections to increase capital assets and decrease bond interest and amounts due to the City.

**Assets and liabilities** – In the governmental activities, total assets and deferred inflows increased by \$9.218 million resulting mainly from an increase of \$3.453 million in capital assets, net of depreciation, and current assets of \$19.918 million. Total liabilities and deferred inflow of resources increased by \$4.429 million due mainly to an increase in current and other liabilities of \$1.502 million and an increase of \$2.927 million in deferred inflows of resources.

In the business-type activities, total assets and deferred inflows increased by \$8.001 million mainly from an increase in cash and cash equivalents. Total liabilities and deferred outflows decreased by \$2.090 million due mainly to reduction from principal payments made on long term debt obligations.

**Net Position** – Net position is the difference between the assets and deferred outflow of resources and liabilities and deferred inflow of resources. Total net position increased by \$12.782 million or 8.13%. Capital assets less any related debt used to acquire capital assets represents \$60.987 million or 35.87% of total net position. Restricted net position represents \$40.811 million or 24.01% of total net position. These are 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 \$68.210 million or 40.12% of total net assets which may be used for obligations to its citizens and creditors.

As of September 30, 2017, the City has reported positive balances in all three components of net assets: (1) net investment in capital assets, (2) restricted, and (3) unrestricted for both governmental and business-type activities and as a whole for total government.

**CITY OF RIVIERA BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2017**

The *Statement of Activities* as presented below shows changes in the City's net position for fiscal years ended September 30, 2017 and 2016. 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.

	<b>Statement of Activities</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016*</b> <b>RESTATED</b>	<b>2017</b>	<b>2016*</b> <b>RESTATED</b>	<b>2017</b>	<b>2016*</b> <b>RESTATED</b>
<b>Program revenues:</b>						
Charges for services	\$10,022,554	\$9,050,311	\$33,048,669	\$31,022,305	\$43,071,223	\$40,072,616
Grants and contributions	4,077,769	5,025,201	437,934	589,745	4,515,703	5,614,946
<b>Total program revenues</b>	<b>14,100,323</b>	<b>14,075,512</b>	<b>33,486,603</b>	<b>31,612,050</b>	<b>47,586,926</b>	<b>45,687,562</b>
<b>General revenues:</b>						
Property taxes	48,088,215	44,624,615	-	-	48,088,215	44,624,615
Utility taxes	4,762,948	4,633,809	-	-	4,762,948	4,633,809
Licenses and permits	4,249,135	4,590,329	-	-	4,249,135	4,590,329
Franchise fees	2,774,685	2,586,398	-	-	2,774,685	2,586,398
Intergovernmental	8,831,364	5,568,857	-	-	8,831,364	5,568,857
Interest	562,381	205,147	1,070,054	483,568	1,632,435	688,715
Net pension asset	-	19,268,841	-	-	-	19,268,841
Gain/(loss) on disposal of assets	(12,504,173)	-	-	-	(12,504,173)	-
Miscellaneous	2,480,551	3,783,692	1,264,750	-	3,745,301	3,783,692
Transfers in (out)	709,403	499,031	(709,403)	(499,031)	-	-
<b>Total general revenues</b>	<b>59,954,509</b>	<b>85,760,719</b>	<b>1,625,401</b>	<b>(15,463)</b>	<b>61,579,910</b>	<b>85,745,256</b>
<b>Total revenues</b>	<b>74,054,832</b>	<b>99,836,231</b>	<b>35,112,004</b>	<b>31,596,587</b>	<b>109,166,836</b>	<b>131,432,818</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
General government	26,155,228	22,738,925	-	-	26,155,228	22,738,925
Public safety	29,391,831	28,415,825	-	-	29,391,831	28,415,825
Culture and recreation	5,233,868	4,348,511	-	-	5,233,868	4,348,511
Transportation	1,260,487	1,355,625	-	-	1,260,487	1,355,625
Human services	1,191,792	853,234	-	-	1,191,792	853,234
Physical environment	404,471	-	-	-	404,471	-
Economic environment	3,437,981	1,978,163	-	-	3,437,981	1,978,163
Interest on long term debt	4,288,353	3,985,148	-	-	4,288,353	3,985,148
<b>Business-type activities:</b>						
Water and sewer	-	-	13,971,580	16,380,403	13,971,580	16,380,403
Marina	-	-	2,220,339	2,650,519	2,220,339	2,650,519
Stormwater	-	-	2,212,759	1,797,017	2,212,759	1,797,017
Refuse	-	-	4,002,793	4,058,238	4,002,793	4,058,238
Community development	-	-	415,122	235,868	415,122	235,868
Interest and debt service costs	-	-	2,198,135	1,120,455	2,198,135	1,120,455
<b>Total expenses</b>	<b>71,364,011</b>	<b>63,675,431</b>	<b>25,020,728</b>	<b>26,242,500</b>	<b>96,384,739</b>	<b>89,917,931</b>
Change in net position	2,690,821	36,160,800	10,091,276	5,354,087	12,782,097	41,514,887
Net position - beginning (restated)	69,685,474	33,524,674	87,540,719	82,186,632	157,226,193	115,711,306
<b>Net position - ending</b>	<b>\$72,376,295</b>	<b>\$69,685,474</b>	<b>\$97,631,995</b>	<b>\$87,540,719</b>	<b>\$170,008,290</b>	<b>\$157,226,193</b>

\* Effect of corrections to increase capital assets and decrease bond interest and amounts due to the City.

**CITY OF RIVIERA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
SEPTEMBER 30, 2017**

**Governmental Activities**

- Total revenues decreased by \$25.781 million or 25.82% due primarily to a loss on the disposal of fixed assets. Program revenues remained relatively stable increasing by less than 1%.
- Total expenses increased by \$7.689 million or 12.07%, mainly due to personnel related costs.
- Net position increased by \$2.691 million or 3.86% over the prior fiscal year.

**Business-type Activities**

- Total revenues increased marginally by \$3.515 million or 11.13% due mainly from charges for services for water, wastewater, and marina.
- Total expenses decreased by \$1.222 million or 4.66% due reduction in the operational costs of the water and wastewater operations.
- Net position increased by \$10.091 million or 11.53% over last year.

**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 \$4.197 million primarily from the increases in property tax revenues, building permit fees, and charges for services. Total expenditures decreased by \$2.168 million which was due primarily to the termination of the interlocal agreements between the City and the CRA resulting in the elimination of the payments made to the CRA for the Marina Uplands. Personnel related costs increased for public safety. The following provides a comparative analysis of General Fund revenues for FY 2016/2017 with FY 2015/2016:

Revenues	General Fund Revenues					
	2017		2016		Total	
	Amount	% of Total	Amount	% of Total	Increase (Decrease) \$	Increase (Decrease) %
Taxes	\$48,214,773	68.23%	\$45,089,742	67.83%	\$3,125,031	6.93%
Licenses and permits	5,489,225	7.77	4,252,502	6.40	1,236,723	29.08%
Intergovernmental	4,173,986	5.91	4,235,815	6.37	(61,829)	-1.46%
Charges for services	10,022,554	14.18	9,050,311	13.62	972,243	10.74%
Fines and forfeitures	782,623	1.11	542,393	0.82	240,230	44.29%
Interest	289,961	0.41	108,288	0.16	181,673	167.77%
Grants and contributions	290,406	0.41	2,544,351	3.83	(2,253,945)	-88.59%
Miscellaneous	1,405,763	1.99	649,102	0.98	756,661	116.57%
<b>Total revenues</b>	<b>\$70,669,291</b>	<b>100.00%</b>	<b>\$66,472,504</b>	<b>100.00%</b>	<b>\$4,196,787</b>	<b>6.31%</b>

**CITY OF RIVIERA BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2017**

As of September 30, 2017, the unassigned fund balance of the general fund was \$26.115 million, which is 47.06% to total general fund expenditures.

Total governmental funds reported revenues of \$2.711 million above expenditures after transfers for fiscal year ended September 30, 2017. Expenditures were lower than the prior year due to the completion of the capital improvement projects for the Marina development.

**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 \$10.091 million or 11.53% over the prior fiscal year mainly from an increase in cash balances for USD and a reduction in liabilities due to principal payments made on debt.

**GENERAL FUND BUDGETARY ANALYSIS**

The difference between the original budget and the final amended appropriations for the General Fund is \$1.744 million. 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. Revenues were above the amended budget by \$0.146 million due mainly to an increase in licenses, permits, fines, and charges for services. General Fund expenditures were below the amended budget by \$5.140 million or 8.36% resulting from a reduction in costs for the City overall.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets** - Investment in capital assets (net of accumulated depreciation) for governmental and business-type activities amounts to \$171.807 million, an increase of \$3.888 million or 2.32% over September 30, 2016. Major capital assets placed in service during this year include, street improvements, park improvements, machinery and equipment acquisitions for police and fire, and water, wastewater and stormwater infrastructure improvements. Additional information on capital assets is included in the Notes to the Financial Statements section.

	<b>Schedule of Capital Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$10,930,083	\$10,922,623	\$1,687,191	\$1,687,192	\$12,617,274	\$12,609,815
Construction in progress (CIP)	22,800,936	28,660,399	10,488,068	9,951,031	33,289,004	38,611,430
Capital assets, not being depreciated	<u>33,731,019</u>	<u>39,583,022</u>	<u>12,175,259</u>	<u>11,638,223</u>	<u>45,906,278</u>	<u>51,221,245</u>
Infrastructure	56,735,406	56,485,192	-	-	56,735,406	56,485,192
Buildings & improvements	52,272,627	41,438,439	28,539,075	26,318,692	80,811,702	67,757,131
Waterside improvements	-	-	16,781,514	16,581,514	16,781,514	16,581,514
Furniture, fixtures, & equipment	22,578,946	22,135,145	5,922,365	5,547,133	28,501,311	27,682,278
Utility plant & systems	-	-	59,886,123	59,281,174	59,886,123	59,281,174
Capital assets, being depreciated	<u>131,586,979</u>	<u>120,058,776</u>	<u>111,129,077</u>	<u>107,728,513</u>	<u>242,716,056</u>	<u>227,787,289</u>
Accumulated depreciation	<u>(61,033,485)</u>	<u>(58,810,440)</u>	<u>(55,781,841)</u>	<u>(52,279,581)</u>	<u>(116,815,326)</u>	<u>(111,090,021)</u>
<b>Total capital assets, net</b>	<b><u>\$104,284,513</u></b>	<b><u>\$100,831,358</u></b>	<b><u>\$67,522,495</u></b>	<b><u>\$67,087,155</u></b>	<b><u>\$171,807,008</u></b>	<b><u>\$167,918,513</u></b>

**Outstanding debt** - As of September 30, 2017, the City had \$181.524 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.



**CITY OF RIVIERA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
SEPTEMBER 30, 2017**

The City has no outstanding General Obligation bonds. General Obligation bonds require a pledge to levy a property tax to meet debt service requirements and can only be issued with voter approval. The City can issue revenue supported bonds without voter approval. Additional information on long-term liabilities is included in the Notes to the Financial Statements section.

	<b>Schedule of Outstanding Debt</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Bonds and notes payables	\$99,337,017	\$102,664,279	\$74,422,481	\$75,471,296	\$173,759,498	\$178,135,575
Capital lease obligation	2,342,301	3,641,240	-	-	2,342,301	3,641,240
Net OPEB obligation	4,704,007	4,296,652	623,128	567,482	5,327,135	4,864,134
Net pension obligation	(3,233,278)	1,343,218	(1,655,059)	(1,176,382)	(4,888,337)	166,836
Compensated absences	4,107,298	4,376,786	307,162	357,751	4,414,460	4,734,537
Utility purchase obligation	-	-	569,396	658,480	569,396	658,480
<b>Total</b>	<b>\$107,257,345</b>	<b>\$116,322,175</b>	<b>\$74,267,108</b>	<b>\$75,878,627</b>	<b>\$181,524,453</b>	<b>\$192,200,802</b>

**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 2018 was balanced without the use of General Fund Reserves and a millage rate of 8.4520, with a rolled back rate of 8.2725. Taxable values total \$5.098 billion, an increase of 3.28% over last year's taxable value.

For FY 2018, City-wide expenditure amounts to \$184.5 million with majority of the expenditures supporting the General Fund which primarily funds the police, fire, library, parks and recreation, community development and support departments.

In FY 2018, the City has projected to fund \$55.4 million in capital expenditures to include improvements to facilities, roadways, parks, bridges, equipment, and utility infrastructure improvements for water, wastewater, and stormwater. Enterprise funds account for 20% of the total budget which include the operations of water, wastewater, stormwater, solid waste collection, and the marina.

**General Fund Budget**

The General Fund is used to account for the revenues and expenditures used to fund various City services such as police, fire, library, parks and recreation, community development, roadways, and internal support functions such as finance, human resources, risk management, legal services, property maintenance, and city administration. The majority of revenues for the General Fund are generated from taxes and charges for services.

The City's General Fund revenue sources are diverse. Taxes account for 68% of the FY 2018 general fund revenues which are from property, sales, fuel, communications, and businesses. The remaining revenue sources include licenses, fees and permits, intergovernmental, charges for services, fines and forfeitures, interest, miscellaneous, grants and contributions, and transfers from other funds.

**CITY OF RIVIERA BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2017**

The City's General Fund expenditures are used to support police and fire services, public works and engineering, building and permit issuance, streets and sidewalk maintenance, planning, parks and recreation, library, facility repair and maintenance, and internal support functions, such as finance, city administration, human services, and legal services.

**Enterprise Funds Budget**

The City provides water to its residents and customers, collects and treats wastewater, collects and disposes garbage and recyclable materials through a third party vendor, maintains the City's stormwater system, and owns a marina which is being managed by a third party arrangement. Enterprise operations are primarily funded by fees charged to customers for the provision of these services. Majority of the revenues collected will be used to fund the operations, maintain the infrastructure, and to invest in capital improvement to the utility infrastructure. For FY 2018, the enterprise funds are projected to generate \$36.4 million in revenues.

# **Basic Financial Statements**

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**CITY OF RIVIERA BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Primary Government		Total
	Governmental Activities	Business- Type Activities	Primary Government
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$45,687,480	\$42,868,069	\$88,555,549
Receivables, net	7,723,970	3,659,520	11,383,490
Due from other funds	15,212,058	-	15,212,058
Prepaid assets and other items	31,664	47	31,711
Inventory	526,947	64,832	591,779
Cash and cash equivalents - restricted	19,899,957	9,473,603	29,373,560
Investments - restricted	100,000	51,009,428	51,109,428
Total current assets	<u>89,182,076</u>	<u>107,075,499</u>	<u>196,257,575</u>
Non-current assets			
Advance to CRA	10,194,621	-	10,194,621
Investment in ECR	-	14,669,870	14,669,870
Loans receivable	7,298,000	4,761,400	12,059,400
Capital assets:			
Non-depreciable	33,731,019	12,175,260	45,906,279
Depreciable (net)	70,553,494	55,347,237	125,900,731
Total non-current assets	<u>121,777,134</u>	<u>86,953,767</u>	<u>208,730,901</u>
Total assets	<u>210,959,210</u>	<u>194,029,266</u>	<u>404,988,476</u>
<b>Deferred outflows of resources</b>			
Deferred outflows for pension	2,405,998	1,519,301	3,925,299
Deferred charge on refunding	-	1,165,520	1,165,520
Total deferred outflows	<u>2,405,998</u>	<u>2,684,821</u>	<u>5,090,819</u>
<b>Liabilities</b>			
Due within one year:			
Accounts payable	1,562,513	1,051,118	2,613,631
Accrued liabilities	3,526,785	168,349	3,695,134
Due to other funds	11,848,014	6,260,664	18,108,678
Deposits and other liabilities	1,616,297	3,251,336	4,867,633
Compensated absences	305,381	27,042	332,423
Bonds and notes payable	3,685,488	2,297,871	5,983,359
Capital leases	1,104,514	-	1,104,514
Total current liabilities	<u>23,648,992</u>	<u>13,056,380</u>	<u>36,705,372</u>

Continued on next page.

**CITY OF RIVIERA BEACH, FLORIDA**  
**STATEMENT OF NET POSITION (Continued)**  
**SEPTEMBER 30, 2017**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Primary Government</b>
<b>Liabilities</b>			
Due in more than one year:			
Recoverable grant	-	7,298,000	7,298,000
Compensated absences	3,801,917	280,120	4,082,037
Net pension liability	(3,233,278)	(1,655,059)	(4,888,337)
Due in more than one year:			
Net OPEB obligation	4,704,007	623,128	5,327,135
Advance from City	10,194,621	-	10,194,621
Bonds and notes payable	95,651,528	79,124,772	174,776,300
Capital leases	1,237,787	-	1,237,787
Total non-current liabilities	<u>112,356,582</u>	<u>85,670,961</u>	<u>198,027,543</u>
 Total liabilities	<u>136,005,574</u>	<u>98,727,341</u>	<u>234,732,915</u>
 <b>Deferred inflows of resources</b>			
Deferred inflows	3,487,421	-	3,487,421
Deferred inflows for pension	1,495,918	354,751	1,850,669
Total deferred inflows	<u>4,983,339</u>	<u>354,751</u>	<u>5,338,090</u>
 <b>Net Position</b>			
Net investment in capital assets	26,089,236	34,898,049	60,987,285
Restricted for:			
Community redevelopment	2,487,061	-	2,487,061
Capital projects	18,694,038	9,435,277	28,129,315
Advances	10,194,621	-	10,194,621
Unrestricted	14,911,339	53,298,669	68,210,008
<b>Total net position</b>	<u><b>\$72,376,295</b></u>	<u><b>\$97,631,995</b></u>	<u><b>\$170,008,290</b></u>

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

**CITY OF RIVIERA BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
General government	\$26,155,228	\$10,022,554	\$3,454,005	\$-	(\$12,678,669)	\$-	(\$12,678,669)
Public safety	29,391,831	-	176,592	24,436	(29,190,803)	-	(29,190,803)
Transportation	1,260,487	-	146,120	-	(1,114,367)	-	(1,114,367)
Human services	1,191,792	-	213,016	-	(978,776)	-	(978,776)
Culture and recreation	5,233,868	-	41,129	-	(5,192,739)	-	(5,192,739)
Physical environment	404,471	-	-	-	(404,471)	-	(404,471)
Economic environment	3,437,981	-	22,471	-	(3,415,510)	-	(3,415,510)
Interest on debt	4,288,353	-	-	-	(4,288,353)	-	(4,288,353)
Total governmental activities	71,364,011	10,022,554	4,053,333	24,436	(57,263,688)	-	(57,263,688)
Business-type activities:							
Water and sewer	13,971,580	24,091,971	-	-	-	10,120,391	10,120,391
Marina	2,220,339	2,049,760	75,000	-	-	(95,579)	(95,579)
Community development	415,122	269,413	362,934	-	-	217,225	217,225
Refuse	4,002,793	3,807,937	-	-	-	(194,856)	(194,856)
Stormwater	2,212,759	2,829,588	-	-	-	616,829	616,829
Interest and debt service costs	2,198,135	-	-	-	-	(2,198,135)	(2,198,135)
Total business-type activities	25,020,728	33,048,669	437,934	-	-	8,465,875	8,465,875
Total primary government	96,384,739	43,071,223	4,491,267	24,436	(57,263,688)	8,465,875	(48,797,813)

Continued on next page.

**CITY OF RIVIERA BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES (Continued)**  
**SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
General revenues:							
Property taxes					48,088,215	-	48,088,215
Utility taxes					4,762,948	-	4,762,948
Licenses and permits					4,249,135	-	4,249,135
Franchise fees					2,774,685	-	2,774,685
Communications service tax					1,041,524	-	1,041,524
Intergovernmental					7,789,840	-	7,789,840
Interest					562,381	1,070,054	1,632,435
Loss on disposal					(12,504,173)	-	(12,504,173)
Miscellaneous					2,480,551	1,264,750	3,745,301
Transfers in (out)					709,403	(709,403)	-
Total general revenues					<u>59,954,509</u>	<u>1,625,401</u>	<u>61,579,910</u>
Change in net position					2,690,821	10,091,276	12,782,097
Net position – beginning, as previously reported					66,350,074	87,540,719	153,890,793
Prior period adjustments					3,335,400	-	3,335,400
Net position – beginning, as restated					<u>69,685,474</u>		
<b>Net position - ending</b>					<b><u>\$72,376,295</u></b>	<b><u>\$97,631,995</u></b>	<b><u>\$170,008,290</u></b>

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

**CITY OF RIVIERA BEACH, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	Major Funds			Non-Major Funds	Total
	General	CRA	Capital Bond Funds		
<b>Assets</b>					
Cash and cash equivalents	\$19,175,119	\$4,740,129	\$0	\$15,543,247	\$39,458,495
Cash and cash equivalents - Restricted	6,500	2,487,061	16,277,451	1,128,945	19,899,957
Investments - Restricted	-	100,000	-	-	100,000
Receivables, net	3,093,119	10,027	4,115	3,466,469	6,573,730
Due from other funds	7,914,058	7,298,000	-	-	15,212,058
Deposits held in escrow	-	31,664	-	-	31,664
Inventory	398,772	-	-	128,175	526,947
Total assets	<u>30,587,568</u>	<u>14,666,881</u>	<u>16,281,566</u>	<u>20,266,836</u>	<u>81,802,851</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	1,062,190	18,927	68,325	383,718	1,533,160
Accrued liabilities	1,762,450	236,154	-	18,019	2,016,623
Due to other funds	-	10,223,719	-	1,624,295	11,848,014
Other liabilities	112,267	-	-	350,000	462,267
Total liabilities	<u>2,936,907</u>	<u>10,478,800</u>	<u>68,325</u>	<u>2,376,032</u>	<u>15,860,064</u>
<b>Deferred inflows of resources</b>					
Deferred inflows	1,137,316	57,381	-	2,292,724	3,487,421
Total deferred inflows of resources	<u>1,137,316</u>	<u>57,381</u>	<u>-</u>	<u>2,292,724</u>	<u>3,487,421</u>
<b>Fund balances:</b>					
Non-spendable	398,772	-	-	-	398,772
Restricted	-	-	16,213,241	11,654,470	27,867,711
Committed	-	-	-	3,943,610	3,943,610
Unassigned	26,114,573	4,130,700	-	-	30,245,273
Total fund balances	<u>26,513,345</u>	<u>4,130,700</u>	<u>16,213,241</u>	<u>15,598,080</u>	<u>62,455,366</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$30,587,568</u></b>	<b><u>\$14,666,881</u></b>	<b><u>\$16,281,566</u></b>	<b><u>\$20,266,836</u></b>	<b><u>\$81,802,851</u></b>

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, 2017**

Ending fund balance - governmental funds \$62,455,366

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	165,317,998	
Less accumulated depreciation	<u>(61,033,485)</u>	
Net capital assets		104,284,513

Other long term assets are not available to pay current period expenditures and, therefore, unavailable in the governmental funds 7,298,000

Deferred outflows for pensions 2,405,998

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	(1,052,955)	
Advance for CRA	(10,194,621)	
Deferred inflows for resources	(3,487,421)	
Deferred inflows for pension	(1,495,918)	
Bonds and notes payable	(96,889,315)	
Compensated absences	(3,801,917)	
Net pension liability	3,233,278	
Net OPEB obligation	<u>(4,704,007)</u>	
Net long-term liabilities		(118,392,876)

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

Net position - Internal Service Fund 14,325,294

Net position of governmental activities \$72,376,295

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 BALANCE**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Major Funds</b>				<b>Total</b>
	<b>General</b>	<b>CRA</b>	<b>Capital Bond Funds</b>	<b>Non-Major Funds</b>	
<b>Revenues</b>					
Taxes	\$48,214,773	\$7,706,541	\$-	\$1,580,630	\$57,501,944
Licenses and permits	5,489,225	-	-	48,611	5,537,836
Intergovernmental	4,173,986	-	-	1,492,581	5,666,567
Charges for services	10,022,554	-	-	-	10,022,554
Fines and forfeitures	782,623	-	-	4,140	786,763
Interest - Restricted	-	9,112	-	-	9,112
Interest	289,961	-	102,441	106,826	499,228
Miscellaneous	1,405,763	200,395	-	26,024	1,632,182
Grants and contributions	290,406	22,471	-	480,186	793,063
Total revenues	<u>70,669,291</u>	<u>7,938,519</u>	<u>102,441</u>	<u>3,738,998</u>	<u>82,449,249</u>
<b>Expenditures</b>					
Current:					
General government	19,566,003	2,575,451	2,632	709,853	22,853,939
Public safety	29,020,742	-	-	371,089	29,391,831
Physical environment	29,471	-	-	375,000	404,471
Transportation	1,241,397	-	-	19,090	1,260,487
Human services	605,491	-	-	586,301	1,191,792
Culture and recreation	5,131,019	-	-	102,849	5,233,868
Economic environment	753	-	-	35,606	36,359
Real estate development	-	3,401,622	-	-	3,401,622
Capital outlay	746,377	84,426	1,378,811	5,616,564	7,826,178
Debt service:					
Principal	-	2,218,341	-	2,339,927	4,558,268
Interest & debt costs	-	1,013,762	-	3,274,591	4,288,353
Total expenditures	<u>56,341,253</u>	<u>9,293,602</u>	<u>1,381,443</u>	<u>13,430,870</u>	<u>80,447,168</u>
Excess/(deficiency) revenues over expenditures	14,328,038	(1,355,083)	(1,279,002)	(9,691,872)	2,002,081
<b>Other financing sources (uses)</b>					
Transfers in	709,403	-	-	11,177,209	11,886,612
Transfers out	(11,177,209)	-	-	-	(11,177,209)
Total other sources (uses)	<u>(10,467,806)</u>	<u>-</u>	<u>-</u>	<u>11,177,209</u>	<u>709,403</u>
Net change in fund balances	<u>3,860,232</u>	<u>(1,355,083)</u>	<u>(1,279,002)</u>	<u>1,485,337</u>	<u>2,711,484</u>
Fund balances - beginning	<u>22,653,113</u>	<u>3,960,890</u>	<u>17,492,243</u>	<u>14,112,743</u>	<u>58,218,989</u>
Prior period adjustment	-	1,524,893	-	-	1,524,893
<b>Fund balances – ending</b>	<b><u>\$26,513,345</u></b>	<b><u>\$4,130,700</u></b>	<b><u>\$16,213,241</u></b>	<b><u>\$15,598,080</u></b>	<b><u>\$62,455,366</u></b>

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

**CITY OF RIVIERA BEACH, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDIDTURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2017**

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

Net change in fund balances - total governmental funds		\$2,711,484
<p>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.</p>		
Expenditures for capital assets	7,826,178	
Less current year depreciation	(6,218,088)	1,608,090
<p>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.</p>		
Principal payments on bonds and notes		4,558,268
<p>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</p>		
Change in net position for Internal Service Fund		99,064
<p>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</p>		
OPEB	407,354	
Compensated absences	(269,488)	
Gain/(loss) on disposal of fixed assets	(12,504,173)	
Pension expense	6,080,222	(6,286,085)
Change in net position of governmental activities		\$2,690,821

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, 2017**

	<b>Business-type Activities – Enterprise Funds</b>						<b>Governmental Activities</b>	
	<b>Utility Special District</b>	<b>Refuse Collection</b>	<b>Marina</b>	<b>Stormwater</b>	<b>Parking</b>	<b>RB CDE</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$36,594,441	\$1,369,324	\$2,487,509	\$2,108,572	\$81,231	\$226,992	\$42,868,069	\$6,228,985
Receivables, net								
Accounts	2,485,811	153,350	101,079	316,880	-	93,018	3,150,138	1,150,240
Unbilled accounts	385,502	31,883	-	91,996	-	-	509,381	-
Inventory	59,504	-	5,328	-	-	-	64,832	-
Prepaid	-	-	-	-	-	47	47	-
Cash and cash equivalents – restricted	9,201,798	-	-	-	-	271,805	9,473,603	-
Investments – restricted	40,596,495	-	-	10,412,933	-	-	51,009,428	-
Total current assets	<u>89,323,551</u>	<u>1,554,557</u>	<u>2,593,916</u>	<u>12,930,381</u>	<u>81,231</u>	<u>591,862</u>	<u>107,075,498</u>	<u>7,379,225</u>
Non-current assets:								
Advance to CRA	-	-	-	-	-	-	-	10,194,621
Loans receivable	-	-	-	-	-	4,761,400	4,761,400	-
Investment in ECR	14,669,870	-	-	-	-	-	14,669,870	-
Capital assets:								
Non-depreciable	9,679,822	-	692,681	1,802,757	-	-	12,175,260	-
Depreciable (net)	26,214,345	852,500	14,726,858	4,577,467	-	8,976,068	55,347,238	-
Total non-current assets	<u>50,564,037</u>	<u>852,500</u>	<u>15,419,539</u>	<u>6,380,224</u>	<u>-</u>	<u>13,737,468</u>	<u>86,953,768</u>	<u>10,194,621</u>
Total assets	<u>139,887,588</u>	<u>2,407,057</u>	<u>18,013,455</u>	<u>19,310,605</u>	<u>81,231</u>	<u>14,329,330</u>	<u>194,029,266</u>	<u>17,573,846</u>
<b>Deferred outflows of resources</b>								
Deferred outflows-pension activity	1,313,905	-	80,765	124,631	-	-	1,519,301	-
Deferred charge on refunding	1,079,072	-	-	86,448	-	-	1,165,520	-
Total deferred outflows of resources	<u>2,392,977</u>	<u>-</u>	<u>80,765</u>	<u>211,079</u>	<u>-</u>	<u>-</u>	<u>2,684,821</u>	<u>-</u>

**Continued on next page.**

**CITY OF RIVIERA BEACH, FLORIDA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	Business-type Activities – Enterprise Funds						Governmental Activities	
	Utility Special District	Refuse Collection	Marina	Stormwater	Parking	RB CDE	Total Enterprise Funds	Internal Service Fund
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	534,584	64,905	250,610	150,762	-	50,258	1,051,119	29,353
Accrued liabilities	105,323	-	29,144	16,671	-	17,211	168,349	2,065,169
Due to other funds	-	-	6,260,664	-	-	-	6,260,664	-
Deposits and other liabilities	2,528,919	516,790	124,337	59	81,231	-	3,251,336	1,154,030
Compensated absences	22,616	-	-	4,426	-	-	27,042	-
Bonds and notes payable	1,849,447	-	-	448,424	-	-	2,297,871	-
Total current liabilities	<u>5,040,889</u>	<u>581,695</u>	<u>6,664,755</u>	<u>620,342</u>	<u>81,231</u>	<u>67,469</u>	<u>13,056,381</u>	<u>3,248,552</u>
Non-current liabilities:								
Recoverable grant	-	-	-	-	-	7,298,000	7,298,000	-
Net OPEB obligation	537,601	-	-	85,527	-	-	623,128	-
Net pension liability	(1,538,322)	-	(175,128)	58,391	-	-	(1,655,059)	-
Compensated absences	238,106	-	-	42,014	-	-	280,120	-
Bonds and notes payable	62,954,647	-	-	9,739,359	-	6,430,766	79,124,772	-
Total non-current liabilities	<u>62,192,032</u>	<u>-</u>	<u>(175,128)</u>	<u>9,925,291</u>	<u>-</u>	<u>13,728,766</u>	<u>85,670,961</u>	<u>-</u>
Total liabilities	<u>67,232,921</u>	<u>581,695</u>	<u>6,489,627</u>	<u>10,545,633</u>	<u>81,231</u>	<u>13,796,235</u>	<u>98,727,342</u>	<u>3,248,552</u>
<b>Deferred inflows of resources</b>								
Deferred inflows of resources	310,154	-	21,538	23,059	-	-	354,751	-
Total deferred inflows of resources	<u>310,154</u>	<u>-</u>	<u>21,538</u>	<u>23,059</u>	<u>-</u>	<u>-</u>	<u>354,751</u>	<u>-</u>
<b>Net position</b>								
Net investment in capital assets	12,245,786	852,500	15,419,539	6,380,224	-	-	34,898,049	-
Restricted for:								
Capital projects	9,201,798	-	-	225,150	-	8,329	9,435,277	-
Advances	-	-	-	-	-	-	-	10,194,621
Unrestricted	53,289,906	972,862	(3,836,484)	2,347,618	-	524,766	53,298,668	4,130,673
Total net position	<u>\$74,737,490</u>	<u>\$1,825,362</u>	<u>\$11,583,055</u>	<u>\$8,952,992</u>	<u>\$-</u>	<u>\$533,095</u>	<u>\$97,631,994</u>	<u>\$14,325,294</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, 2017**

	Business-type Activities - Enterprise Funds						Total	Governmental
	Utility Special District	Refuse Collection	Marina	Stormwater	Parking	RB CDE	Enterprise Funds	Internal Service Fund
<b>Operating revenues</b>								
Charges for services	\$24,091,971	\$3,807,937	\$2,049,760	\$2,829,588	\$-	\$269,413	\$33,048,669	\$-
Grants and contributions	-	-	75,000	-	-	362,934	437,934	3,284,706
Miscellaneous	265,822	35	700,561	-	-	300,188	1,266,606	61,606
Total operating revenues	<u>24,357,793</u>	<u>3,807,972</u>	<u>2,825,321</u>	<u>2,829,588</u>	<u>-</u>	<u>932,535</u>	<u>34,753,209</u>	<u>3,346,312</u>
<b>Operating expenses</b>								
Personnel services	3,191,422	-	235,537	772,176	-	-	4,199,135	467,113
Contractual services and operations	7,484,366	3,947,793	993,499	1,024,989	-	1	13,450,648	2,812,632
Supplies, materials and maintenance	479,792	-	26,958	27,717	-	120,350	654,817	21,544
Utilities	656,948	-	128,146	-	-	-	785,094	-
Rent and leases	23,251	-	-	5,745	-	-	28,996	-
Depreciation of capital assets	2,135,801	55,000	836,199	382,132	-	294,772	3,703,904	-
Total operating expenses	<u>13,971,580</u>	<u>4,002,793</u>	<u>2,220,339</u>	<u>2,212,759</u>	<u>-</u>	<u>415,123</u>	<u>22,822,594</u>	<u>3,301,289</u>
Operating income / (loss)	<u>10,386,213</u>	<u>(194,821)</u>	<u>604,982</u>	<u>616,829</u>	<u>-</u>	<u>517,412</u>	<u>11,930,615</u>	<u>45,023</u>
<b>Non-operating revenues / (expenses)</b>								
Settlement payments	-	-	(1,858)	-	-	-	(1,858)	(14,777)
Investment earnings / (losses)	860,342	17,804	2,173	122,056	-	67,680	1,070,055	68,818
Interest and debt service costs	(1,858,247)	-	-	(255,870)	-	(84,018)	(2,198,135)	-
Total non-operating revenues / (expenses)	<u>(997,905)</u>	<u>17,804</u>	<u>315</u>	<u>(133,814)</u>	<u>-</u>	<u>(16,337)</u>	<u>(1,129,937)</u>	<u>54,041</u>
Income / (loss) before transfers	<u>9,388,308</u>	<u>(177,017)</u>	<u>605,297</u>	<u>483,015</u>	<u>-</u>	<u>501,075</u>	<u>10,800,678</u>	<u>99,064</u>
Transfers in / (out)	<u>(616,872)</u>	<u>-</u>	<u>-</u>	<u>(92,531)</u>	<u>-</u>	<u>-</u>	<u>(709,403)</u>	<u>-</u>
Change in net position	<u>8,771,436</u>	<u>(177,017)</u>	<u>605,297</u>	<u>390,484</u>	<u>-</u>	<u>501,075</u>	<u>10,091,275</u>	<u>99,064</u>
Net position - beginning (restated)	<u>65,966,054</u>	<u>2,002,379</u>	<u>10,977,758</u>	<u>8,562,508</u>	<u>-</u>	<u>32,020</u>	<u>87,540,719</u>	<u>14,226,230</u>
<b>Net position - ending</b>	<u><b>\$74,737,490</b></u>	<u><b>\$1,825,362</b></u>	<u><b>\$11,583,055</b></u>	<u><b>\$8,952,992</b></u>	<u><b>\$-</b></u>	<u><b>\$533,095</b></u>	<u><b>\$97,631,994</b></u>	<u><b>\$14,325,294</b></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**  
**SEPTEMBER 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>	
	<b>Utility Special District</b>	<b>Refuse</b>	<b>Marina</b>	<b>Stormwater</b>	<b>RB CDE</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>							
Receipts	\$24,971,688	\$3,869,528	\$3,503,524	\$3,159,367	\$932,535	\$36,436,642	\$3,500,342
Intergovernmental grants	-	-	75,000	-	-	75,000	-
Investment income	860,342	17,804	2,173	122,056	67,680	1,070,055	68,818
Cash paid to suppliers	(11,009,019)	(3,949,662)	(1,194,143)	(1,024,989)	(305,822)	(17,483,635)	(3,016,223)
Cash paid to employees	(3,191,422)	-	(235,537)	(772,176)	-	(4,199,135)	(467,113)
<b>Net cash provided by (used in) operating activities</b>	<b>11,631,589</b>	<b>(62,330)</b>	<b>2,151,017</b>	<b>1,484,258</b>	<b>694,393</b>	<b>15,898,927</b>	<b>85,824</b>
<b>Cash Flows from Investing Activities</b>							
Change in restricted cash	-	-	-	-	465,453	465,453	-
Investment in real estate	-	-	-	-	(980,457)	(980,457)	-
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(515,004)</b>	<b>(515,004)</b>	<b>-</b>
<b>Cash Flows from Capital and Financing Activities</b>							
Additions to capital assets	(4,023,073)	-	61,051	(405,569)	-	(4,367,591)	-
Principal paid on debt	(839,085)	-	-	(185,000)	-	(1,024,085)	-
Interest paid on debt	(1,858,247)	-	-	(255,870)	-	(2,114,117)	-
<b>Net cash provided by (used in) capital and financing activities</b>	<b>(6,720,405)</b>	<b>-</b>	<b>61,051</b>	<b>(846,439)</b>	<b>-</b>	<b>(7,505,793)</b>	<b>-</b>
Net increase (decrease) in cash, cash equivalents, and pooled investments	4,911,184	(62,330)	2,212,068	637,819	179,389	7,878,130	85,824
Cash, cash equivalents, and pooled investments - beginning	81,481,550	1,431,654	275,441	11,883,686	47,604	95,119,935	6,143,161
<b>Cash, cash equivalents, and pooled investments – ending</b>	<b>86,392,734</b>	<b>1,369,324</b>	<b>2,487,509</b>	<b>12,521,505</b>	<b>226,993</b>	<b>102,998,065</b>	<b>6,228,985</b>

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**CITY OF RIVIERA BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Utility Special District	Refuse	Marina	Stormwater	RB CDE	Total Enterprise Funds	Internal Service Fund
<b>Reconciliation of Operating Income to Net</b>							
<b>Cash provided by (used in) Operating Activities</b>							
<b>Change in net position</b>	8,771,436	(177,017)	605,297	390,484	501,075	10,091,275	99,064
Adjustments not affecting cash:							
Depreciation expense	2,135,801	55,000	836,199	382,132	294,772	3,703,904	-
Amortization expense	-	-	-	-	(2,224)	(2,224)	-
(Increase) / Decrease in Assets							
and Increase / (Decrease) in Liabilities:							
Investment in ECR	(2,500,163)	-	-	-	-	(2,500,163)	-
Accounts receivable	(29,198)	36,265	700,918	347,514	73,967	1,129,466	-
Unbilled accounts	216,736	17,137	-	(17,658)	-	216,215	-
Inventory	(22,606)	-	(5,328)	-	-	(27,934)	-
Prepaid expenses	-	-	-	-	1	1	-
Deferred outflows	2,150,754	-	58,251	32,750	-	2,241,755	-
Accounts payable	136,691	(1,869)	171,877	126,357	(173,199)	259,857	183,383
Bonds and notes payable - current	934,387	-	-	(149,609)	-	784,778	-
Due to other funds	-	-	-	-	-	-	-
Deposits and other liabilities	160,535	8,154	(64,217)	(77)	-	104,395	-
Accrued liabilities	9,074	-	(3,889)	1,550	-	6,735	(196,623)
Deferred inflows	231,277	-	15,709	178,533	-	425,519	-
Pension liability	(559,132)	-	(102,768)	183,223	-	(478,677)	-
OPEB liability	51,187	-	(61,032)	4,458	-	(5,387)	-
Compensated absences	(55,190)	-	-	4,601	-	(50,589)	-
<b>Total adjustments</b>	2,860,153	114,687	1,545,720	1,093,774	193,317	5,807,651	(13,240)
<b>Net cash provided by (used in) operating activities</b>	<b>\$11,631,589</b>	<b>(\$62,330)</b>	<b>\$2,151,017</b>	<b>\$1,484,258</b>	<b>\$694,393</b>	<b>\$15,898,927</b>	<b>\$85,824</b>

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



**CITY OF RIVIERA BEACH  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2017**

	<b>General Employees' Retirement System</b>	<b>Police Pension Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$4,414,898	\$2,840,627	\$2,883,822	\$10,139,347
Investments				
US Government & Agency securities	13,036,712	10,074,916	3,338,789	26,450,417
Corporate obligations	8,857,654	10,513,103	4,187,161	23,557,918
Equity securities	58,598,637	41,647,362	52,311,707	152,557,706
Real estate funds	11,635,184	3,562,388	12,980,638	28,178,210
Mutual funds	19,252,869	7,526,063	9,395,111	36,174,043
Total investments	<u>115,795,954</u>	<u>76,164,459</u>	<u>85,097,228</u>	<u>277,057,641</u>
Receivables				
Interest and dividends	209,869	119,066	53,001	381,936
Contributions - Employer and State	-	255,910	317,311	573,221
Unsettled trades	137,711	173,137	382,114	692,962
Total receivables	<u>347,580</u>	<u>548,113</u>	<u>752,426</u>	<u>1,648,119</u>
Other Assets				
Prepaid expenses	-	6,769	13,194	19,963
Total other assets	<u>-</u>	<u>6,769</u>	<u>13,194</u>	<u>19,963</u>
Total assets	<u>116,143,534</u>	<u>76,719,341</u>	<u>85,862,848</u>	<u>278,725,723</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	141,750	179,591	20,029	341,370
Unsettled trades	-	122,692	-	122,692
Total liabilities	<u>141,750</u>	<u>302,283</u>	<u>20,029</u>	<u>464,062</u>
<b>Deferred inflows of resources</b>				
Deferred contributions	-	1,059,111	1,949,424	3,008,535
Total deferred inflows of resources	<u>-</u>	<u>1,059,111</u>	<u>1,949,424</u>	<u>3,008,535</u>
<b>Net position</b>				
Held in trust for pension benefits	<u><b>\$116,001,784</b></u>	<u><b>\$75,357,947</b></u>	<u><b>\$83,893,395</b></u>	<u><b>\$275,253,126</b></u>

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

**CITY OF RIVIERA BEACH**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**

	<b>General Employees' Retirement System</b>	<b>Police Pension Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Total</b>
<b>Additions</b>				
Contributions:				
Employer	\$1,580,757	\$1,057,175	\$1,663,918	\$4,301,850
Employees	472,473	560,436	399,448	1,432,357
State	-	255,910	317,311	573,221
Total contributions	<u>2,053,230</u>	<u>1,873,521</u>	<u>2,380,677</u>	<u>6,307,428</u>
Investment income				
Interest and dividends	1,884,548	1,557,668	1,613,127	5,055,343
Realized gains on investments	3,288,569	-	-	3,288,569
Net appreciation in value of investments	7,842,082	6,896,473	8,468,915	23,207,470
Other investment income	4,251	3,466	-	7,717
Total investment income	<u>13,019,450</u>	<u>8,457,607</u>	<u>10,082,042</u>	<u>31,559,099</u>
<b>Deductions</b>				
Benefits paid	6,889,583	4,503,009	3,765,677	15,158,269
Administrative and other expenses	43,534	159,842	113,852	317,228
Investment expenses	706,791	429,586	311,234	1,447,611
Total deductions	<u>7,639,908</u>	<u>5,092,437</u>	<u>4,190,763</u>	<u>16,923,108</u>
Change in net position	<u>7,432,772</u>	<u>5,238,691</u>	<u>8,271,956</u>	<u>20,943,419</u>
Net position - beginning	<u>108,569,012</u>	<u>70,119,256</u>	<u>75,621,439</u>	<u>254,309,707</u>
<b>Net position - ending</b>	<b><u>\$116,001,784</u></b>	<b><u>\$75,357,947</u></b>	<b><u>\$83,893,395</u></b>	<b><u>\$275,253,126</u></b>

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

## **Notes to the Basic Financial Statements**

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**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**SEPTEMBER 30, 2017**

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**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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 incorporated in 1922 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, stormwater 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

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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:

**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.

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**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.

**Principles of Consolidation**

The CDE and RBEC are consolidated and 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. The 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.

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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 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.



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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.

Parking Fund – Accounts for the parking operations at the Ocean Mall and the Riviera Beach Marina.

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.

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**C. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources and 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.

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.

**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.

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**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.

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.

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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).

**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

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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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Deferred Outflows of Resources		
Deferred outflow for pension	\$11,574,771	\$1,519,301
Deferred charges on refunding	-	1,165,520
<b>Total Deferred Outflows of Resources</b>	<b>11,574,771</b>	<b>2,684,821</b>
Deferred Inflows of Resources		
Deferred inflow for pension	2,269,989	354,751
Deferred inflow of resources	3,487,421	-
<b>Total Deferred Inflows of Resources</b>	<b>\$5,757,410</b>	<b>\$354,751</b>

**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 - 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.
- c) Unrestricted - The residual amount of net position not included in the net investment in capital assets or the restricted net position.

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

Restricted - 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 - Amounts for specific purposes pursuant to constraints imposed by Council.

Assigned - 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 - 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.

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According to Florida Statutes, unless voted, no municipality shall levy ad valorem taxes against real or tangible property in excess of 10 mills.

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 2016/2017 (2016 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 \$4.943 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.



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**NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES**

**Pronouncements Implemented During Fiscal Year 2017**

In fiscal year 2017, the City adopted six new statements for financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans* improves the usefulness of information about post-employment 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. There was no material impact on the financial statements as a result of the implementation.

Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of Statement No. 14, 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. There was no material impact on the financial statements as a result of the implementation.

Statement No. 82, *Pension Issues* - an amendment GASB Statements No. 67, No. 68, and No. 73 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. There was no material impact on the financial statements as a result of the implementation.

**Pronouncements Issued But Not Yet Effective**

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 November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations (ARO)*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A

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government has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources of ARO's and requires that the recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this Statement will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished and the decision-usefulness of information in notes to the financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement requires the lessee to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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.

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**NOTE 3 – CASH, CASH EQUIVALENTS 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 depositors 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.

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, 2017, 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.

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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.

As of September 30, 2017, the City had the following cash and investments with stated maturities categorized as Level 1 and Level 2:

Investments by Level	Balance	Fair Value Measurement Using		Effective Duration (years)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Investments by Fair Value Level</b>				
Money market funds	\$13,301,727	\$13,301,727	\$ -	
US Treasury securities	50,241,009	-	50,241,009	1.15
US Federal Agency securities	11,148,750	-	11,148,750	1.80
Corporate obligations	3,292,017	-	3,292,017	1.28
<b>Total Investments by Fair Value Level</b>	<b>\$77,983,503</b>	<b>\$13,301,727</b>	<b>\$64,681,776</b>	
<b>Investments Measured at Net Asset Value (NAV)</b>				
FL Class	54,118,338			
<b>Total Investments Measured at NAV</b>	<b>54,118,338</b>			
Total Investments	132,101,841			
Cash Deposits	17,547,290			
<b>Total Cash and Investments</b>	<b>\$149,649,131</b>			

**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, 2017, 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.

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**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.

**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.

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**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:

Investments by Level	Balance	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b><u>GERS</u></b>			
Investments by Fair Value Level			
Debt Securities			
US Government and agency securities	\$9,449,757	\$ -	\$9,449,757
Corporate bonds	10,346,526	-	10,346,526
Mortgage backed securities	2,091,919	-	2,091,919
Total debt securities	21,888,202	-	21,888,202
Equity Securities	58,598,637	58,598,637	-
<b>Total Investments by Fair Value Level</b>	<b>\$80,486,839</b>	<b>\$58,598,637</b>	<b>\$21,888,202</b>
Investments Measured at Net Asset Value			
Real estate fund	11,635,184		
Equity funds - large cap	19,252,869		
Total Investments Measured at Net Asset Value	30,888,053		
Total Investments	111,374,892		
Cash and Cash Equivalents	4,414,898		
Total Cash and Investments	<b>\$115,789,790</b>		
 <b><u>PPF</u></b>			
Investments by Fair Value Level			
Debt Securities			
US Government and agency securities	\$10,074,916	\$ -	\$10,074,916
Corporate bonds	10,513,103	-	10,513,103
Total debt securities	20,588,019	-	20,588,019
Equity Securities	49,173,425	49,173,425	-
<b>Total Investments by Fair Value Level</b>	<b>\$69,761,444</b>	<b>\$49,173,425</b>	<b>\$20,588,019</b>
Investments Measured at Net Asset Value			
Real estate fund	3,562,388		
Total Investments Measured at Net Asset Value	3,562,388		
Cash and Cash Equivalents	2,840,627		
Total Cash and Investments	<b>\$76,164,459</b>		

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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)
<b><u>FPTF</u></b>			
Investments by Fair Value Level			
Debt Securities			
US Government and agency securities	\$3,338,789	\$1,874,324	\$1,464,465
Mutual funds - fixed income	9,395,111	9,395,111	-
Corporate bonds	4,187,161	-	4,187,161
Total debt securities	<u>16,921,061</u>	<u>11,269,435</u>	<u>5,651,626</u>
Equity Securities	52,311,707	52,311,707	-
Total Investments by Fair Value Level	<b><u>\$69,232,768</u></b>	<b><u>\$63,581,142</u></b>	<b><u>\$5,651,626</u></b>
Investments Measured at Net Asset Value			
Real estate fund	12,980,638		
Total Investments Measured at Net Asset Value	<u>12,980,638</u>		
Cash and Cash Equivalents	2,883,822		
Total Cash and Investments	<b><u>\$85,097,228</u></b>		

**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
<b><u>GERS</u></b>					
US Gov't and agency securities	\$9,449,757	\$498,475	\$3,080,383	\$2,012,144	\$3,858,755
Corporate bonds	10,346,526	-	5,765,946	2,622,382	1,958,198
Mortgage backed securities	2,091,919	-	1,257,086	-	834,833
<b>Total fixed income securities</b>	<b><u>21,888,202</u></b>	<b><u>498,475</u></b>	<b><u>10,103,415</u></b>	<b><u>4,634,526</u></b>	<b><u>6,651,786</u></b>
<b><u>PPF</u></b>					
US Gov't and agency securities	10,074,916	1,070,498	2,595,578	1,476,962	4,931,878
Corporate bonds	10,513,103	-	4,815,495	5,697,608	-
Money market fund	1,778,456	1,778,456	-	-	-
<b>Total fixed income securities</b>	<b><u>22,366,475</u></b>	<b><u>2,848,954</u></b>	<b><u>7,411,073</u></b>	<b><u>7,174,570</u></b>	<b><u>4,931,878</u></b>
<b><u>FPTF</u></b>					
US Gov't and agency securities	3,338,789	259,543	721,231	2,145,227	212,788
Mutual funds - fixed income	9,395,111	93,951	2,112,961	4,788,688	2,399,511
Corporate bonds	4,187,161	600,357	1,772,747	1,161,829	652,228
<b>Total fixed income securities</b>	<b><u>\$16,921,061</u></b>	<b><u>\$953,851</u></b>	<b><u>\$4,606,939</u></b>	<b><u>\$8,095,744</u></b>	<b><u>\$3,264,527</u></b>

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**Credit Risk**

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

<b>Rating</b>	<b>GERS</b>	<b>PPF</b>	<b>FPTF</b>
U.S. government guaranteed*	\$9,449,757	\$10,074,916	\$3,338,789
Credit risk debt securities:			
AAA	2,660,802	1,778,456	-
Aaa	-	-	5,303,049
AA	1,622,159	1,428,243	-
Aa	-	-	397,740
A	3,906,355	7,471,829	3,804,068
BBB	4,056,568	1,613,031	-
Baa	-	-	1,606,951
BB	192,561	-	-
Ba	-	-	-
B	-	-	273,398
Bbb	-	-	2,185,303
Unrated	-	-	11,763
Total credit risk debt securities	<u>12,438,445</u>	<u>12,291,559</u>	<u>13,582,272</u>
Total fixed income securities	<u><b>\$21,888,202</b></u>	<u><b>\$22,366,475</b></u>	<u><b>\$16,921,061</b></u>

\* Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk.

**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 Depository 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.



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**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, 2017, receivables are as follows:

	<b>Accounts</b>	<b>Unbilled Accounts</b>	<b>Special Assessments</b>	<b>Total</b>
General Fund	\$3,068,769	\$24,350	\$ -	\$3,093,119
CRA	10,027	-	-	10,027
Capital Bond Fund	4,115	-	-	4,115
Non-major Governmental Funds	3,441,001	-	25,469	3,466,470
Internal Service Fund	1,150,240	-	-	1,150,240
Utility Special District	2,485,811	385,502	-	2,871,313
Refuse	153,350	31,883	-	185,233
Marina	101,079	-	-	101,079
Stormwater	316,880	91,996	-	408,876
Riviera Beach CDE	47	-	-	47
<b>Total</b>	<b>\$10,731,319</b>	<b>\$533,731</b>	<b>\$25,469</b>	<b>\$11,290,519</b>

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.

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**NOTE 5 – CAPITAL ASSETS**

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

	<u>Beginning Balance Oct 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance Sep 30, 2017</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land (Restated) <sup>1</sup>	\$10,922,623	\$7,960	\$(500)	\$10,930,083
Construction in progress	28,660,399	7,292,583	(13,152,046)	22,800,936
<b>Total capital assets not being depreciated</b>	<b><u>39,583,022</u></b>	<b><u>7,300,543</u></b>	<b><u>(13,152,546)</u></b>	<b><u>33,731,019</u></b>
Capital assets being depreciated				
Buildings	25,784,455	58,090	(2,823,548)	23,018,997
Improvements other than buildings	15,602,734	679,038	(314,463)	15,967,309
Land improvements	51,250	13,286,320	(51,250)	13,286,320
Infrastructure	56,485,192	250,214	-	56,735,406
Furniture, fixtures, machinery & equipment	22,135,145	1,656,462	(1,212,660)	22,578,947
<b>Total capital assets being depreciated</b>	<b><u>120,058,776</u></b>	<b><u>15,930,124</u></b>	<b><u>(4,401,921)</u></b>	<b><u>131,586,979</u></b>
Less accumulated depreciation				
Buildings	(12,522,464)	(992,228)	2,621,206	(10,893,486)
Improvements other than buildings	(4,893,979)	(913,760)	152,085	(5,655,654)
Land improvements	(51,250)	(332,158)	51,250	(332,158)
Infrastructure	(26,334,357)	(1,860,267)	-	(28,194,624)
Furniture, fixtures, machinery & equipment	(15,008,389)	(2,119,675)	1,170,501	(15,957,563)
<b>Total accumulated depreciation</b>	<b><u>(58,810,439)</u></b>	<b><u>(6,218,088)</u></b>	<b><u>3,995,042</u></b>	<b><u>(61,033,485)</u></b>
<b>Government activities - capital assets (net)</b>	<b><u>\$ 100,831,359</u></b>	<b><u>\$ 17,012,579</u></b>	<b><u>\$ (13,559,425)</u></b>	<b><u>\$ 104,284,513</u></b>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 1,687,191	\$ -	\$ -	\$ 1,687,191
Construction in progress	9,951,032	2,696,309	(2,159,272)	10,488,069
<b>Total capital assets not being depreciated</b>	<b><u>11,638,223</u></b>	<b><u>2,696,309</u></b>	<b><u>(2,159,272)</u></b>	<b><u>12,175,260</u></b>
Capital assets being depreciated				
Buildings and improvements	26,318,687	2,442,122	(221,734)	28,539,075
Utility plants and systems	59,281,174	635,714	(30,765)	59,886,123
Furniture, fixtures, machinery & equipment	5,547,133	548,067	(172,836)	5,922,364
Waterside improvements	16,581,514	200,000	-	16,781,514
<b>Total capital assets being depreciated</b>	<b><u>107,728,508</u></b>	<b><u>3,825,903</u></b>	<b><u>(425,335)</u></b>	<b><u>111,129,076</u></b>
Less accumulated depreciation				
Buildings and improvements	(11,101,658)	(835,510)	-	(11,937,168)
Utility plants and systems	(35,345,284)	(1,822,868)	30,765	(37,137,387)
Furniture, fixtures, machinery & equipment	(4,589,026)	(217,253)	176,685	(4,629,594)
Waterside improvements	(1,243,614)	(834,076)	-	(2,077,690)
<b>Total accumulated depreciation</b>	<b><u>(52,279,582)</u></b>	<b><u>(3,709,707)</u></b>	<b><u>207,450</u></b>	<b><u>(55,781,839)</u></b>
<b>Business-type activities capital assets (net)</b>	<b><u>\$ 67,087,149</u></b>	<b><u>\$ 2,812,505</u></b>	<b><u>\$ (2,377,157)</u></b>	<b><u>\$ 67,522,497</u></b>

<sup>1</sup> Beginning balance as of October 1, 2016 was restated from \$1,626,952 to \$3,913,365 due to the CRA determining that the value of land was understated by \$2,286,413 which is reported as a prior period adjustment.

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Depreciation expense was charged to functions as follows for the fiscal year ending September 30, 2017:

<b>Governmental activities:</b>	
General government	\$1,317,254
Public safety	1,392,857
Physical environment	47,884
Transportation	1,940,311
Culture and recreation	1,413,778
Economic environment	106,004
Total depreciation expense - Governmental	<u>6,218,088</u>
<b>Business-type activities:</b>	
Water and sewer	2,141,602
Marina	836,199
Refuse	55,000
Stormwater	382,132
Culture and recreation	294,774
Total depreciation expense - Business-type	<u>3,709,707</u>
<b>Total depreciation expense</b>	<b><u>\$9,927,795</u></b>

**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 \$372,955 pursuant to the lease agreements.

The CRA leases commercial office space for its operations. During the fiscal year, the CRA made payments of \$102,909 pursuant to the lease agreements. Effective June 1, 2017, the term of the lease was extended through September 30, 2018 with two one-year renewal options. The annual lease payment totals \$112,264 for the fiscal year ending September 30, 2018.

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**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7 – LONG TERM LIABILITIES**

Long term liability activity for fiscal year ended September 30, 2017 was as follows:

	<b>Beginning Balance Oct 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance Sep 30, 2017</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds and notes payable	\$81,759,841	\$-	\$(1,580,907)	\$80,178,934	\$1,864,703
Bond premium	494,438	-	(16,356)	478,082	20,785
Net bonds and notes payable	<u>82,254,279</u>	<u>-</u>	<u>(1,597,263)</u>	<u>80,657,016</u>	<u>1,885,488</u>
Capital lease obligation	3,619,111	-	(1,286,505)	2,332,606	1,098,424
Net pension liability	1,343,218	(5,396,099)	-	(4,052,881)	-
Net OPEB obligation	4,296,653	407,354	-	4,704,007	-
Compensated absences	4,307,428	-	(311,752)	3,995,676	305,381
<b>Total governmental activities</b>	<b><u>95,820,689</u></b>	<b><u>(4,988,745)</u></b>	<b><u>(3,195,520)</u></b>	<b><u>87,636,424</u></b>	<b><u>3,289,293</u></b>
<b>Community redevelopment activities:</b>					
Bonds and notes payable	20,410,000	-	(1,730,000)	18,680,000	1,800,000
Capital lease obligation	22,129	-	(12,434)	9,695	6,090
Net pension liability	-	819,603	-	819,603	-
Compensated absences	69,358	42,264	-	111,622	-
<b>Total community redevelopment activities</b>	<b><u>20,501,487</u></b>	<b><u>861,867</u></b>	<b><u>(1,742,434)</u></b>	<b><u>19,620,920</u></b>	<b><u>1,806,090</u></b>
<b>Business-type activities:</b>					
Bonds and notes payable	65,110,000	-	(935,000)	64,175,000	1,990,000
Bond premium	10,361,296	-	(113,815)	10,247,481	211,392
<b>Net bonds and notes payable</b>	<b><u>75,471,296</u></b>	<b><u>-</u></b>	<b><u>(1,048,815)</u></b>	<b><u>74,422,481</u></b>	<b><u>2,201,392</u></b>
Utility purchase obligation	658,480	-	(89,085)	569,395	96,478
Net pension liability	(1,176,382)	(478,677)	-	(1,655,059)	-
Net OPEB obligation	567,482	55,646	-	623,128	-
Compensated absences	357,751	4,601	(55,190)	307,162	27,042
<b>Total business-type activities</b>	<b><u>75,878,627</u></b>	<b><u>(418,430)</u></b>	<b><u>(1,193,090)</u></b>	<b><u>74,267,107</u></b>	<b><u>2,324,912</u></b>
<b>Total long term liabilities</b>	<b><u>\$192,200,803</u></b>	<b><u>\$(4,545,308)</u></b>	<b><u>\$(6,131,044)</u></b>	<b><u>\$181,524,451</u></b>	<b><u>\$7,420,295</u></b>

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**CITY OF RIVIERA BEACH  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

**Governmental Activities**

*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:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	607,392	39,447	646,839
2023	637,761	13,361	651,122
<b>Total</b>	<b>\$3,398,934</b>	<b>\$447,484</b>	<b>\$3,846,418</b>

*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**  
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Future debt service requirements to maturity are as follows:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	825,000	616,469	1,441,469
2023-2027	5,175,000	2,632,169	7,807,169
2028-2032	7,255,000	1,595,238	8,850,238
2033-2035	5,490,000	301,622	5,791,622
<b>Total</b>	<b>\$21,425,000</b>	<b>\$7,817,849</b>	<b>\$29,242,849</b>

*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:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,850,000	2,370,030	4,220,030
2023-2027	13,495,000	10,556,343	24,051,343
2028-2032	24,260,000	6,667,270	30,927,270
2033-2035	11,155,000	1,065,919	12,220,919
<b>Total</b>	<b>\$55,355,000</b>	<b>\$30,518,914</b>	<b>\$85,873,914</b>

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$92,974	\$5,605	\$98,579
2019	95,735	2,843	98,578
<b>Total</b>	<b>\$188,709</b>	<b>\$8,448</b>	<b>\$197,157</b>

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:

Fire Apparatus - Schedule 2

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$116,097	\$6,311	\$122,408
2019	118,164	4,244	122,408
2020	120,267	2,141	122,408
<b>Total</b>	<b>\$354,528</b>	<b>\$12,696</b>	<b>\$367,224</b>

Fire Pumper Trucks - Schedule 3

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$199,078	\$10,821	\$209,899
2019	202,621	7,278	209,899
2020	206,228	3,671	209,899
<b>Total</b>	<b>\$607,927</b>	<b>\$21,770</b>	<b>\$629,697</b>

Police Vehicles - Schedule 4

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$206,794	\$2,999	\$209,793
<b>Total</b>	<b>\$206,794</b>	<b>\$2,999</b>	<b>\$209,793</b>

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

Police Vehicles - Schedule 5

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$203,985	\$6,248	\$210,233
2019	207,085	3,148	210,233
<b>Total</b>	<b>\$411,070</b>	<b>\$9,396</b>	<b>\$420,466</b>

Fire Apparatus - Schedule 6

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$279,497	\$9,243	\$288,740
2019	284,081	4,659	288,740
<b>Total</b>	<b>\$563,578</b>	<b>\$13,902</b>	<b>\$577,480</b>

**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:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,060,000	260,184	1,320,184
2023-2025	4,800,000	432,456	5,232,456
<b>Total</b>	<b>\$9,685,000</b>	<b>\$2,166,498</b>	<b>\$11,851,498</b>

Redevelopment Notes, Series 2013A and 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:



**CITY OF RIVIERA BEACH**  
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*Redevelopment Notes, Series 2013A*

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	325,000	47,859	372,859
2023-2025	1,265,000	77,207	1,342,207
<b>Total</b>	<b>\$2,760,000</b>	<b>\$405,749</b>	<b>\$3,165,749</b>

*Redevelopment Notes, Series 2013B*

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	720,000	161,775	881,775
2023-2025	2,875,000	262,125	3,137,125
<b>Total</b>	<b>\$6,235,000</b>	<b>\$1,374,075</b>	<b>\$7,609,075</b>

**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:

<b>Year Ending September 30</b>	<b>Total</b>
2018	\$8,301
2019	1,394
<b>Total</b>	<b>\$9,695</b>

**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.

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Future estimated debt service requirements to maturity are as follows:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$96,478	\$42,065	\$138,543
2019	104,486	34,057	138,543
2020	113,158	25,385	138,543
2021	122,550	15,993	138,543
2022	132,724	5,819	138,543
<b>Total</b>	<b>\$569,396</b>	<b>\$123,319</b>	<b>\$692,715</b>

*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:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	920,000	826,925	1,746,925
2023-2027	5,340,000	3,378,375	8,718,375
2028-2032	6,795,000	1,909,238	8,704,238
2033-2035	4,815,000	369,125	5,184,125
<b>Total</b>	<b>\$21,155,000</b>	<b>\$10,204,563</b>	<b>\$31,359,563</b>

*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.

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Future debt service requirements to maturity are as follows:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,070,000	1,445,000	2,515,000
2023-2027	6,260,000	6,340,250	12,600,250
2028-2032	8,055,000	4,559,125	12,614,125
2033-2037	14,050,000	2,083,250	16,133,250
<b>Total</b>	<b>\$33,205,000</b>	<b>\$20,704,125</b>	<b>\$53,909,125</b>

*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:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$350,000	\$339,431	\$689,431
2019	365,000	321,556	686,556
2020	385,000	302,806	687,806
2021	405,000	283,056	688,056
2022	425,000	262,306	687,306
2023-2027	2,450,000	992,403	3,442,403
2028-2032	2,845,000	608,838	3,453,838
2033-2036	2,590,000	163,100	2,753,100
<b>Total</b>	<b>\$9,815,000</b>	<b>\$3,273,496</b>	<b>\$13,088,496</b>

**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

**CITY OF RIVIERA BEACH**  
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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, 2017, the City's interest in the ECR was 11.42860%.

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.

As of September 30, 2017, the ECR reported total assets of \$275,377,576 and total net position of \$128,361,049 comprising of \$88,810,774 invested in capital assets net of related debt, \$34,904,273 restricted for renewal, replacement, and debt service, and \$4,646,002 of unrestricted net assets.

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 require 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 or such other percentage as the board determines annually. Each Entity's share of its proportion of total reserve capacity multiplied by the replacement value. 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. The renewal and replacement cash balance for any Entity may not fall below 1% of its share of the replacement value. As of September 30, 2017, all Entities met the renewal and replacement annual contribution and cash balance requirement.

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The reserve capacity percentages based on a capacity of 70 MGD by entity as of September 30, 2017 are shown below. For fiscal year 2017, the Entities effected a 2% renewal and replacement contribution.

<b>Participant</b>	<b>Reserve Capacity</b>
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 2017, the City made payments to the ECR of \$2,995,762 comprising \$460,624 for annual contribution to the ECR and \$2,535,138 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, 2017:

City's balance as of October 1, 2016	\$12,169,707
City's 11.4286% share of the ECR 2017 operating gain	2,500,163
City's ending balance as of September 30, 2017	<b>\$14,669,870</b>

The City's investment in the ECR's interest was \$14,669,870 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, 2017.

On September 13, 2012, the ECR entered into an agreement with JP Morgan for private placement of \$14,000,000 of ECR bonds. A portion of the proceeds were used to pay off outstanding balances on the SRF loans. The JP Morgan bonds are due on October 1, 2022 and bear a fixed interest rate of 1.85%. Principal is to be paid serially commencing October 1, 2014 through October 1, 2022. Interest is to be paid semiannually on each April 1 and October 1.

On April 13, 2013, the ECR entered into an agreement with JP Morgan for private placement of \$11,000,000 of ECR bonds. The proceeds were used to purchase processing capacity in the Solid Waste Authority's Biosolids Processing Facility. The bonds are due on October 1, 2023 and bear a fixed interest rate of 1.92%. Principal is to be paid serially commencing October 1, 2014 through October 1, 2023. Interest is to be paid semiannually on each April 1 and October 1.

On November 25, 2014, the ECR issued \$86,590,000 of revenue bonds. The proceeds are being used to construct a biosolids processing facility at the existing ECR plant. The bonds are due on October 1, 2044 and bear coupon interest rates from 5% to 5.25%. Principal is to be paid serially commencing on October 1, 2023 through October 1, 2044. Interest is to be paid semiannually on each April 1 and October 1.

On July 29, 2016, the ECR issued \$11,130,000 of revenue bonds. The proceeds are being used to finance the Headworks facility and safety improvements. The bonds are due on October 1, 2023 and bear a fixed interest rate of 1.43%. Principal is to be paid serially commencing October 1, 2017 through October 1, 2023. Interest is to be paid semiannually on each April 1 and October 1.

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ECR revenues net of operating expenses are pledged as security for these bonds. The bond resolutions require that the ECR sets aside equal monthly amounts in preparation of the next semiannual debt service payments. These principal and interest amounts are included in the calculation of flow charges billed monthly to the Entities.

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 year-end. The outstanding balances between funds mainly result from the time lag between the date 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 \$10,223,720 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; \$29,098 represents contributions made on behalf of CRA's employees participating in FRS and 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, 2017, the City wrote off the amount in dispute.

The Marina Fund owes \$5,407,437 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.

As of fiscal year end, interfund receivables and payables balances are as follows:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
<b>Governmental activities:</b>		
General Fund	\$7,914,058	\$ -
Community Redevelopment Agency (CRA)	7,298,000	10,223,720
Capital Project Fund	-	-
Internal Service Fund	10,194,621	-
Non-major Governmental Funds	-	1,624,295
<b>Business-type activities:</b>		
Marina	-	6,260,664
Riviera Beach CDE	-	7,298,000
<b>Total</b>	<b>\$25,406,679</b>	<b>\$25,406,679</b>

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.

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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 fiscal year end, interfund transfers are as follows:

<b>Transfer from (to):</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Project Fund</b>	<b>Non-major Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Total</b>
General Fund	\$ -	\$ (5,581,821)	\$(5,000,000)	\$(595,388)	\$709,406	\$(10,467,803)
Debt Service Fund	5,581,821	-	-	-	-	5,581,821
Capital Project Fund	5,000,000	-	-	-	-	5,000,000
Non-major Governmental Funds	595,388	-	-	-	-	595,388
Enterprise Funds	(709,406)	-	-	-	-	(709,406)
<b>Total</b>	<b>\$10,467,803</b>	<b>\$(5,581,821)</b>	<b>\$(5,000,000)</b>	<b>\$(595,388)</b>	<b>\$709,406</b>	<b>\$ -</b>

**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; 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.

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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
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
2017	2,261,792	1,793,049	(1,989,672)	2,065,169

**NOTE 11 – PENSION PLANS**

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). Pursuant to Ordinance, general employees and firefighters hired by the City on or after June 1, 2015, and elected officials, are required to participate in the Florida Retirement System (FRS) instead of a City sponsored pension plan (Pension Plans). General employees and firefighters hired by the City before May 1, 2015, were also required to become compulsory participants in FRS, except for those general employees and firefighters who elected prior to June 1, 2015 to not participate in FRS. The Ordinance does not apply to police officers.

The CRA has a defined contribution plan in which all eligible full-time employees participate. Employer contributions for the year ended September 30, 2017 were \$63,747 or equal to approximately 6% of the qualified employee's annual compensation. Contributions are immediately 100% vested. Employees are not required to contribute. Effective June 1, 2015, those CRA employees who were eligible to participate in the FRS became participants in FRS jointly with the City.

In September 2015, the City issued *Taxable Public Improvement Bonds, Series 2015* to fund the unfunded accrued actuarial liability (UAAL) of the City's three Pension Plans. Further details on the Series 2015 Bonds are available in Note 7 - Long-term Obligations.

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.

**A. General Information**

**Plan Description**

GERS covers regular full-time employees excluding members of the PPF, FPTF and FRS. GERS is reported as a trust fund in the City's 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 Council, and three members are elected by GERS's participants.

PPF and FPTF were created to provide retirement benefits to regular full time employees of the City classified as police officers and firefighters, respectively. PPF and FPTF are administered by an independent board of trustees consisting of five members, two of whom are appointed by the Council and three of whom are elected. The Boards have the ability to make recommendations on establishing and amending plan provisions which may only be authorized by the Council. PPF and FPTF are included as trust funds in the City's financial statements.



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As of June 1, 2015, GERS and FPTF were closed to new members.

**Benefits Provided**

GERS members 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 contributing service.

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

PPF members may retire and receive normal retirement benefit upon age 55 with 10 or more years of credited service or attainment of age 50 with 20 years of credited service. FPTF members 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. 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 2 consecutive during the member's last 10 years of contributing service. Members may also receive retirement benefits other than through normal retirement.

**Summary of significant accounting policies**

Basis of accounting - Financial statements are presented using the accrual basis of accounting. 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.

Valuation of investments - 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**

The pension plans are exempt from federal income taxes under the Internal Revenue Code, and therefore record no income tax liabilities or expense.

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**Contributions**

Employer and employee obligations to contribute, as well as employee contributions rates are included in the enabling pension statutes and agreements. The City contributes the amount necessary to meet the normal cost of the plan and to make payments towards the liquidation of an unfunded past service liability as provided in the actuarial valuation, which 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 ended September 30, 2017, the City's actual contribution rates were as follows:

	<u>GERS</u>	<u>PPF</u>	<u>FPTF</u>
Employee	6%	8%	8%
Employer	20.44%	19.12%	33.13%

**Membership information**

As of September 30, 2017, membership consisted of:

	<u>GERS</u>	<u>PPF</u>	<u>FPTF</u>
Retirees and beneficiaries currently receiving benefits, including DROP and terminated employees entitled to, but not yet receiving benefits	221	86	60
Active employees	155	101	61

**B. Net Pension (Asset) Liability**

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and Fiduciary Net Position (FNP). 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, 2017.

	<u>GERS</u>	<u>PPF</u>	<u>FPTF</u>
Total pension liability	\$98,274,222	\$73,149,132	\$75,047,515
Fiduciary net position	108,575,879	75,357,947	75,621,439
Net pension liability	<u><b>\$(10,301,657)</b></u>	<u><b>\$(2,208,815)</b></u>	<u><b>\$(573,924)</b></u>

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**C. Schedule of Changes in Net Pension Liability**

Change in net pension liability based on a measurement year ended September 30, 2017 is presented below:

	<u>GERS</u>	<u>PPF</u>	<u>FPTF</u>
<b>Total pension liability</b>			
Service cost	\$ 2,247,865	\$ 1,508,383	\$ 2,007,441
Interest	7,081,497	5,059,070	5,164,884
Benefit changes	-	-	(1,232,998)
Difference between expected and actual experience	507,890	229,071	(256,457)
Increase in DROP and share account liabilities	-	327,588	-
Changes of assumptions	-	1,576,450	1,305,722
Benefit payments	(7,470,250)	(4,394,044)	(4,846,547)
Refunds	-	(108,965)	(20,514)
Other	-	-	263,758
Net change in total pension liability	2,367,002	4,197,553	2,385,289
Total pension liability - beginning	95,907,220	68,951,579	72,662,226
<b>Total pension liability - ending (a)</b>	<b><u>\$98,274,222</u></b>	<b><u>\$73,149,132</u></b>	<b><u>\$75,047,515</u></b>
<b>Plan fiduciary net position</b>			
Contributions - Employer (from City and State)	3,681,009	1,313,085	1,763,347
Contributions - Members	497,901	560,436	414,577
Net investment income	12,011,458	8,024,553	5,742,118
Benefit payments	(7,470,250)	(4,394,044)	(4,846,547)
Refunds	-	(108,965)	(20,514)
Administrative expenses	(156,631)	(159,840)	(125,298)
Other	(126,418)	3,466	-
<b>Net change in plan fiduciary net position</b>	<b><u>8,437,069</u></b>	<b><u>5,238,691</u></b>	<b><u>2,927,683</u></b>
Plan fiduciary net position - beginning	100,138,810	70,119,256	72,693,756
Plan fiduciary net position - ending (b)	108,575,879	75,357,947	75,621,439
<b>Net pension (asset) liability - ending (a) - (b)</b>	<b><u>(10,301,657)</u></b>	<b><u>(2,208,815)</u></b>	<b><u>(573,924)</u></b>
Plan fiduciary net position as a percentage of			
total pension liability	110.48%	103.02%	100.76%
Covered-employee payroll	\$8,298,350	\$7,030,702	\$5,212,098
Net pension liability as a percentage of			
covered-employee payroll	(124.14)%	(31.42)%	(11.01)%

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**D. Pension Expense**

Pension expense was recognized as follows:

	<b>GERS</b>	<b>PPF</b>	<b>FPTF</b>
Service cost	\$2,247,865	\$1,508,383	\$2,007,441
Interest on total pension liability	7,081,497	5,059,070	5,164,884
Current period benefit changes	-	-	(1,232,998)
Less: Employee contributions	(497,901)	(560,436)	(414,577)
Less: Projected earnings on plan investments	(7,380,957)	(5,154,474)	(5,039,517)
Pension plan administrative expenses	156,631	159,840	125,298
Other changes in fiduciary net position	126,418	(3,466)	-
Other changes in total pension liability	-	327,588	263,758
Recognition of outflow (inflow) of resources due to liabilities	441,822	1,423,727	1,021,884
Recognition of outflow (inflow) of resources due to assets	(638,918)	161,800	167,832
<b>Total Pension Expense</b>	<b>\$1,536,457</b>	<b>\$2,922,032</b>	<b>\$2,064,005</b>

**Schedule of Deferred Outflows and Inflows of Resources**

Deferred outflows of resources and deferred inflows of resources are as follows:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows of Resources</b>
<b><u>GERS</u></b>			
Differences between expected and actual experience	\$441,882	\$-	\$441,822
Changes of assumptions	-	-	-
Net difference between projected and actual investment earnings	628,051	1,266,969	(638,918)
<b>Total</b>	<b>1,069,873</b>	<b>1,266,969</b>	<b>(197,096)</b>
<b><u>PPF</u></b>			
Differences between expected and actual experience	384,438	-	384,438
Changes of assumptions	1,039,289	-	1,039,289
Net difference between projected and actual investment earnings	817,574	655,774	161,800
<b>Total</b>	<b>2,241,301</b>	<b>655,774</b>	<b>1,585,527</b>
<b><u>FPTF</u></b>			
Differences between expected and actual experience	457,906	302,712	155,194
Changes of assumptions	866,690	-	866,690
Net difference between projected and actual investment earnings	557,117	389,285	167,832
<b>Total</b>	<b>\$1,881,713</b>	<b>\$691,997</b>	<b>\$1,189,716</b>

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The deferred outflows and deferred inflows of resources related to the pension 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, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending September 30:</b>	<b>GERS</b>	<b>PPF</b>	<b>FPTF</b>
2018	\$(197,096)	\$1,466,390	\$1,189,718
2019	(299,568)	767,989	1,040,774
2020	(178,870)	(574,504)	540,043
2021	(926,101)	(574,015)	(140,521)
<b>Total</b>	<b><u>\$(1,601,635)</u></b>	<b><u>\$1,085,860</u></b>	<b><u>\$2,630,014</u></b>

**E. Assumptions and Other Data**

**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 net pension liability, calculated using a single discount rate as well as what the 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:

	<b>1% Decrease</b>	<b>Current Rate Discount Rate Assumption</b>	<b>1% Increase</b>
<b>GERS</b>	6.50% \$(328,621)	7.50% \$(10,301,657)	8.50% \$(18,777,292)
<b>PPF</b>	6.50% 5,821,691	7.50% (2,208,815)	8.50% (8,910,046)
<b>FPTF</b>	6.00% \$7,831,705	7.00% \$(573,924)	8.00% \$(7,606,652)

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**Actuarial Methods and Assumptions**

Actuarial methods and significant actuarial assumptions used to determine the NPL are as follows:

	<b>GERS</b>	<b>PPF</b>	<b>FPTF</b>
	September 30, 2015	September 30, 2015	September 30, 2015
Valuation date	September 30, 2015	September 30, 2015	September 30, 2015
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level percent, closed	
Inflation	3.0%	4.50%	3.0%
Salary increases	6.2% to 11%, including inflation	4.9% to 8.6% including inflation	7.50%
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Investment rate of return	7.50%	7.50%	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition	Age-based table of rates that are specific to the type of eligibility condition	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 for all future years after 2000 using Scale AA	RP-2000 Combined Mortality Table for males and females. A 2.5% load was used as a margin for future mortality improvement.	50% of RP-2000 Combined Healthy Participant Mortality Table for males and females using Scale BB.

**Florida Retirement System (FRS)**

Employees who do not participate in one of the City's pension plans, participate in the Florida Retirement System (FRS). 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). FRS provides a defined contribution plan alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in FRS is compulsory for employees working in a regularly established position for a participating city. 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. Amendments to the law can be made only by an act of the Florida Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for FRS. Reports may be obtained from the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, FL 32315 or [www.dms.myflorida.com](http://www.dms.myflorida.com).

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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 6 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 5 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 class members (sworn law enforcement officers and firefighters) who retire at or after age 55 with at least 6 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 5 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 6 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 5 highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least 6 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 5 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 8 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 members. The final average compensation for all these members is based on the 8 highest years of salary.

Members 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 FRS 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.

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**Contributions**

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 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, 2016 to June 30, 2017 and July 1, 2017 to September 30, 2017, respectively, were as follows: Regular - 7.52% and 7.92%, Special Risk - 22.57% and 23.27%, Elected Officers - 42.47% and 45.50%, and Senior Management - 21.77% and 22.71%. Employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2016 through September 30, 2017.

The City's contribution for the fiscal year ended September 30, 2017 was \$553,554.

**B. Net Pension Liability**

As of September 30, 2017, the City reported a liability of \$6,168,995 for its proportionate share of the FRS's net pension liability. At June 30, 2017, the City's proportionate share was 0.02086%.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$1,500,558. 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**

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b><u>GERS</u></b>		
Differences between expected and actual experience	\$566,165	\$(34,173)
Changes of assumptions	2,073,218	-
Difference between projected and actual investment earnings	-	(152,883)
Changes in employer proportion	2,203,485	-
<b>Total</b>	<b><u>\$4,842,868</u></b>	<b><u>\$(187,056)</u></b>

Deferred outflows of resources related to FRS, totaling \$164,449 resulting from the 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, 2017.

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**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Actuarial Assumptions**

The total pension liability in the FRS actuarial valuation for June 30, 2017 was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Payroll growth	3.25%, average, including inflation
Investment rate of return	7.10%
Mortality	Generational RP-2000 with Projection Scale BB tables

**Retiree Health Insurance Subsidy (HIS)**

**A. General Information**

**Plan Description**

HIS is a cost-sharing multiple employer defined benefit pension plan established under Florida Statutes. 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 fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum 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. Employer contributions are a percentage of gross compensation for active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution for the period October 1, 2016 through September 30, 2017 was 1.66%. 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.

The City's contributions to HIS totaled \$88,862 for the fiscal year ended September 30, 2017.

**B. Net Pension Liability**

As of September 30, 2017, the City reported a liability of \$2,027,036 for its proportionate share of the HIS program's net pension liability. The City's proportionate share was 0.018958%.

**C. Pension Expense**

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$403,801.

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$(4,221)
Changes of assumptions	284,932	(175,280)
Differences between projected and actual investment earnings	1,124	-
Amounts due to changes in employer proportion	1,349,057	-
<b>Total</b>	<b>\$1,635,113</b>	<b>\$(179,501)</b>

Deferred outflows of resources related to the HIS Plan, totaling \$28,362 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, 2017.

**Fiduciary Net Position**

Detailed information regarding the HIS's fiduciary net position is available in a 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 FRS Investment Plan, a defined contribution plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida's Comprehensive Annual Financial Report.

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 the 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 FRS 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 2016/2017 are based on a percentage of gross compensation, by class as follows: Regular class 3.30%, Special Risk Regular class 11.0%, Senior Management class 4.67%, and City

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

Elected Officers class 8.34%.

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 FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for the FRS Pension Plan vesting 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 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will forfeit the accumulated account balance.

**Benefits Provided**

After termination and application to receive benefits, a member may rollover vested funds to another qualified plan, structure a periodic payment, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options. In the case of a disability; 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.

**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**  
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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	415
<b>Total</b>	<b>443</b>

**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%

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Funded Status and Funding Progress**

Funded status of the OPEB plan based on the latest actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets  (a)	Actuarial Accrued Liability (AAL) Entry Age  (b)	Percent Funded  (b-a)	Unfunded Actuarial Accrued Liability (UAAL)  (a/b)
10/1/2013	-	\$ 3,740,000	0%	\$ 3,740,000
10/1/2014	-	4,103,000	0%	4,103,000
10/1/2015	-	3,865,000	0%	3,865,000

**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, 2017 is \$693,000, an amount actuarially determined in accordance with the parameters of GASB No. 45.

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

Fiscal year ending September 30	2017	2016	2015
Normal cost (service cost for one year)	\$536,000	\$516,000	\$394,000
Amortization of Unfunded Actuarial Accrued Liability	212,000	181,000	175,000
Annual Required Contribution (ARC)	748,000	697,000	569,000
Net OPEB obligation (NOO), beginning of year	4,864,135	4,384,135	3,990,135
Annual Required Contribution (ARC)	748,000	697,000	569,000
Interest on Normal Cost and Amortization	182,000	164,000	150,000
Adjustment to ARC	(237,000)	(206,000)	(170,000)
Annual OPEB Cost (expense)	693,000	655,000	549,000
Employer contributions made	(230,000)	(175,000)	(155,000)
Increase (decrease) in NOO	463,000	480,000	394,000
<b>Net OPEB obligation (NOO), end of year</b>	<b>\$5,327,135</b>	<b>\$4,864,135</b>	<b>\$4,384,135</b>

**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.

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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 Uplands 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 City, USD, and the CRA through an interlocal agreement dated November 30, 2017, determined that the lease agreement was no longer required for the development of the Marina and agreed to terminate the agreement effective as of September 30, 2017.

Marina Uplands Funding Interlocal Agreement

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 entered into an agreement to reimburse the City for a proportional share, 37.48%, of the annual debt service on the Series 2014 Bonds. The City, USD, and the CRA through an interlocal agreement dated November 30, 2017, determined that the interlocal agreement was no longer required for the development of the Marina and agreed to terminate the agreement effective September 30, 2017.

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

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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, 2017, 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, 2017, 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, 2017, 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.

RB Event Center Ground lease

On July 2, 2014, the RB Event Center entered into an agreement with the City to lease land containing real property of approximately 36,488 square feet in order to construct and operate a mixed use community center. The term of the lease is fifty years. The annual rent is \$1 for the lease term and was prepaid by the RBCDE. As of September 30, 2017, remaining prepaid rent was \$47.

**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, 2017, the outstanding principal balance was \$13,835,000.

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

**Construction**

As of September 30, 2017, outstanding commitments relating to projects for the City, CRA, USD, Stormwater, and Marina was \$29,589,773. Projects are funded from various sources, including bonds and notes payable, grants, and City funds. Commitments with contractors are as follows:

	<u>Approved Contract Amount</u>	<u>Expended at September 30, 2017</u>	<u>Balance to Complete</u>
Governmental activities	\$38,213,577	\$22,800,936	\$15,412,641
Business-type activities	24,665,200	10,488,068	14,177,132
<b>Total</b>	<b><u>\$62,878,777</u></b>	<b><u>\$33,289,004</u></b>	<b><u>\$29,589,773</u></b>

**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, 2017, 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, Water and Sewer Revenue Bonds, Series 2016, and Stormwater Revenue Bonds, Series 2016* for arbitrage liability and it was determined that there is no arbitrage liability due as of September 30, 2017.

The CRA used an independent consultant to evaluate the *Redevelopment Revenue Note, Series 2011 and Redevelopment Revenue Note, Series 2013A* for arbitrage liability and it was determined that the notes have not accrued a liability as of September 30, 2017.

Copies of the reports 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.



**CITY OF RIVIERA BEACH  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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 2017, the State of Florida, Division of Retirement, was authorized by the City to remit distributions directly to the Police and Firefighters' pension funds.

**NOTE 17 – STEWARDSHIP**

As of September 30, 2017, expenditures exceeded appropriations for the following General Fund departments:

<u>Department</u>	<u>Amount</u>	<u>% of Budget</u>
Legal	\$61,896	10.79%
Police	66,578	0.41
Parks and recreation	55,373	1.28

The departments exceeded their respective budgetary allowances during fiscal year 2017, due mainly to personnel and retirement related costs and repairs and maintenance costs for vehicle maintenance, fuel, and building.

**NOTE 18 - PRIOR PRIOD ADJUSTMENTS**

During fiscal year 2017, the CRA determined that corrections were necessary to prior year account balances. Specifically, the CRA determined that the value of land included in capital assets was understated by \$2,286,413. It also determined that amounts reported as being payable to the City were overstated by \$967,808 and the debt service payment due in fiscal year 2017 for the Community Redevelopment Projects Note, Series 2006 had been accrued in fiscal year 2016. These amounts are reported as an adjustment increasing prior year net position and fund balance, as applicable.

	<u>Governmental Activities</u>
October 1, 2016 as previously reported	\$66,350,074
Adjustment to correct CRA's capital assets	2,286,413
Adjustment to correct amounts payable from the CRA	967,808
Adjustment to correct bond interest for the CRA	81,179
October 1, 2016 as restated	<u>\$69,685,474</u>

**NOTE 19 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through April 26, 2018, the date that the financial statements were issued.

Redevelopment Revenue Note, Series 2011

Effective January 1, 2018, the annual interest rate on Series 2011 increased from 4.44% to 5.39%.

**CITY OF RIVIERA BEACH**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

Termination of Interlocal Agreement between the City and the CRA

On November 30, 2017, the City, USD, and the CRA determined that the Marina Uplands Grounds Lease, the Public Improvement Reimbursement Agreement, and the Marina Uplands Funding Interlocal Agreement are no longer required for the development of the Marina and agreed to terminate the Agreements as of September 30, 2017.

Capital Lease Arrangement – Police Vehicles

The City entered into a 3-year capital lease arrangement with U.S. Bancorp for the purchase of sixteen Chevrolet Tahoe vehicles for the Police Department for a total principal amount of \$647,587 with the first principal payment and interest payment due in November 2018.

Capital Lease Arrangement – Police Vehicle

The City entered into a 3-year capital lease arrangement with U.S. Bancorp for the purchase of a tactical van for the Police Department for a total principal amount of \$137,500 with the first principal payment and interest payment due in December 2018.

Capital Lease Arrangement – Fire Vehicles

The City entered into a 3-year capital lease arrangement with U.S. Bancorp for the purchase of a rescue vehicle and pumper for the Fire Department for a total principal amount of \$865,637 with the first principal payment and interest payment due in December 2018.

## **Required Supplementary Information**

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# **Budgetary Comparison Schedules**

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## **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, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$47,936,802	\$47,936,802	\$48,214,773	\$277,971
Licenses and permits	4,383,136	4,383,136	5,489,225	1,106,089
Intergovernmental	4,377,025	4,377,025	4,173,986	(203,039)
Charges for services	9,767,406	9,767,406	10,022,554	255,148
Fines and forfeitures	381,127	381,127	782,623	401,496
Investment earnings	139,407	139,407	289,961	150,554
Miscellaneous	3,291,417	3,291,417	1,405,763	(1,885,654)
Grants and contributions	210,945	246,945	290,406	43,461
Total revenues	<u>70,487,265</u>	<u>70,523,265</u>	<u>70,669,291</u>	<u>146,026</u>
<b>Expenditures</b>				
Current:				
General government	22,939,806	22,524,810	19,566,003	2,958,807
Public safety	29,027,065	29,528,503	29,020,742	507,761
Physical environment	-	29,500	29,471	29
Transportation	1,497,041	1,517,262	1,241,397	275,865
Human services	263,796	696,138	605,491	90,647
Culture and recreation	5,193,476	5,539,088	5,131,019	408,069
Economic environment	-	-	753	(753)
Capital outlay	780,000	1,646,041	746,377	899,664
Total expenditures	<u>59,701,184</u>	<u>61,481,342</u>	<u>56,341,253</u>	<u>5,140,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,786,081</u>	<u>9,041,923</u>	<u>14,328,038</u>	<u>5,286,115</u>
<b>Other financing sources/(uses)</b>				
Transfers in	709,403	709,403	709,403	-
Transfers out	<u>(11,495,484)</u>	<u>(11,495,484)</u>	<u>(11,177,209)</u>	<u>318,275</u>
Total other financing sources/(uses)	<u>(10,786,081)</u>	<u>(10,786,081)</u>	<u>(10,467,806)</u>	<u>318,275</u>
Net changes in fund balance	<u>\$-</u>	<u>\$(1,744,158)</u>	<u>\$3,860,232</u>	<u>\$5,604,390</u>
Fund balance - beginning			<u>22,653,113</u>	
Fund balance - ending			<u><u>\$26,513,345</u></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, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$7,716,954	\$7,716,954	\$7,706,541	\$(10,413)
Interest - restricted	10,000	10,000	9,112	(888)
Miscellaneous	634,648	634,648	200,395	(434,253)
Grants and contributions	1,300,000	1,300,000	22,471	(1,277,529)
Total revenues	<u>9,661,602</u>	<u>9,661,602</u>	<u>7,938,519</u>	<u>(1,723,083)</u>
<b>Expenditures</b>				
General government	2,854,063	2,854,063	2,575,451	278,612
Real estate development	5,909,129	5,909,129	3,401,622	2,507,507
Capital outlay	5,341,253	5,341,253	84,426	5,256,827
Principal	2,218,341	2,218,341	2,218,341	-
Interest and debt service costs	1,498,203	1,498,203	1,013,762	484,441
Total expenditures	<u>17,820,989</u>	<u>17,820,989</u>	<u>9,293,602</u>	<u>8,527,387</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,159,387)</u>	<u>(8,159,387)</u>	<u>(1,355,083)</u>	<u>6,804,304</u>
<b>Other financing sources / (uses)</b>				
Advance from City	5,291,253	5,291,253	-	(5,291,253)
Carry forward from General Fund	2,868,134	2,868,134	-	(2,868,134)
Total other financing sources / (uses)	<u>8,159,387</u>	<u>8,159,387</u>	<u>-</u>	<u>(8,159,387)</u>
Net change in fund balance	<u>\$-</u>	<u>\$-</u>	<u>\$(1,355,083)</u>	<u>\$(1,355,083)</u>
Fund balance – beginning			<u>3,960,890</u>	
Fund balance – ending			<u>\$2,605,807</u>	

**CITY OF RIVIERA BEACH, FLORIDA**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULES**  
**SEPTEMBER 30, 2017**

**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 1 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.

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**CITY OF RIVIERA BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR SINGLE-EMPLOYER PENSION PLANS**  
**SEPTEMBER 30, 2017**

Measurement year ended September 30,	<b>GERS</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>			
Service cost	\$2,247,865	\$2,501,084	\$2,257,243
Interest	7,081,497	7,077,437	6,902,113
Benefit changes	-	(1,185,639)	-
Difference between expected and actual experience	507,890	725,132	537,982
Increase in DROP and share account liabilities	-	-	-
Changes of assumptions	-	-	-
Benefit payments	(7,470,250)	(10,047,191)	(4,900,328)
Refunds	-	(103,879)	(155,661)
Net Change in Total Pension Liability	2,367,002	(1,033,056)	4,641,349
Total Pension Liability - Beginning	95,907,220	96,940,276	92,298,927
<b>Total Pension Liability - Ending (a)</b>	<b>\$98,274,222</b>	<b>\$95,907,220</b>	<b>\$96,940,276</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer (from City and State)	3,681,009	36,283,028	4,843,648
Contributions - Members	497,901	618,751	534,435
Net investment income	12,011,458	2,232,802	6,555,653
Benefit payments	(7,470,250)	(10,047,191)	(4,900,328)
Refunds	-	(103,879)	(155,661)
Administrative expenses	(156,631)	(163,633)	(163,784)
Other	(126,418)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>8,437,069</b>	<b>28,819,878</b>	<b>6,713,963</b>
Plan Fiduciary Net Position - Beginning	100,138,810	71,318,932	64,604,969
Plan Fiduciary Net Position - Ending (b)	108,575,879	100,138,810	71,318,932
<b>Net Pension (Asset) Liability - Ending (a) - (b)</b>	<b>\$(10,301,657)</b>	<b>\$(4,231,590)</b>	<b>\$25,621,344</b>
Plan Fiduciary Net Position as a Percentage of			
Total Pension Liability	110.48%	104.41%	73.57%
Covered-Employee Payroll	\$8,298,350	\$10,312,517	\$8,907,250
Net Pension Liability as a Percentage of			
Covered-Employee Payroll	(124.14%)	(41.03%)	287.65%

Additional years will be displayed as they become available.



**CITY OF RIVIERA BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR SINGLE-EMPLOYER PENSION PLANS**  
**SEPTEMBER 30, 2017**

Measurement year ended September 30,	PPF			
	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$1,508,383	\$1,373,828	\$1,244,109	\$1,193,728
Interest	5,059,070	4,945,789	4,860,129	4,623,653
Benefit changes	-	-	-	-
Difference between expected and actual experience	229,071	509,736	457,243	-
Increase in DROP and share account liabilities	327,588	(1,560,756)	105,272	152,661
Changes of assumptions	1,576,450	1,636,347	-	-
Benefit payments	(4,394,044)	(6,351,580)	(4,621,754)	(4,660,119)
Refunds	(108,965)	(69,018)	(136,604)	(150,075)
Net Change in Total Pension Liability	4,197,553	484,346	1,908,395	1,159,848
Total Pension Liability - Beginning	68,951,579	68,467,233	66,558,838	65,398,990
<b>Total Pension Liability - Ending (a)</b>	<b>\$73,149,132</b>	<b>\$68,951,579</b>	<b>\$68,467,233</b>	<b>\$66,558,838</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer (from City and State)	1,313,085	1,197,938	14,782,134	2,478,785
Contributions - Members	560,436	498,883	456,248	405,708
Net investment income	8,024,553	5,442,481	689,800	5,841,858
Benefit payments	(4,394,044)	(6,351,580)	(4,621,754)	(4,660,119)
Refunds	(108,965)	(69,018)	(136,604)	(150,075)
Administrative expenses	(159,840)	(163,192)	(156,538)	(147,766)
Other	3,466	8,795	2,218	1,394
<b>Net Change in Plan Fiduciary Net Position</b>	5,238,691	564,307	11,015,504	3,769,785
Plan Fiduciary Net Position - Beginning	70,119,256	69,554,949	58,539,445	54,769,660
Plan Fiduciary Net Position - Ending (b)	75,357,947	70,119,256	69,554,949	58,539,445
<b>Net Pension (Asset) Liability - Ending (a) - (b)</b>	<b>\$(2,208,815)</b>	<b>\$(1,167,677)</b>	<b>\$(1,087,716)</b>	<b>\$8,019,393</b>
Plan Fiduciary Net Position as a Percentage of				
Total Pension Liability	103.02%	101.69%	101.59%	87.95%
Covered-Employee Payroll	\$7,030,702	\$6,260,283	\$5,415,519	\$4,980,736
Net Pension Liability as a Percentage of				
Covered-Employee Payroll	(31.42%)	(18.65%)	(20.09%)	161.01%

Additional years will be displayed as they become available.

**CITY OF RIVIERA BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR SINGLE-EMPLOYER PENSION PLANS**  
**SEPTEMBER 30, 2017**

Measurement year ended September 30,	FFPF		
	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$2,007,441	\$1,697,839	\$1,705,915
Interest	5,164,884	4,855,614	4,757,527
Benefit changes	(1,232,998)	(64,553)	-
Difference between expected and actual experience	(256,457)	1,648,461	(909,130)
Increase in DROP and share account liabilities	1,305,722	1,737,554	-
Changes of assumptions	(4,846,547)	(4,596,421)	(4,353,458)
Benefit payments	(20,514)	(3,666)	-
Refunds	263,758	269,930	274,190
Net Change in Total Pension Liability	2,385,289	5,544,758	1,475,044
Total Pension Liability - Beginning	72,662,226	67,117,468	65,642,424
<b>Total Pension Liability - Ending (a)</b>	<b>\$75,047,515</b>	<b>\$72,662,226</b>	<b>\$67,117,468</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer (from City and State)	1,763,347	15,293,669	2,541,250
Contributions - Members	414,577	400,547	349,056
Net investment income	5,742,118	1,536,397	5,306,723
Benefit payments	(4,846,547)	(4,596,421)	(4,353,458)
Refunds	(20,514)	(3,666)	-
Administrative expenses	(125,298)	(117,514)	(101,092)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	2,927,683	12,513,012	3,742,479
Plan Fiduciary Net Position - Beginning	72,693,756	60,180,744	56,438,265
Plan Fiduciary Net Position - Ending (b)	75,621,439	72,693,756	60,180,744
<b>Net Pension (Asset) Liability - Ending (a) - (b)</b>	<b>(573,924)</b>	<b>(31,530)</b>	<b>6,936,724</b>
Plan Fiduciary Net Position as a Percentage of			
Total Pension Liability	100.76%	100.04%	89.66%
Covered-Employee Payroll	\$5,212,098	\$5,022,618	\$4,379,691
Net Pension Liability as a Percentage of			
Covered-Employee Payroll	(11.01%)	(0.63%)	158.38%

Additional years will be displayed as they become available.

**CITY OF RIVIERA BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITIES OF COST-SHARING**  
**MULTI-EMPLOYER PENSION PLANS**  
**SEPTEMBER 30, 2017**

Fiscal year ended September 30,	<b>FRS <sup>(1)</sup></b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability	0.0209%	0.0152%	0.0006%
City's proportionate share of the net pension liability	\$6,168,995	\$3,834,639	\$72,605
City's covered-employee payroll	5,353,145	4,495,370	1,125,705
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	115.24%	85.30%	6.45%
FRS Plan fiduciary net pension as a percentage of the total pension liability	83.89%	84.88%	92.00%
	<b>HIS <sup>(1)</sup></b>		
City's proportion of the net pension liability	0.0190%	0.0151%	0.0001%
City's proportionate share of the net pension liability	\$2,027,036	\$1,762,993	\$11,080
City's covered-employee payroll	5,353,145	4,495,370	1,125,705
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.87%	39.22%	0.98%
HIS Plan fiduciary net pension as a percentage of the total pension liability	1.64%	0.0237%	0.0000%

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 CONTRIBUTIONS FOR ALL PENSION PLANS**  
**SEPTEMBER 30, 2017**

Fiscal year ended September 30,	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>GERS</b>				
Contractually required contribution	\$1,779,356	\$1,901,653	\$5,150,931	\$4,843,648
Contributions in relation to the contractually required contribution	1,779,356	1,901,653	36,283,028	4,843,648
Contribution deficiency (excess)	-	-	(31,132,097)	-
Covered-employee payroll	7,874,550	8,298,350	10,312,517	8,907,250
Contributions as a % of covered-employee payroll	22.60%	22.92%	49.95%	54.38%
<b>PPF</b>				
Contractually required contribution	1,057,175	966,436	2,135,653	2,340,959
Contributions in relation to the contractually required contribution	1,057,175	966,436	14,561,471	2,340,959
Contribution deficiency (excess)	-	-	(12,425,818)	-
Covered-employee payroll	7,030,702	6,260,283	5,415,519	4,980,736
Contributions as a % of covered-employee payroll	15.04%	15.44%	268.88%	47.00%
<b>FFPF</b>				
Contractually required contribution	1,750,374	1,499,589	2,491,591	2,267,060
Contributions in relation to the contractually required contribution	1,926,698	1,499,589	15,023,739	2,267,060
Contribution deficiency (excess)	(176,324)	-	(12,532,148)	-
Covered-employee payroll	4,944,856	5,212,098	5,022,618	4,379,691
Contributions as a % of covered-employee payroll	38.96%	28.77%	299.12%	51.76%
<b>FRS (1)</b>				
Contractually required contribution	553,554	370,350	13,705	
Contributions in relation to the contractually required contribution	553,554	370,350	13,705	
Contribution deficiency (excess)	-	-	-	
Covered-employee payroll	5,353,145	6,260,283	5,415,519	
Contributions as a % of covered-employee payroll	10.34%	5.92%	0.25%	
<b>HIS (1)</b>				
Contractually required contribution	88,862	77,536	415	
Contributions in relation to the contractually required contribution	88,862	77,536	415	
Contribution deficiency (excess)	-	-	-	
Covered-employee payroll	\$5,353,145	\$6,260,283	\$5,415,519	
Contributions as a % of covered-employee payroll	1.66%	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, 2017**

Measur ement Date	Actuarial Value of Assets <b>a</b>	Actuarial Accrued Liability (AAL) <b>b</b>	Unfunded AAL (UAAL) <b>b-a</b>	Funded Ratio <b>a/b</b>	Covered Payroll <b>c</b>	UAAL as a % of Covered Payroll <b>((b-a)/c)</b>
10/1/2015	\$ 0	\$3,865,000	\$3,865,000	0%		
10/1/2014	-	4,103,000	4,103,000	-		
10/1/2013	-	3,740,000	3,740,000	-		
10/1/2011	-	8,957,160	8,957,160	-	19,724,066	45.41%
10/1/2009	-	8,621,762	8,621,762	-	24,435,877	35.28

## **Other Supplementary Information**

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# **Budgetary Comparison Schedules**

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## **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, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$154,588	\$154,588
Investment earnings	-	-	245	245
Miscellaneous	516,065	516,065	-	(516,065)
Grants and contributions	154,063	154,063	-	(154,063)
<b>Total revenues</b>	<u>670,128</u>	<u>670,128</u>	<u>154,833</u>	<u>(515,295)</u>
<b>Expenditures</b>				
Capital outlay	670,128	670,128	292,155	377,973
<b>Total expenditures</b>	<u>670,128</u>	<u>670,128</u>	<u>292,155</u>	<u>377,973</u>
Net change in fund balance	<u>\$-</u>	<u>\$-</u>	<u>\$(137,322)</u>	<u>\$(137,322)</u>
Fund balance - beginning			<u>163,025</u>	
Fund balance - ending			<u><u>\$25,703</u></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, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$0	\$0	\$119	\$119
Grants and contributions	482,653	482,653	253,211	(229,442)
Total revenues	<u>482,653</u>	<u>482,653</u>	<u>253,330</u>	<u>(229,323)</u>
<b>Expenditures</b>				
Public safety	482,653	482,653	253,210	229,443
Total expenditures	<u>482,653</u>	<u>482,653</u>	<u>253,210</u>	<u>229,443</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>\$120</u>	<u>\$120</u>
Fund balance - beginning			<u>11,406</u>	
Fund balance - ending			<u><u>\$11,526</u></u>	

**CITY OF RIVIERA BEACH, FLORIDA  
MAJOR DISASTER  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$5,500	\$5,500	\$29,400	\$23,900
Miscellaneous	-	-	25,277	25,277
<b>Total revenues</b>	<u>5,500</u>	<u>5,500</u>	<u>54,677</u>	<u>49,177</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	600,888	600,888	709,853	(108,965)
Capital outlay	-	-	26,920	(26,920)
<b>Total expenditures</b>	<u>600,888</u>	<u>600,888</u>	<u>736,773</u>	<u>(135,885)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(595,388)</u>	<u>(595,388)</u>	<u>(682,096)</u>	<u>(86,708)</u>
<b>Other Financing sources / (uses)</b>				
Transfers in	595,388	595,388	595,388	-
<b>Total other financing sources / (uses)</b>	<u>595,388</u>	<u>595,388</u>	<u>595,388</u>	<u>-</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>\$(86,708)</u>	<u>\$(86,708)</u>
Fund balance - beginning			<u>4,030,318</u>	
Fund balance - ending			<u>\$3,943,610</u>	

# Combining Financial Statements

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

### **DEBT SERVICE FUNDS**

- Debt Service Fund

### **CAPITAL PROJECT FUNDS**

- Paving and Drainage
- Public Improvement Projects
  - Capital Impact Fees
- Capital Improvement Projects
  - Pay as you go
- Local Government Surtax

**CITY OF RIVIERA BEACH, FLORIDA  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2017**

	<b>Criminal Justice Grants</b>	<b>Commu- nity Develop- ment Block Grant</b>	<b>Mass Transit Assistance Grants</b>	<b>County Grants</b>	<b>Police Grants</b>	<b>Law Enforce- ment Grants</b>	<b>Major Disaster Fund</b>	<b>Other Special Revenues Funds</b>	<b>Total Non- Major Special Revenue Funds</b>
<b>Assets</b>									
Cash and cash equivalents	\$0	\$0	\$2,028,275	\$0	\$157,754	\$26,071	\$3,999,771	\$102,844	\$6,314,715
Cash and cash equivalents-restricted	-	-	-	-	-	-	-	3,052	3,052
Receivables, net	67,263	86,847	-	875,000	20,926	99,288	2,154,755	116,216	3,420,295
Inventory	-	-	-	-	-	-	-	128,175	128,175
Total assets	<u>67,263</u>	<u>86,847</u>	<u>2,028,275</u>	<u>875,000</u>	<u>178,680</u>	<u>125,359</u>	<u>6,154,526</u>	<u>350,287</u>	<u>9,866,237</u>
<b>Deferred outflows of resources</b>									
Deferred outflows resources	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	1,482	-	-	-	6,267	1,128	56,162	17,077	82,116
Accrued liabilities	-	-	-	-	-	-	-	18,019	18,019
Due to other funds	63,755	61,144	-	882,504	-	102,475	-	514,417	1,624,295
Other liabilities	-	-	350,000	-	-	-	-	-	350,000
Total liabilities	<u>65,237</u>	<u>61,144</u>	<u>350,000</u>	<u>882,504</u>	<u>6,267</u>	<u>103,603</u>	<u>56,162</u>	<u>549,513</u>	<u>2,074,430</u>
<b>Deferred inflows of resources</b>									
Deferred inflows	-	-	88,285	-	-	10,229	2,154,753	39,457	2,292,724
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>88,285</u>	<u>-</u>	<u>-</u>	<u>10,229</u>	<u>2,154,753</u>	<u>39,457</u>	<u>2,292,724</u>
<b>Fund balances</b>									
Restricted	2,025	25,703	1,589,990	(7,504)	172,413	11,526	-	(238,679)	1,555,474
Committed	-	-	-	-	-	-	3,943,610	-	3,943,610
Total fund balances	<u>2,025</u>	<u>25,703</u>	<u>1,589,990</u>	<u>(7,504)</u>	<u>172,413</u>	<u>11,526</u>	<u>3,943,610</u>	<u>(238,679)</u>	<u>5,499,084</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
	<u><b>\$67,262</b></u>	<u><b>\$86,847</b></u>	<u><b>\$2,028,275</b></u>	<u><b>\$875,000</b></u>	<u><b>\$178,680</b></u>	<u><b>\$125,358</b></u>	<u><b>\$6,154,525</b></u>	<u><b>\$350,291</b></u>	<u><b>\$9,866,238</b></u>

**CITY OF RIVIERA BEACH, FLORIDA**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SEPTEMBER 30, 2017**

	<b>Criminal Justice Grants</b>	<b>Communi- ty Develop- ment Block Grant</b>	<b>Mass Transit Assistance Grants</b>	<b>County Grants</b>	<b>Police Grants</b>	<b>Law Enforce- ment Grants</b>	<b>Major Disaster Fund</b>	<b>Other Special Revenues Funds</b>	<b>Total Non- Major Special Revenue Funds</b>
<b>Revenues</b>									
Intergovernmental	\$276,896	\$154,588	\$0	\$875,000	\$0	\$0	\$0	\$186,097	\$1,492,581
Fines and forfeitures	-	-	-	-	-	-	-	4,140	4,140
Investment earnings	128	245	11,019	76	2,115	119	29,400	817	43,919
Miscellaneous	1,896	-	-	-	-	-	25,277	(1,149)	26,024
Grants and contributions	-	-	-	-	18,747	253,211	-	183,215	455,173
<b>Total revenues</b>	<u>278,920</u>	<u>154,833</u>	<u>11,019</u>	<u>875,076</u>	<u>20,862</u>	<u>253,330</u>	<u>54,677</u>	<u>373,120</u>	<u>2,021,837</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	709,853	-	709,853
Public safety	-	-	31,892	-	18,747	253,210	-	32,118	335,967
Physical environment	-	-	-	375,000	-	-	-	-	375,000
Human services	276,895	-	-	-	-	-	-	309,406	586,301
Culture and recreation	-	-	-	61,720	-	-	-	41,129	102,849
Economic environment	-	-	35,606	-	-	-	-	-	35,606
Capital outlay	-	292,155	-	500,000	-	-	26,920	10,821	829,896
<b>Total expenditures</b>	<u>276,895</u>	<u>292,155</u>	<u>67,498</u>	<u>936,720</u>	<u>18,747</u>	<u>253,210</u>	<u>736,773</u>	<u>393,474</u>	<u>2,975,472</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,025</u>	<u>(137,322)</u>	<u>(56,479)</u>	<u>(61,644)</u>	<u>2,115</u>	<u>120</u>	<u>(682,096)</u>	<u>(20,354)</u>	<u>(953,635)</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	-	-	595,388	-	595,388
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,388</u>	<u>-</u>	<u>595,388</u>
Net change in fund balances	<u>2,025</u>	<u>(137,322)</u>	<u>(56,479)</u>	<u>(61,644)</u>	<u>2,115</u>	<u>120</u>	<u>(86,708)</u>	<u>(20,354)</u>	<u>(358,247)</u>
Fund balances - beginning	<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>(218,325)</u>	<u>5,857,331</u>
<b>Fund balances – ending</b>	<u><b>\$2,025</b></u>	<u><b>\$25,703</b></u>	<u><b>\$1,589,990</b></u>	<u><b>\$(7,504)</b></u>	<u><b>\$172,413</b></u>	<u><b>\$11,526</b></u>	<u><b>\$3,943,610</b></u>	<u><b>\$(238,679)</b></u>	<u><b>\$5,499,084</b></u>

**CITY OF RIVIERA BEACH, FLORIDA**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SEPTEMBER 30, 2017**

<b>Revenues</b>	
Interest	\$528
<b>Total revenues</b>	<u>528</u>
<b>Expenditures</b>	
Principal	2,339,927
Interest	3,274,591
<b>Total expenditures</b>	<u>5,614,518</u>
Excess (deficiency) of revenues over expenditures	<u>(5,613,990)</u>
<b>Other financing sources (uses)</b>	
Transfers in	5,581,821
<b>Total other financing sources (uses)</b>	<u>5,581,821</u>
Net change in fund balance	<u>(32,169)</u>
Fund balance - beginning	<u>32,169</u>
<b>Fund balance - ending</b>	<u><b>\$0</b></u>

**CITY OF RIVIERA BEACH, FLORIDA  
NON-MAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2017**

	<b>Paving and Drainage</b>	<b>Public Improvement</b>	<b>Capital Impact Fees</b>	<b>Capital Improvements</b>	<b>Pay As You Go Projects</b>	<b>Local Government Surtax</b>	<b>Total Non- Major Capital Projects Funds</b>
<b>Assets</b>							
Cash and cash equivalents	\$722,989	\$2,416,587	\$943,368	\$154,704	\$4,787,554	\$203,330	\$9,228,532
Cash and cash equivalents-restricted	-	-	-	-	-	1,125,893	1,125,893
Receivables, net	46,173	-	-	-	-	-	46,173
Total assets	<u>769,162</u>	<u>2,416,587</u>	<u>943,368</u>	<u>154,704</u>	<u>4,787,554</u>	<u>1,329,223</u>	<u>10,400,598</u>
<b>Deferred outflows of resources</b>							
Total deferred outflows of resources	-	-	-	-	-	-	-
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	158,126	50	-	-	143,426	-	301,602
Total liabilities	<u>158,126</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>143,426</u>	<u>-</u>	<u>301,602</u>
<b>Deferred inflows of resources</b>							
Total deferred inflows of resources	-	-	-	-	-	-	-
<b>Fund balances</b>							
Restricted	611,036	2,416,537	943,368	154,704	4,644,128	1,329,223	10,098,996
Total fund balances	<u>611,036</u>	<u>2,416,537</u>	<u>943,368</u>	<u>154,704</u>	<u>4,644,128</u>	<u>1,329,223</u>	<u>10,098,996</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$769,162</u></b>	<b><u>\$2,416,587</u></b>	<b><u>\$943,368</u></b>	<b><u>\$154,704</u></b>	<b><u>\$4,787,554</u></b>	<b><u>\$1,329,223</u></b>	<b><u>\$10,400,598</u></b>

**CITY OF RIVIERA BEACH, FLORIDA**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SEPTEMBER 30, 2017**

	Paving and Drainage	Public Improvement	Capital Impact Fees	Capital Improvements	Pay As You Go Projects	Local Government Surtax	Total Non- Major Capital Projects Funds
<b>Revenues</b>							
Taxes	\$255,036	\$0	\$0	\$0	\$0	\$1,325,594	\$1,580,630
Licenses and permits	-	-	48,611	-	-	-	48,611
Interest	5,660	13,081	9,462	950	29,597	3,629	62,379
Grants and contributions	-	25,013	-	-	-	-	25,013
<b>Total revenues</b>	<b>260,696</b>	<b>38,094</b>	<b>58,073</b>	<b>950</b>	<b>29,597</b>	<b>1,329,223</b>	<b>1,716,633</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	14,314	-	20,808	-	35,122
Transportation	-	-	-	-	19,090	-	19,090
Capital outlay	226,127	694,209	32,884	144,671	3,688,777	-	4,786,668
<b>Total expenditures</b>	<b>226,127</b>	<b>694,209</b>	<b>47,198</b>	<b>144,671</b>	<b>3,728,675</b>	<b>-</b>	<b>4,840,880</b>
Excess (deficiency) of revenues over expenditures	34,569	(656,115)	10,875	(143,721)	(3,699,078)	1,329,223	(3,124,247)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	5,000,000	-	5,000,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>
Net change in fund balances	34,569	(656,115)	10,875	(143,721)	1,300,922	1,329,223	1,875,753
Fund balances - beginning	576,467	3,072,652	932,493	298,425	3,343,206	-	8,223,243
<b>Fund balances - ending</b>	<b>\$611,036</b>	<b>\$2,416,537</b>	<b>\$943,368</b>	<b>\$154,704</b>	<b>\$4,644,128</b>	<b>\$1,329,223</b>	<b>\$10,098,996</b>



## **Part III**

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# **STATISTICAL SECTION**

(Unaudited)

# **Financial Trends**

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(Unaudited)

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

	<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>	<u>2017</u>
Governmental activities:										
Net investment in capital assets	\$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	\$26,089,236
Restricted	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	31,375,720
Unrestricted	3,058,671	18,021,042	20,177,061	4,077,354	13,839,263	30,075,750	40,593,227	(46,755,383)	13,460,543	14,911,339
Net position	72,938,583	75,719,797	88,803,572	97,882,678	90,065,329	108,254,404	106,740,116	30,189,274	66,350,074	72,376,295
Business-type activities:										
Net investment in capital assets	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	34,898,049
Restricted	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	9,435,277
Unrestricted	14,892,471	12,250,922	16,547,591	17,922,555	39,662,512	12,810,201	31,266,853	28,135,272	348,101	53,298,669
Net position	47,051,104	43,390,001	49,606,384	54,439,132	71,947,606	62,822,391	72,390,381	82,365,080	87,540,719	97,631,995
Total government:										
Net investment in capital assets	43,473,126	35,361,455	53,171,989	65,108,898	53,711,612	78,825,432	52,204,927	81,387,875	48,968,985	60,987,285
Restricted	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	40,810,997
Unrestricted	17,951,142	30,271,964	36,724,652	21,999,909	53,501,775	42,885,951	71,860,080	(18,620,111)	13,808,644	68,210,008
<b>Total net position, restated</b>	<b>\$119,989,687</b>	<b>\$119,109,798</b>	<b>\$138,409,956</b>	<b>\$152,321,810</b>	<b>\$162,012,935</b>	<b>\$171,076,795</b>	<b>\$ 79,130,497</b>	<b>\$112,554,354</b>	<b>\$153,890,793</b>	<b>\$170,008,290</b>

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government	\$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	\$ 26,155,228
Public safety	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	29,391,831
Culture and recreation	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	5,233,868
Transportation	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	1,260,487
Human services	672,906	736,847	239,584	154,931	733,697	588,169	692,929	750,939	853,235	1,191,792
Phy & econ environment	451,574	3,213,269	3,769,087	2,291,586	1,354,783	923,927	630,946	8,251,450	1,978,163	3,842,452
Redevelopment program	3,081,725	-	-	-	-	-	-	-	-	-
Interest on long term debt	1,821,957	361,715	490,733	908,777	1,629,841	1,884,050	1,791,966	-	3,985,148	4,288,353
Payment to pension plans	-	-	-	-	-	-	-	56,090,063	-	-
Total governmental activities	56,649,568	59,084,856	54,046,475	55,267,821	56,713,257	58,141,932	63,157,760	122,047,839	63,675,432	71,364,011
Business-type activities:										
Water and sewer	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	13,971,580
Marina	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	2,220,339
Refuse and stormwater	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	6,215,552
Community development	-	-	-	-	-	-	-	-	235,868	415,122
Interest on long term debt	-	-	-	-	1,575,606	1,332,724	1,401,885	506,714	1,120,455	2,198,135
Total business-type activities	21,078,210	22,987,976	21,559,998	22,264,508	26,369,477	24,281,641	22,356,673	14,277,299	26,242,500	25,020,728
Total government expenses	77,727,778	82,072,832	75,606,473	77,532,329	83,082,734	82,423,573	85,514,433	136,325,138	89,917,932	96,384,739
Program revenues:										
Governmental activities:										
Charges for services										
General government	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	10,022,554
Public safety	-	1,650,316	2,141,498	2,315,019	1,379,328	1,250,448	1,454,827	-	-	-
Culture and recreation	-	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	-	-	-
Phy & econ environment	-	144,938	-	163,771	-	253,372	360,889	-	-	-
Redevelopment program	3,398,889	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	825,363	2,108,641	8,323,293	3,932,071	1,551,571	1,078,287	1,856,503	4,624,844	4,053,333
Capital grants and contributions	-	644,356	-	-	6,311,037	1,261,838	647,408	344,150	400,357	24,436
Total governmental activities program revenues	10,303,165	8,396,541	11,260,827	17,932,261	17,277,810	11,090,078	15,945,982	11,823,479	14,075,512	14,100,323

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Business-type activities:										
Charges for services:										
Water and sewer	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	24,091,971
Marina	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	2,049,760
Refuse and stormwater	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	6,637,525
Community development	-	-	-	-	-	-	-	-	149,685	269,413
Operating grants and contributions	-	150,000	1,114,717	1,462,139	4,100,844	-	-	566,603	568,670	437,934
Capital grants and contributions	-	405,136	-	-	-	2,328,640	-	217,744	21,075	-
Total business-type activities program revenues	21,892,699	21,785,009	26,572,879	26,127,836	31,998,548	30,236,200	30,096,651	28,909,657	31,612,050	33,486,603
Total program revenues	32,195,864	30,181,550	37,833,706	44,060,097	49,276,358	41,326,278	46,042,633	40,733,136	45,687,562	47,586,926
Net (expenses) revenues:										
Governmental activities	(46,346,403)	(50,688,315)	(42,785,648)	(37,335,560)	(39,435,447)	(47,051,854)	(47,211,778)	(110,224,360)	(49,599,920)	(57,263,688)
Business-type activities	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	8,465,875
Total net (expense) revenue	(45,531,914)	(51,891,282)	(37,772,767)	(33,472,232)	(33,806,376)	(41,097,295)	(39,471,800)	(95,592,002)	(44,230,370)	(48,797,813)
General revenues:										
Governmental activities:										
Property taxes	33,805,741	36,672,033	33,451,452	33,722,134	31,225,716	31,558,773	33,986,648	43,810,392	44,624,615	48,088,215
Utility taxes	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	4,762,948
Franchise fees	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	2,774,685
Other permits and fees	209,708	415,683	-	-	-	-	-	-	4,590,329	4,249,135
Intergovernmental	412,976	3,661,407	4,373,394	4,311,664	4,909,182	6,757,906	6,631,201	5,315,152	5,568,857	8,831,364
Interest	1,408,409	235,784	(33,443)	238,381	86,523	673,917	(1,209,881)	(50,986)	205,147	562,381
Net pension plan asset	-	-	-	-	-	-	-	(5,995,735)	19,268,841	-
Gain (loss) on disposals	-	(291,254)	-	-	-	-	-	-	-	(12,504,173)
Miscellaneous	350,600	1,599,853	1,121,951	593,381	246,655	2,436,162	1,151,114	300,791	3,783,692	2,480,551
Transfers	-	500,000	-	-	-	270,119	(1,901,014)	-	499,031	709,403
Total governmental activities	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	59,954,509
Business-type activities:										
Investment earnings	1,025,891	367,586	526,730	198,727	294,938	121,163	(63,547)	1,409,192	483,568	1,070,054
Miscellaneous	48,546	423,006	676,762	770,690	1,113,175	232,500	(9,459)	22,759	-	1,264,750
Transfers in (out)	-	(500,000)	-	-	-	(270,119)	1,901,014	-	(499,031)	(709,403)
Total business-type activities	1,074,437	290,592	1,203,492	969,417	1,408,113	83,544	1,828,008	1,431,951	(15,463)	1,625,401
Total general revenues	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	61,579,910
Change in net position:										
Governmental activities	(3,589,308)	953,152	2,773,721	9,079,105	4,500,782	1,212,748	(1,516,151)	(59,889,972)	36,160,799	2,690,821
Business-type activities	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	10,091,276
<b>Total change in net position (restated)</b>	<b>\$(1,700,382)</b>	<b>\$40,777</b>	<b>\$8,990,094</b>	<b>\$13,911,850</b>	<b>\$11,537,966</b>	<b>\$7,250,851</b>	<b>\$8,051,835</b>	<b>\$(43,825,663)</b>	<b>\$41,514,886</b>	<b>\$12,782,097</b>

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Reserved for:										
Encumbrances	\$660,362	\$254,909	\$100,664	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Inventory and prepaids	219,398	219,398	231,729	-	-	-	-	-	-	-
Fines and forfeitures	242,922	-	-	-	-	-	-	-	-	-
Long term advance	-	759,399	486,913	-	-	-	-	-	-	-
Debt service	1,429,018	-	-	-	-	-	-	-	-	-
Unrealized gain/(loss) investment	-	(96,256)	-	-	-	-	-	-	-	-
Nonspendable <sup>(1)</sup> :										
Inventories	-	-	-	1,797,560	1,524,928	1,475,943	942,298	391,881	368,759	398,772
Prepaid items	-	-	-	498,612	576,423	-	15,000	-	-	-
Unreserved, undesignated	11,983,273	15,302,817	11,069,332	-	-	-	-	-	-	-
Unassigned <sup>(1)</sup> :										
Other special revenue funds	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	13,458,237	11,939,205	15,321,358	17,400,596	19,080,752	22,284,354	26,114,573
<b>Total general fund</b>	<b>14,534,973</b>	<b>16,440,267</b>	<b>11,888,638</b>	<b>15,754,409</b>	<b>14,040,556</b>	<b>16,797,301</b>	<b>18,357,894</b>	<b>19,472,633</b>	<b>22,653,113</b>	<b>26,513,345</b>
All other governmental funds:										
Reserved for:										
Encumbrances	-	3,470,716	741,116	-	-	-	-	-	-	-
Inventory and prepaids	-	1,702,071	2,080,747	-	-	-	-	-	-	-
Debt service	-	383,138	384,640	-	-	-	-	-	-	-
Nonspendable <sup>(1)</sup> :										
Inventories	-	-	-	716,085	716,085	716,085	128,175	-	-	-
Prepaid items	-	-	-	4,412	4,110	-	11,740	-	-	-
Restricted <sup>(1)</sup> :										
Community redevelopment	-	-	-	20,967,466	19,894,682	20,106,600	10,116,221	1,738,967	3,960,890	3,705,864
Capital projects	-	-	-	16,633,167	19,289,469	16,627,681	36,630,393	29,131,722	25,715,486	26,737,073
Debt service	-	-	-	386,505	387,129	388,545	252,724	-	32,169	-
Special revenue	-	-	-	558,663	2,986,167	3,003,922	1,203,282	2,100,628	1,824,524	1,555,474
Committed <sup>(1)</sup> :										
Emergency reserves	-	-	-	2,280,502	2,679,826	3,062,374	3,468,375	3,469,985	4,030,318	3,943,610
Assigned <sup>(1)</sup> :										
Special revenue	-	-	-	-	-	-	-	-	-	-
Unreserved / Undesignated reported in:										
Special revenue funds	-	544,638	1,728,862	-	-	-	-	-	-	-
Capital projects funds	25,982,131	4,255,074	4,172,992	-	-	-	-	-	-	-
Unreserved / Undesignated	4,892,351	17,015,750	10,502,868	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>30,874,482</b>	<b>27,371,387</b>	<b>19,611,225</b>	<b>41,546,800</b>	<b>45,957,468</b>	<b>43,905,207</b>	<b>51,810,910</b>	<b>36,441,302</b>	<b>35,563,387</b>	<b>35,942,021</b>
<b>Total governmental funds</b>	<b>\$45,409,455</b>	<b>\$43,811,654</b>	<b>\$31,499,863</b>	<b>\$57,301,209</b>	<b>\$59,998,024</b>	<b>\$60,702,508</b>	<b>\$70,168,804</b>	<b>\$55,913,935</b>	<b>\$58,216,500</b>	<b>\$62,455,366</b>

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

Note: <sup>(1)</sup> 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes	\$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	\$57,501,944
Licenses and permits	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	5,537,836
Intergovernmental	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	5,666,567
Charges for services	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	10,022,554
Fines and forfeitures	275,668	263,787	295,921	295,996	276,665	436,058	369,536	628,307	571,744	786,763
Loan and lease proceeds	-	-	-	-	614,868	-	-	-	-	-
Interest	1,408,409	235,784	(33,442)	238,381	101,678	155,511	138,139	295,945	205,147	508,340
Miscellaneous	1,054,630	1,422,216	1,121,950	593,380	617,926	1,404,786	(307,600)	714,520	3,211,948	1,632,182
Grant and contributions	-	-	-	-	-	3,404,560	1,889,669	2,205,288	5,025,201	793,063
<b>Total revenues</b>	<b>58,015,668</b>	<b>59,915,411</b>	<b>56,820,196</b>	<b>64,346,925</b>	<b>61,844,063</b>	<b>58,466,818</b>	<b>59,738,272</b>	<b>65,673,607</b>	<b>79,683,497</b>	<b>82,449,249</b>
<b>Expenditures:</b>										
<b>Current</b>										
General government	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	22,853,939
Public safety	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	29,391,831
Transportation	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	1,260,487
Human services	672,906	766,887	233,592	148,566	724,838	584,090	694,523	762,196	853,234	1,191,792
Culture and recreation	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	5,233,868
Economic environment	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	3,437,981
Physical environment	-	562,947	1,359,429	741,746	-	-	-	-	-	404,471
Capital outlay	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	7,826,178
<b>Debt service:</b>										
Principal	1,417,069	522,007	544,339	571,968	2,283,729	10,352,067	2,675,126	2,280,812	5,822,226	4,558,268
Interest and fiscal charges	404,888	361,715	490,733	908,777	1,629,841	1,573,816	1,627,881	2,791,712	3,985,148	4,288,353
<b>Total expenditures</b>	<b>56,640,086</b>	<b>63,506,711</b>	<b>69,481,627</b>	<b>64,115,585</b>	<b>62,786,451</b>	<b>70,574,848</b>	<b>72,151,417</b>	<b>80,715,064</b>	<b>84,420,146</b>	<b>80,447,168</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,375,582</b>	<b>(3,591,300)</b>	<b>(12,661,431)</b>	<b>231,340</b>	<b>(942,388)</b>	<b>(12,108,030)</b>	<b>(12,413,145)</b>	<b>(15,041,457)</b>	<b>(4,736,649)</b>	<b>2,002,081</b>
<b>Other financing sources (uses)</b>										
Loan proceeds	-	-	-	25,570,000	-	11,550,000	23,780,455	56,973,253	-	-
Payment to pension plans	-	-	-	-	-	-	-	(56,090,063)	-	-
Transfers in	3,399,246	7,202,787	729,016	861,553	829,608	2,874,219	1,723,322	1,104,633	10,116,666	11,886,612
Transfers out	(4,784,327)	(5,202,787)	(729,016)	(861,553)	(829,608)	(1,611,704)	(3,624,336)	(1,569,234)	(9,617,635)	(11,177,209)
Loss on investments	(94,699)	(14,706)	-	-	-	-	-	-	-	-
Loss on value of land	(807,575)	(94,560)	-	-	-	-	-	-	-	-
Proceeds sale land / surplus items	55,934	23,116	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(2,231,421)</b>	<b>1,913,850</b>	<b>-</b>	<b>25,570,000</b>	<b>-</b>	<b>12,812,515</b>	<b>21,879,441</b>	<b>418,589</b>	<b>499,031</b>	<b>709,403</b>
<b>Net change in fund balances</b>	<b>(855,839)</b>	<b>(1,677,450)</b>	<b>(12,661,431)</b>	<b>25,801,340</b>	<b>(942,388)</b>	<b>704,485</b>	<b>9,466,296</b>	<b>(14,622,868)</b>	<b>(4,237,618)</b>	<b>2,711,484</b>
Fund balance-beginning (restated)	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	59,743,882
<b>Fund balance-ending (restated)</b>	<b>\$45,409,455</b>	<b>\$43,811,654</b>	<b>\$31,499,863</b>	<b>\$57,301,207</b>	<b>\$59,998,023</b>	<b>\$60,702,508</b>	<b>\$70,168,804</b>	<b>\$55,913,935</b>	<b>\$58,216,500</b>	<b>\$62,455,366</b>
Debt service as a percentage of non-capital expenditures	2.74%	0.91%	0.85%	1.02%	4.52%	5.17%	4.51%	3.02%	8.38%	13.87%

# **Revenue Capacity**

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(Unaudited)



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

<u>Taxable Value of Operating Millage</u>								
<b>Fiscal Year Ended Sep 30</b>	<b>Tax Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Centrally Assessed</b>	<b>Total Property</b>	<b>Exemptions &amp; Adjustments</b>	<b>Gross Assessed Value</b>	<b>Total Direct Tax Rate</b>
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
2017	2016	4,783,269,638	1,193,288,575	6,849,751	5,983,407,964	887,453,232	5,095,954,732	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							Total Direct and Overlapping Rates
		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	
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
2017	2016	8.4520	4.9023	6.7690	0.2659	0.0441	0.0320	0.6590	0.7808	21.9051

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 2016			Tax Year 2007		
	Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Assessed Value (2)	Rank	Percentage of Total Assessed Valuation
Florida Power & Light	\$1,079,033,580	1	21.17%	\$ 34,556,774	4	0.86%
Marriott Ownership Resorts Inc.	114,858,032	2	2.25	22,311,066	10	0.56
Morguard Woodbine LLC	42,114,042	3	0.83	31,996,939	3	0.80
AR Northlake LLC	23,324,910	4	0.46	-		
HHR Singer Island Ltd. Partnership	29,050,489	5	0.57	25,278,049	9	0.63
Fred Keller Trust	17,381,371	6	0.34	22,213,435	8	0.56
Ask Florida LLC	20,425,000	7	0.40	-		
Sysco Food Services	16,779,309	8	0.33	-		
Port of Palm Beach District Lessor	15,143,247	9	0.30	44,474,190	2	1.11
Tropical Shipping	14,377,626	10	0.28	-		
Randolph Cornerstone Joint Venture				31,471,300	1	0.79
SAF Park Lake LLC				26,680,295	5	0.67
Resort at Singer Island Properties				25,852,260	6	0.65
Sonoma Bay Inc.				20,655,000	7	0.52
	<b><u>\$1,372,487,606</u></b>		<b><u>26.93%</u></b>	<b><u>\$285,489,308</u></b>		<b><u>7.15%</u></b>

Sources: (1) Palm Beach County Tax Collector, values as of January 1, 2016

(2) Palm Beach County Tax Collector, values as of January 1, 2007

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

<b>Fiscal Year Ended Sep 30</b>	<b>Tax Roll Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Total Collections to Date</b>				
			<b>Amount</b>	<b>Percentage of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Amount</b>	<b>Percentage of Levy</b>
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
2017	2016	39,692,520	40,166,337	101.19	215,337	40,381,674	101.74

Sources: City of Riviera Beach, Finance and Administrative Services Department  
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)

<b>Fiscal Year Ended Sep 30</b>	<b>Total Revenues</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-Gov't</b>	<b>Charges for Service</b>	<b>Fines and Forfeitures</b>	<b>Interest</b>	<b>Payment in Lieu of Taxes</b>	<b>Misc.</b>
2008	\$49,887,305	\$39,714,825	\$2,457,084	\$270,162	\$5,847,965	\$275,668	\$520,067	\$715,943	\$85,591
2009	53,078,929	41,910,952	411,022	3,196,857	5,935,447	263,787	90,036	715,943	554,885
2010	48,377,649	34,749,027	1,037,569	4,905,478	6,149,617	295,921	59,892	715,943	464,202
2011	50,320,673	36,158,036	1,256,129	4,758,236	6,452,185	295,996	165,847	715,943	518,301
2012	45,639,219	26,114,850	1,231,234	4,780,363	11,374,799	276,665	(182,481)	715,943	1,327,846
2013	49,289,002	33,464,465	1,212,131	6,231,962	5,753,143	299,852	28,095	715,943	1,583,411
2014	51,932,988	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
2017	70,669,291	48,214,773	5,489,225	4,173,986	8,406,082	782,623	289,961	1,616,472	1,696,169

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)**

<b>Fiscal Year Ended Sep 30</b>	<b>Total Tax Revenues</b>	<b>General Property Taxes</b>	<b>Use and Fuel</b>	<b>Public Service Taxes</b>	<b>Communi- cations Service Tax</b>	<b>Insurance Premium <sup>(1)</sup></b>
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	-
2017	48,214,773	40,381,674	542,643	6,248,932	1,041,524	-

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)

<b>Fiscal Year Ended Sep 30</b>	<b>Total Expenditures</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Physical &amp; Economic Environment</b>	<b>Transportation</b>	<b>Human Services</b>	<b>Culture and Recreation</b>	<b>Capital Outlay</b>	<b>Other Uses</b>
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
2017	56,341,253	19,566,003	29,020,742	30,224	1,241,397	605,491	5,131,019	746,377	-

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

Note: Information includes General Fund only.

# **Debt Capacity**

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**(Unaudited)**



**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	CRA Projects Note	CRA Redevelopment Revenue Note	Capital Leases	Water And Sewer Consolidated Utility	Water and Sewer Revenue Bonds	Sales Tax Revenue Refunding Bonds	Storm-water Revenue Bonds			
2008	\$1,851,987	\$0	\$6,950,732	\$0	\$0	\$390,003	\$29,105,000	\$1,980,000	\$0	\$40,277,722	4.76	\$1,106
2009	1,652,093	-	6,628,619	-	-	362,146	28,460,000	1,510,000	-	38,612,858	4.85	1,051
2010	1,445,973	-	6,290,400	-	-	334,289	27,795,000	1,025,000	-	36,890,662	5.23	1,136
2011	1,229,134	-	5,935,271	25,570,000	-	306,432	27,110,000	520,000	-	60,670,837	8.60	1,867
2012	1,003,291	-	5,562,385	23,885,000	614,868	951,580	26,400,000	-	-	58,417,124	7.94	1,778
2013	768,071	-	5,170,855	25,790,000	534,551	886,823	25,665,000	-	-	58,815,300	7.93	1,775
2014	523,084	22,000,000	4,759,748	24,045,000	1,454,173	816,691	25,385,871	-	-	78,984,567	10.22	2,367
2015	265,755	79,360,000	4,328,086	22,265,000	3,162,417	740,738	25,370,853	-	-	135,492,849	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	171,590,687	21.30	5,046
2017	-	76,780,000	3,398,934	18,680,000	2,332,606	569,396	54,360,000	-	9,815,000	165,935,936	15.50	4,880

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, 2017**

<b>Government Unit</b>	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable to City of Riviera Beach <sup>(4)</sup></b>	<b>Amount Applicable to City of Riviera Beach</b>
<b>Direct Debt:</b>			
City of Riviera Beach Direct Debt <sup>(1)</sup>	\$82,511,540	100.00%	\$82,511,540
<b>Overlapping Debt:</b>			
Palm Beach County School Board <sup>(2)</sup>	1,583,227,000	2.68	42,464,619
Palm Beach County <sup>(3)</sup>	1,306,631,000	2.89	37,696,581
		<b>Total Overlapping Debt</b>	<b>80,161,200</b>
		<b>Total Direct and Overlapping Debt</b>	<b>\$162,672,740</b>

Sources: City of Riviera Beach, Finance and Administrative Services Department  
Palm Beach County School Board, CAFR June 30, 2017  
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, 2017
- (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, 2017
- (3) Details regarding Palm Beach County's outstanding debt for fiscal year ended September 30, 2017 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	
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
2017	542,643	2,774,685	4,762,948	1,485,984	2,676,005	12,242,265	2,971,500	3,355,427	6,326,927	1.93

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

**CITY OF RIVIERA BEACH, FLORIDA**  
**SCHEDULE OF COMMUNITY REDEVELOPMENT AGENCY PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended Sep 30</b>	<b>Gross Revenues</b>	<b>Cost of Operations and Maintenance</b>	<b>Net Revenues Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Debt Service Coverage Ratio</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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)
2017	7,935,519	6,061,499	1,874,020	1,800,000	793,665	2,593,665	0.72

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

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

<b>Fiscal Year Ended Sep 30</b>	<b>Gross Revenues</b>	<b>Cost of Operations and Maintenance</b>	<b>Net Revenues Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Debt Service Coverage Ratio</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2017	24,357,793	11,835,779	12,522,014	1,640,000	2,621,525	4,261,525	2.94

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

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

<b>Fiscal Year Ended Sep 30</b>	<b>Gross Revenues</b>	<b>Cost of Operations and Maintenance</b>	<b>Net Revenues Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Debt Service Coverage Ratio</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2016	\$3,229,206	\$1,485,458	\$1,743,721	\$185,000	\$369,685	\$554,685	3.14
2017	2,829,588	1,837,627	991,961	350,000	339,431	689,431	1.44

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

**CITY OF RIVIERA BEACH, FLORIDA  
DEBT COMPLIANCE  
SEPTEMBER 30, 2017**

<u>Description</u>	<u>Target</u>	<u>Actual</u>
<b><u>General Government</u></b>		
Debt service as a percentage of General Government Expenditures		
Debt limit	20% maximum	
Goal / Target	10% maximum	10.31%
Weighted Average Maturity of Debt Program (s)	10 year maximum	12 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)	1,675,000
Buildings / structures maintenance	\$0.1 million annually (min)	2,418,164
Roads, curbs, and sidewalks	\$0.5 million annually (min)	551,624
General Fund Emergency Reserve as a percentage of operating revenues		
Goal / Target	20% minimum	37.00%
<b><u>Enterprise Funds</u></b>		
Water and Sewer		
Debt Service Coverage		
Test #1 (as a percentage of maximum annual debt service)		
Goal / Target	120% minimum	236.00%
Test #2 (required transfers)		
Goal / Target	100% minimum	237.00%
Weighted Average Maturity of Debt Program (s)	25-year maximum	14 years
Variable Rate Debt as a percentage of Total Debt	25% maximum	0%
Stormwater		
Debt Service Coverage		
Test #1 (as a percentage of maximum annual debt service)		
Goal / Target	120% minimum	89.00%
Test #2 (required transfers)		
Goal / Target	100% minimum	89.00%
Weighted Average Maturity of Debt Program (s)	25-year maximum	12 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	12.22%
Stormwater	10% minimum	212.05%
Emergency Reserve as a percentage of Operating Revenues:		
Water and Sewer	20% minimum	218.00%
Stormwater	20% minimum	83.00%

Source: City of Riviera Beach's Debt Management Policy

# **Demographic and Economic Information**

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**(Unaudited)**



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

<b>Year</b>	<b>Palm Beach County Population <sup>(2)</sup></b>	<b>City of Riviera Beach Population <sup>(3)</sup></b>	<b>PBC per Capita Personal Income <sup>(4)</sup></b>	<b>City per Capita Personal Income <sup>(5)</sup></b>	<b>City Unemployment Rate <sup>(1)</sup></b>
2008	1,294,654	36,430	59,240	23,234	9.0
2009	1,287,344	36,722	51,910	21,694	11.4
2010	1,320,134	32,488	52,526	21,702	12.8
2011	1,325,758	32,496	53,871	21,702	11.8
2012	1,335,415	32,861	55,628	22,399	10.4
2013	1,345,652	33,129	57,985	22,399	7.9
2014	1,360,248	33,369	66,914	23,159	6.1
2015	1,378,417	33,649	68,743	23,652	5.7
2016	1,391,741	34,005	n/a	23,685	5.8
2017	n/a	34,244	n/a	23,523	4.4

- Sources:
- (1) U.S. Bureau of Labor Statistics (Sep 2017)
  - (2) U.S. Census Bureau
  - (3) U.S. Census Bureau
  - City of Riviera Beach, Community Development Department
  - (4) Palm Beach County, CAFR 09/30/2016
  - (5) U.S. Census Bureau

**CITY OF RIVIERA BEACH, FLORIDA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR, 2017**

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Veterans Affairs Medical Center	Health care	2,468
Palm Beach County School Board	Education	1,950
Cheney Brothers	Food distribution	970
Tropical Shipping	Food distribution	500
City of Riviera Beach	City government	472
Pepsi Cola Bottling Co.	Bottled soft drinks	450
Lockheed Martin Corp.	Aerospace engineering	335
SYSCO Food Services	Food distribution	340
Serta Mattress	Mattress manufacturing	164
Farmer and Irwin Corp.	Mechanical construction	173
Sancilio and Company, Inc.	Biomedical	175
RGF Environmental Group, Inc.	Manufacturing	130

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

# **Operating Information**

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**(Unaudited)**

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

Function/Program	<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>	<u>2017</u>
General government	111	107	96	94	96	92	103	105	115	109
Police	166	180	161	163	157	153	160	159	160	162
Fire	79	78	76	71	70	72	65	74	68	73
Culture and recreation	58	48	52	42	49	50	52	48	47	53
Transportation	22	22	20	12	8	8	7	8	13	14
Human services	4	4	4	4	4	3	6	5	5	5
Marina	16	17	15	9	9	9	9	9	-	-
Water and sewer	52	50	49	55	55	56	49	48	42	44
Stormwater	9	8	9	12	10	10	10	9	7	7
<b>Total number of employees</b>	<b><u>517</u></b>	<b><u>514</u></b>	<b><u>482</u></b>	<b><u>462</u></b>	<b><u>458</u></b>	<b><u>453</u></b>	<b><u>461</u></b>	<b><u>465</u></b>	<b><u>457</u></b>	<b><u>467</u></b>

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

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Fire</b>										
Emergency responses	6,595	6,204	6,077	6,490	6,604	6,750	7,172	6,577	8,090	8,101
Fires reported	145	161	120	118	105	100	84	124	128	233
<b>Streets</b>										
Potholes repaired	364	267	N/A	135	300	375	180	300	350	218
Streets swept (miles)	144	240	240	3,100	4,800	3,200	3,200	4,500	4,500	4,500
<b>Planning and development</b>										
Building permits issued	3,598	2,336	2,391	2,493	2,434	2,596	2,535	2,952	2,847	2,528
Building inspections conducted	5,424	4,319	4,436	5,848	4,509	4,326	5,047	7,192	7,881	6,648
<b>Parks and recreation</b>										
Number of participants:										
Barracuda Bay	29,813	28,164	19,568	22,155	20,086	4,509	6,710	6,100	8,396	7,565
Swim lessons	348	262	497	530	675	558	175	600	466	35
Junior lifeguard	36	31	38	30	26	34	58	60	28	10
Football and cheerleading	290	334	260	250	270	210	250	250	219	400
Summer program	90	86	71	60	65	75	250	250	192	300
Seniors program	90	100	85	80	80	80	80	100	100	150
Youth basketball	235	200	190	215	190	130	130	600	191	250
Tee ball / baseball / tennis	150	175	195	100	100	125	125	250	56	80
<b>Utility system</b>										
Active accounts - water	13,641	13,656	13,559	13,929	13,175	13,366	12,975	12,686	12,665	12,555
Active accounts - sewer	13,156	13,193	13,114	13,475	13,127	13,315	13,010	13,052	12,616	12,511
Active accounts - trash	10,820	10,839	10,769	10,832	10,746	10,827	10,663	10,540	10,538	10,535
Water treated (MG)	2,322	2,079	2,380	2,450	2,472	2,500	2,647	2,762	2,800	2,919
Wastewater treated (MG)	1,625	1,455	1,666	1,715	1,759	1,836	1,778	1,796	1,799	1,323

Source: Various departments of the City of Riviera Beach  
N/A = Not Available  
MG = Million gallons

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General government:</b>											
Government buildings	1	1	1	1	1	1	1	1	2	2	2
<b>Public safety:</b>											
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	80	85	95	110	110	110	110	120	132	135	135
Fire stations	4	4	4	4	4	4	4	4	4	4	4
<b>Culture and recreation:</b>											
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	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	10	10	10	10	10	10	10	10	10
Tennis courts	6	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
<b>Transportation:</b>											
Miles of streets	82	82	82	82	82	82	82	82	82	82	84
Number of street lights	3,430	3,465	3,500	4,000	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	135

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Utility systems:</b>											
Water mains (miles)	175	175	175	175	188	188	187	187	187	187	187
Sewer mains (miles)	156.3	156.3	156.3	156.3	157.4	157.4	157.3	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 tanks and repump stations	4	4	4	4	4	4	4	4	4	4	4
Lift stations	51	51	51	51	51	51	51	51	51	51	53
Fire hydrants	1,089	1,089	1,089	1,089	1,100	1,100	1,109	1,109	1,125	1,125	1,136

Source: Various departments of the City of Riviera Beach

## **Part IV**

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# **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*

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, the aggregate discretely presented component units, 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 26, 2018. 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2017-01).

## **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-01.

## **The City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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

April 26, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

The Honorable Mayor and Members of the 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* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2017. The City's major federal programs and state projects 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 and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550 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 and state project 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 and state project. 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 and state projects for the year ended September 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550; and which are described in the accompanying schedule of findings and questioned costs as items 2017-01. Our opinion on each major federal program and state project is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project 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 state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-01, that we consider to be significant deficiencies.

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

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 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

April 26, 2018

**CITY OF RIVIERA BEACH, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2017**

<b>Federal/Pass-Through Grantor/Program</b>	<b>CFDA Number</b>	<b>Federal Award Number</b>	<b>Total Expenditures</b>
<b>U.S. Department of Justice</b>			
Bullet Proof Vests	16.607	2014-BUBX-140-73372	\$13,615
COPS Hiring	16.710	2014UMWX0156	139,392
<b>Passed through State of Florida Department of Legal Affairs, Office of Attorney General</b>			
Victims of Crime Act (VOCA)	16.575	VOCA-2016-CITY OF RIVIERA BEACH POL -00541	89,708
		<b>Total U.S. Department of Justice</b>	<b>242,715</b>
<b>U.S. Department of Housing and Urban Development passed through PBC Housing and Community Development</b>			
Community Development Block Grant	14.218	B-15-UC-12-0004	154,588
		<b>Total U.S. Department of Housing and Urban Development</b>	<b>154,588</b>
<b>U.S. Department of Agriculture</b>			
<b>Passed through State of Florida Department of Agriculture</b>			
Summer Food	10.559	18729	29,119
		<b>Total U.S. Department of Agriculture</b>	<b>29,119</b>
		<b>Total Expenditures of Federal Awards</b>	<b>\$426,422</b>

**CITY OF RIVIERA BEACH, FLORIDA  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2017**

<u>State/Pass-Through Grantor/Program</u>	<u>CSDA Number</u>	<u>Contract / Grant Number</u>	<u>Total Expenditures</u>
<u>State of Florida Department of Juvenile Justice</u> Juvenile Detention Alternative Initiative	None	10295	\$19,925
<u>State of Florida Department of Health passed through Palm Beach County EMS/Health and Medical Section</u> EMS Equipment	64.005	R2016-0655	13,111
<u>Florida Department of State, Division of Library and Information Services</u> State Aid to Libraries Grant	45.030	17-ST-63	12,010
<u>State of Florida, Department of Environmental Protection</u> Stormwater Projects	37.039	S0771	875,000
<b>Total Expenditures of State Awards</b>			<b><u>\$920,046</u></b>

**CITY OF RIVIERA BEACH, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

Expenditures reported on the Schedule of Expenditures of Federal Award (Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals 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. 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 the 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 federal government and pass-through agencies, as applicable.



**City of Riviera Beach, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended September 30, 2017**

I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified?            \_\_\_yes            Xno
- Significant Deficiency(s)                        Xyes            \_\_\_none reported

Noncompliance material to financial statements noted?                        \_\_\_yes            Xno

State Financial Assistance

Internal control over major state projects:

- Material weakness(es) identified?            \_\_\_yes            Xno
- Significant Deficiency(s) identified            Xyes            \_\_\_none reported

Type of auditor's report issued on compliance for major state projects: **Unmodified.**

Any audit findings disclosed that are required to be reported in accordance with [Chapter 10.550](#)?                        Xyes            \_\_\_no

Identification of major state projects:

CSFA No(s).	Names of State Project or Cluster
37.039	Statewide Surface Water Restoration and Wastewater Projects

Dollar threshold used to distinguish between Type A and Type B Programs                        \$ 500,000

Auditee qualified as low-risk auditee?                        \_\_\_yes            Xno

**City of Riviera Beach, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended September 30, 2017**

II. Financial Statement Findings

None Noted

III. Federal Award Findings and Questioned Costs

Not Applicable

IV. State Award Findings and Questioned Costs

**Finding 2017 – 01**

SIGNIFICANT DEFICIENCY

**Reporting**

**Criteria:** To describe the work performed during the reporting period, problems encountered, problem resolution, schedule updates and proposed work for the next reporting period, progress report forms are to be submitted to the Florida Department of Environmental Protection's (the Department) Grant Manager. The progress reports are due no later than twenty (20) days following the completion of the quarterly reporting period. The term "quarterly" shall reflect the calendar quarters ending March 31, June 30, September 30, and December 31.

**Condition:** For three of the four quarters, the City did not complete the progress report forms. The second quarter was filed late with the Department's grant manager.

**Effect:** Noncompliance could lead to a delay in funding and potentially a discontinuance of grant funding.

**Cause:** Lost of institutional knowledge due to staffing changes with minimal notice lead to the oversight on filing the reports.

**Recommendation:** We recommend that the City provides training to staff to ensure that they are aware of all compliance requirements and possible deliverable due dates for all grant programs.

**Views of responsible officials and planned corrective actions:** The City agrees with the recommendation from HCT. Staff has contacted the Department and was directed to bring the reporting up-to-date. Public works staff has been properly trained and all reporting requirements are in compliance. The Finance Department has been added as a "Copy" on filings and serves as a check against missed filings.

**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, 2017, and have issued our report thereon dated April 26, 2018.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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 Reporting Requirements**

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 Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 26, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. All related disclosures have been made in the notes to the financial statements.

## **Financial Condition and Management**

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 to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida 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 for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, finding 2017-01 can be found on the Schedule of Findings and Questioned Costs.

## **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.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

April 26, 2018

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

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

We have audited the financial statements of the City Riviera Beach, Florida (the “City”) as of and for the year ended September 30, 2017, and have issued our report thereon dated April 26, 2018.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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*, Schedule of Findings and Questioned Costs; the Independent Accountant’s Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General, 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 April 26, 2018, 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, 2017. 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, 2017. 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.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

April 26, 2018