

**RIVIERA BEACH**  
**COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)

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**Audited Financial Statements**  
**Fiscal year ended September 30, 2017**



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**Fiscal year ended September 30, 2017**

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# **Independent Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Riviera Beach Community Redevelopment Agency  
Riviera Beach, Florida

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Riviera Beach Community Redevelopment Agency (the Agency), a component unit of the City of Riviera Beach, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Agency as of September 30, 2017, and the respective changes in financial position 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 3–8 and 31–32 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018, on our consideration of the Agency, a component unit of the City's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency, a component unit of the City's, internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
May 4, 2018

# **Management's Discussion and Analysis**

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

The Riviera Beach Community Redevelopment Agency's (Agency) Management's Discussion and Analysis (MD&A) is intended to provide the readers of the Agency's financial statements with a general overview of the financial activities during Fiscal Year (FY) 2017. This report and related financial statements include the consolidated financial position and result of activities of the Riviera Beach CDE, Inc., which is a controlled entity of the Agency. Refer to Note 1 of the *Notes to the Basic Financial Statements*. The information in this section should be read in conjunction with the financial statements and the notes.

**HIGHLIGHTS**

**Financial Highlights**

- For FY 2017, the Agency's total net position decreased by \$12.0 million, or 3,103.0%, turning a surplus of .4 million from the prior year to a deficit of \$11.6 million. This change is the result of the donation of governmental fixed assets to the City of Riviera Beach (City), net of an increase in contributions and miscellaneous income for business-type activities. The net position from FY2016 has been restated to correct Agency capital assets related to land value, bonds payable, and amounts reported as payable to the City.
- FY2017 total revenues decreased by \$5.6 million, or 38.7%, over those reported in the prior year. This is due mainly to a decrease in construction contributions from the City and a prior period adjustment to correct Agency capital assets related to land value.
- FY2017 total expenditures increased by \$14.6 million, or 230.2%, over those reported in the prior year. This is due mainly to a loss on fixed assets donated to the City, along with increases in FRS pension expense, lease expense, common area charges and support for the Riviera Beach Community Development Corporation.

**OVERVIEW OF FINANCIAL STATEMENTS**

The Agency's basic financial statements provide information on both the Agency as a whole (government-wide) and the major individual funds.

**Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a similar manner to a private-sector business. The government-wide financial statements are prepared using the accrual basis of accounting.

The government-wide financial statements include:

*Statement of Net Position* – This statement presents information on the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This statement format combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations.

*Statement of Activities* – This statement presents information showing how the Agency's net position changed during the fiscal year. All changes in revenues are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities and redevelopment projects.



**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**Fund Financial Statements**

Fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate legal compliance with financial related legal requirements. The General Fund is the only governmental fund that is used to account for the operating activities of the Agency. The General Fund also includes the activities of the redevelopment programs which are funded by restricted debt proceeds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than government-wide financial statements and, therefore useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds* are reconciled to the government-wide statements to facilitate the comparison between the two presentations.

**Notes to the Basic Financial Statements**

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

**Required Supplementary Information**

The Required Supplementary Information includes the Agency's budget to actual results for the General Fund. It is useful to compare the information and amounts presented for governmental funds with its corresponding budget to ensure that sources and uses balance since projects may span over several fiscal years. The Agency adopts an annual appropriated budget for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve as a useful indicator over time of the Agency's financial position. Assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$11.6 million as of September 30, 2017, a decrease of \$12.0 million, or 3,103.0%, over last fiscal year. The following is a condensed version of the Statement of Net Position presented in the basic financial statements section.

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**Condensed Statement of Net Position**

	Governmental		Business-type		Total	
	RESTATED		2017	2016	RESTATED	
	2017	2016 *			2017	2016 *
Current and other assets	\$14,666,880	\$16,536,247	\$5,353,262	\$5,713,295	\$20,020,142	\$22,249,542
Capital assets	6,634,493	19,244,671	8,976,068	8,290,383	15,610,561	27,535,054
Total assets	21,301,373	35,780,918	14,329,330	14,003,678	35,630,703	49,784,596
Deferred outflows of resources	125,889	-	-	-	125,889	-
Current and other liabilities	2,589,972	3,509,545	67,469	240,668	2,657,441	3,750,213
Long-term liabilities	30,908,682	32,358,824	13,728,766	13,730,990	44,637,448	46,089,814
Total liabilities	33,498,654	35,868,369	13,796,235	13,971,658	47,294,889	49,840,027
Deferred inflows of resources	57,381	115,508	-	-	57,381	115,508
Net investment in capital assets	1,314,846	(14,681,485)	-	-	1,314,846	(14,681,485)
Restricted	2,487,060	2,331,811	8,329	23,693	2,495,389	2,355,504
Unrestricted	(15,930,679)	12,703,799	524,766	8,327	(15,405,913)	12,712,126
Total net position	<b>(\$12,128,773)</b>	<b>\$354,125</b>	<b>\$533,095</b>	<b>\$32,020</b>	<b>(\$11,595,678)</b>	<b>\$386,145</b>

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

The Statement of Activities that follows shows changes in the Agency's net position for fiscal years ended September 30, 2017 and 2016. All changes in the net position are reported as soon as the underlying event giving rise to 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.

Revenues of \$8.9 million represent a decrease of 38.7% over last fiscal year. This is the result mainly of a decrease in construction contributions from the City and a prior period adjustment to correct Agency capital assets related to land value.

Expenses of \$20.9 million for FY2017 represent an increase of 230.2% over last fiscal year. This increase is due to the combined effect of a loss on disposal of fixed assets and increases in FRS pension expense, lease expense, support for Riviera Beach Community Development Corporation and common area maintenance charges.

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The following is the Statement of Activities presented in the basic financial statements section.

	<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>Revenues:</b>						
Program revenues:						
Charges for services	\$197,882	\$-	\$269,413	\$149,675	\$467,295	\$149,675
Operating grants	22,471	3,082,843	662,934	242,248	685,405	3,325,091
General revenues:						
Tax increment financing	7,706,541	7,117,647	-	-	7,706,541	7,117,647
Other revenues	11,625	3,925,158	67,868	68,121	79,493	3,993,279
Total revenues	<u>7,938,519</u>	<u>14,125,648</u>	<u>1,000,215</u>	<u>460,044</u>	<u>8,938,734</u>	<u>14,585,692</u>
<b>Expenses:</b>						
General government	3,311,429	2,525,602	-	-	3,311,429	2,525,602
Redevelopment program	3,401,622	1,947,517	-	-	3,401,622	1,947,517
Community Development Entity	-	-	415,123	235,858	415,123	235,858
Interest on long-term debt	1,013,762	1,612,365	84,017	13,717	1,097,779	1,626,082
Depreciation	190,431	-	-	-	190,431	-
Other expenses	12,504,173	-	-	-	12,504,173	-
Total expenses	<u>20,421,417</u>	<u>6,085,484</u>	<u>499,140</u>	<u>249,575</u>	<u>20,920,557</u>	<u>6,335,059</u>
Change in net position	<u>(12,482,898)</u>	<u>8,040,164</u>	<u>501,075</u>	<u>210,469</u>	<u>(11,981,823)</u>	<u>8,250,633</u>
Net position - Beginning, as restated	<u>354,125</u>	<u>(7,686,039)</u>	<u>32,020</u>	<u>(178,449)</u>	<u>386,145</u>	<u>(7,864,488)</u>
Net position - Ending, as restated	<u><b>(\$12,128,773)</b></u>	<u><b>\$354,125</b></u>	<u><b>\$533,095</b></u>	<u><b>\$32,020</b></u>	<u><b>(\$11,595,678)</b></u>	<u><b>\$386,145</b></u>

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

### FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Agency's governmental funds reported an ending fund balance of \$4.1 million in comparison to last year's ending fund balance of \$5.5 million. Prior period fund balance has been restated to correct debt service expenditures and amounts reported as payable to the City.

### BUDGETARY ANALYSIS FOR THE GENERAL FUND

For FY2017, the original budget was not amended during the fiscal year. The General Fund's budget for FY2017 was \$8.2 million. Actual revenues fell short of budgeted revenues by \$1.7 million mainly because contributions and CAM charges were less than anticipated. Actual expenditures were below the budgeted amount by \$6.1 million mainly because construction and development costs were less than anticipated.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2017, the Agency's investment in capital assets (net of accumulated depreciation) amounted to \$15.6 million, which included the Event Center. Capital assets included land, buildings, improvements and equipment. Prior to fiscal year 2017, the Agency used bond proceeds to make improvements to the Marina District. Upon termination of the Marina funding agreement, these improvements became property of the City and the Agency realized a loss on disposal of capital assets. This loss is reported on the Statement of Activities.

	<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>
Land	\$3,913,365	\$3,913,365	\$-	\$-	\$3,913,365	\$3,913,365
Construction in progress	-	12,301,832	-	-	-	12,301,832
Buildings and improvements	2,916,717	4,886,990	8,858,021	8,137,634	11,774,738	13,024,624
Equipment	264,063	349,948	524,576	264,506	788,639	614,454
Total capital assets	<u>7,094,145</u>	<u>21,452,135</u>	<u>9,382,597</u>	<u>8,402,140</u>	<u>16,476,742</u>	<u>29,854,275</u>
Accumulated depreciation	(459,652)	(2,207,464)	(406,529)	(111,757)	(866,181)	(2,319,221)
Total capital assets, net	<u>\$6,634,493</u>	<u>\$19,244,671</u>	<u>\$8,976,068</u>	<u>\$8,290,383</u>	<u>\$15,610,561</u>	<u>\$27,535,054</u>

\*Effect of correction to increase in value of land.

**Long-term Debt**

As of September 30, 2017, total long-term debt amounted to \$46.9 million, a reduction of \$1.4 million from last fiscal year.

	<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>
Redevelopment Project Notes, Series 2006	\$3,398,934	\$3,874,841	\$-	\$-	\$3,398,934	\$3,874,841
Redevelopment Revenue Notes, Series 2011	9,685,000	10,550,000	-	-	9,685,000	10,550,000
Redevelopment Revenue Notes, Series 2013A	2,760,000	3,025,000	-	-	2,760,000	3,025,000
Redevelopment Revenue Notes, Series 2013B	6,235,000	6,835,000	-	-	6,235,000	6,835,000
Advance from City	10,194,621	10,194,621	-	-	10,194,621	10,194,621
Recoverable grant	-	-	7,298,000	7,298,000	7,298,000	7,298,000
Loans payable	-	-	6,430,766	6,432,990	6,430,766	6,432,990
Total bonds and loans	<u>32,273,555</u>	<u>34,479,462</u>	<u>13,728,766</u>	<u>13,730,990</u>	<u>46,002,321</u>	<u>48,210,452</u>
Capital lease obligation	9,695	22,129	-	-	9,695	22,129
Compensated absences	111,622	69,358	-	-	111,622	69,358
Net pension liability	819,603	-	-	-	819,603	-
Total long-term debt	<u>\$33,214,475</u>	<u>\$34,570,949</u>	<u>\$13,728,766</u>	<u>\$13,730,990</u>	<u>\$46,943,241</u>	<u>\$48,301,939</u>

\*Effect of corrections to increase in bonds payable.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Agency's budget for FY 2018 includes an increase in tax increment revenues of 9.8% due to an increase in real estate values. Focus will continue to be placed on redevelopment projects which include construction of parking spaces to assist the City, expansion of the neighborhood programs that will enhance the quality of life of the community, improve residential property values, and provide residents with improved neighborhoods. Challenges continue to face the Agency such as developing and implementing the second phase of the private development opportunities within the Marina Village and encourage real estate development and related new jobs and business opportunities in within the CRA District.

The Agency primarily relies on property taxes and contributions from the City to assist with the operations of the Agency and its subsidiaries. For FY 2018, total budgeted expenditures are \$15.2 million. The following table shows the composition of the expenditures:

Core operations	\$2,392,891
Development programs and projects	6,361,650
Capital projects	3,269,537
Debt service payments	3,203,854
<b>Total expenditures</b>	<b><u><u>\$15,227,932</u></u></b>

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning this report or requests for additional information should be addressed to the Executive Director, Riviera Beach Community Redevelopment Agency, 2001 Broadway, Suite 300, Riviera Beach, Florida 33404.

# **Basic Financial Statements**

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$4,740,129	\$226,992	\$4,967,121
Cash and cash equivalents - restricted	2,487,060	271,805	2,758,864
Accounts receivable, net	10,027	93,018	103,045
Prepaid expenses	22,271	47	22,318
Deposits held with others	9,393	-	9,393
Investments - restricted	100,000	-	100,000
Total current assets	<u>7,368,880</u>	<u>591,862</u>	<u>7,960,742</u>
<b>Non-current assets</b>			
Due from Riviera Beach CDE	368,000	-	368,000
Loans receivable	6,930,000	4,761,400	11,691,400
Capital assets, not being depreciated	3,913,365	-	3,913,365
Capital assets, being depreciated, net	2,721,128	8,976,068	11,697,196
Total non-current assets	<u>13,932,493</u>	<u>13,737,468</u>	<u>27,669,961</u>
Total assets	<u>21,301,373</u>	<u>14,329,330</u>	<u>35,630,703</u>
<b>Deferred outflows of resources</b>			
Deferred outflows for FRS Pension	125,889	-	125,889
Total deferred inflows of resources	<u>125,889</u>	<u>-</u>	<u>125,889</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	18,927	50,258	69,185
Accrued liabilities	223,126	17,211	240,337
Deposits and other liabilities	13,028	-	13,028
Due to City of Riviera Beach	29,098	-	29,098
Capital leases, current	6,090	-	6,090
Bonds and notes payable, current	2,299,703	-	2,299,703
Total current liabilities	<u>2,589,972</u>	<u>67,469</u>	<u>2,657,441</u>
<b>Non-current liabilities</b>			
Recoverable grant	-	7,298,000	7,298,000
Advance from City of Riviera Beach	10,194,621	-	10,194,621
Compensated absences	111,622	-	111,622
Net FRS pension liability	819,603	-	819,603
Capital leases, long term	3,605	-	3,605
Bonds and notes payable, long term	19,779,231	6,430,766	26,209,997
Total non-current liabilities	<u>30,908,682</u>	<u>13,728,766</u>	<u>44,637,448</u>
Total liabilities	<u>33,498,654</u>	<u>13,796,235</u>	<u>47,294,889</u>
<b>Deferred inflows of resources</b>			
Deferred inflows for deferred rents	57,381	-	57,381
Total deferred inflows of resources	<u>57,381</u>	<u>-</u>	<u>57,381</u>
<b>Net Position</b>			
Net investment in capital assets	1,314,846	-	1,314,846
Restricted	2,487,060	8,329	2,495,389
Unrestricted	(15,930,679)	524,766	(15,405,913)
<b>Total net position</b>	<u><b>\$(12,128,773)</b></u>	<u><b>\$533,095</b></u>	<u><b>\$(11,595,678)</b></u>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2017**

Function / program	Program Revenues			Net (Expenses) / Revenues and Changes in Net Position		
	Expenses	Charges for services	Grants and Contributions	Governmental Activities	Business - type Activities	Total
<b>Governmental activities:</b>						
General government	\$3,311,429	\$197,882	\$22,471	(\$3,091,076)	\$-	(\$3,091,076)
Real estate development	3,401,622	-	-	(3,401,622)	-	(3,401,622)
Interest and debt service charges	1,013,762	-	-	(1,013,762)	-	(1,013,762)
Depreciation	190,431	-	-	(190,431)	-	(190,431)
Total governmental activities	<u>7,917,244</u>	<u>197,882</u>	<u>22,471</u>	<u>(7,696,891)</u>	<u>-</u>	<u>(7,696,891)</u>
<b>Business-type activities:</b>						
Community Redevelopment Entity	415,123	269,413	662,934	-	517,224	517,224
Interest and debt service charges	84,017	-	-	-	(84,017)	(84,017)
Total business-type activities	<u>499,140</u>	<u>269,413</u>	<u>662,934</u>	<u>-</u>	<u>433,207</u>	<u>433,207</u>
Total primary government	<u>\$8,416,384</u>	<u>\$467,295</u>	<u>\$685,405</u>	<u>(\$7,696,891)</u>	<u>\$433,207</u>	<u>(\$7,263,684)</u>
<b>General revenues:</b>						
Tax increment financing				7,706,541	-	7,706,541
Interest				9,112	67,680	76,792
Miscellaneous revenues				2,513	188	2,701
Gain/(Loss) on disposal of fixed assets				(12,504,173)	-	(12,504,173)
Total general revenues				<u>(4,786,007)</u>	<u>67,868</u>	<u>(4,718,139)</u>
<b>Change in net position</b>				<b><u>(\$12,482,898)</u></b>	<b><u>501,075</u></b>	<b><u>(\$11,981,823)</u></b>
Net position - Beginning, as previously reported				(2,981,273)	32,020	(2,949,253)
Prior period adjustments to correct:						
Capital assets				2,286,413	-	2,286,413
Amount due to City				967,806	-	967,806
Interest due on bonds				81,179		81,179
Net position - Beginning, as restated				<u>354,125</u>	<u>32,020</u>	<u>386,145</u>
<b>Net position - Ending</b>				<b><u>(\$12,128,773)</u></b>	<b><u>\$533,095</u></b>	<b><u>(\$11,595,678)</u></b>

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



**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

<b>Assets</b>	
Cash and cash equivalents	\$4,740,129
Cash and cash equivalents - restricted	2,487,061
Investments - restricted	100,000
Accounts receivable, net	10,027
Due from RB CDE	7,298,000
Prepaid expenses	22,271
Deposits held with others	9,393
<b>Total assets</b>	<b>14,666,881</b>
 <b>Liabilities, deferred inflows of resources, and fund balances</b>	
<b>Liabilities</b>	
Accounts payable	18,927
Accrued liabilities	223,126
Other liabilities	13,028
Due to City of Riviera Beach	29,098
Advance from City	10,194,621
<b>Total liabilities</b>	<b>10,478,800</b>
 <b>Deferred inflows of resources</b>	
Deferred inflows for deferred rents	57,381
 <b>Fund balances</b>	
Unassigned	4,130,700
<b>Total fund balances</b>	<b>4,130,700</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$14,666,881</b>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the 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	\$4,130,700
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Amounts reported in the governmental activities in the Statement of Net Position are different because:

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

Governmental capital assets	7,094,145	
Less accumulated depreciation	<u>(459,653)</u>	6,634,492

Long-term liabilities are not due and payable in the current period and are therefore not reported in the governmental funds:

Deferred outflows for pension	125,889	
Capital leases	(9,695)	
Compensated absences	(111,622)	
Net pension liability	(819,603)	
Bonds and notes payable	<u>(22,078,934)</u>	<u>(22,893,965)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ (12,128,773)</u></u></b>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Revenues**

Tax increment revenues	\$7,706,541
Investment earnings - restricted	9,112
Grants	22,471
Lease and common area maintenance charges	197,882
Miscellaneous	2,513
Total revenues	7,938,519

**Expenditures**

General government	2,575,451
Real estate development	3,401,622
Capital outlay	84,426
Debt service:	
Principal	2,218,341
Interest and debt service costs	1,013,762
Total expenditures	9,293,602

Net change in fund balance	(1,355,083)
Fund balance - Beginning, as previously reported	3,960,890
Prior period adjustment to correct amounts payable to the City	967,806
Prior period adjustment to correct bonds payable and interest expense	557,087
Fund balance - Beginning, as restated	5,485,783
<b>Fund balance - Ending</b>	<b>\$4,130,700</b>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net change in fund balances - governmental funds		(\$1,355,083)
<p>Amounts reported in the governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are depreciated over their useful lives and reported as depreciation expense.</p>		
Expenditures for capital outlay	84,426	
Current year depreciation	<u>(190,431)</u>	(106,005)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal repayments		2,218,341
<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 the governmental funds:</p>		
Change in long-term compensated absences	(42,264)	
FRS pension expense	(693,714)	
Gain/(Loss) on disposal of fixed assets	<u>(12,504,173)</u>	<u>(13,240,151)</u>
<b>Change in net position of governmental activities</b>		<b><u><u>(\$12,482,898)</u></u></b>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Riviera Beach CDE, Inc.</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$226,992
Cash and cash equivalents - restricted	271,805
Prepaid and other items	47
Accounts receivable, net	93,018
<b>Total current assets</b>	<b>591,862</b>
<b>Non-current assets</b>	
Loans receivable	4,761,400
Capital assets, net	8,976,068
<b>Total non-current assets</b>	<b>13,737,468</b>
<b>Total assets</b>	<b>14,329,330</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	50,258
Accrued liabilities	17,211
<b>Total current liabilities</b>	<b>67,469</b>
<b>Non-current liabilities</b>	
Recoverable grant	7,298,000
Loans payable, long term portion	6,430,766
<b>Total non-current liabilities</b>	<b>13,728,766</b>
<b>Total liabilities</b>	<b>13,796,235</b>
<b>Net position</b>	
Restricted	8,329
Unrestricted	524,766
<b>Total net position</b>	<b>\$533,095</b>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Riviera Beach CDE, Inc.</b>
<b>Operating revenues</b>	
Leases	\$269,413
Contributions	662,934
Miscellaneous	188
Total operating revenues	932,535
<b>Operating expenses</b>	
Contractual services and operations	1
Supplies, materials and maintenance	120,350
Depreciation	294,772
Total operating expenses	415,123
Increase (decrease) in net assets	517,412
<b>Non-operating revenues (expenses)</b>	
Investment earnings	67,680
Interest and debt service expenses	(84,017)
Total non-operating revenues (expenses)	(16,337)
Change in net position	501,075
Net position - Beginning	32,020
<b>Net position - Ending</b>	<b>\$533,095</b>

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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**STATEMENT OF CASH FLOWS**  
**SEPTEMBER 30, 2017**

	<b>Riviera Beach CDE, Inc.</b>
<b>Cash flows from operating activities</b>	
Change in net assets	\$501,075
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation expense	294,772
Amortization expense	(2,224)
Decrease (increase) in assets	
Prepaid expenses	1
Accounts receivable	73,967
Increase (decrease) in liabilities	
Accounts payable	(173,199)
Net cash provided by (used in) operating activities	694,392
 <b>Cash flows from investing activities</b>	
Investment in real estate	(980,457)
Change in restricted cash	465,453
Net cash used in investing activities	(515,004)
 <b>Cash flows from financing activities</b>	
Net cash provided by (used in) financing activities	-
 Net (decrease) increase in cash	179,388
Cash - Beginning	47,604
<b>Cash - Ending</b>	<b>\$226,992</b>

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

# **Notes to the Basic Financial Statements**



**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

The accompanying basic financial statements 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). The following is a summary of the Agency's significant accounting policies and reporting practices.

**Reporting Entity**

The Agency 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 of Riviera Beach (City). The Agency'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 to enhance the business and cultural environment of the Agency's area and to provide employment to its citizens. The Agency was created by the City's Resolution No 130-84 dated August 7, 1984.

Community redevelopment agencies (CRA) are a common governmental tool for redevelopment in the State of Florida and operate on a budget generated by an increase in property taxes within a defined area. Once a CRA is established, a percentage of the increase in property taxes goes to the CRA. This tax increment is used to finance the redevelopment projects outlined in the Community Redevelopment Plan. The principal mission of the Agency is the preservation or enlargement of the community redevelopment area's tax base from which taxing authorities receive tax revenues to carry out public initiatives that stimulate the rehabilitation or redevelopment of the community redevelopment area.

Pursuant to GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*; the Agency is considered a blended component unit of the City. The Agency is reported in the City's basic financial statements, as required. The Board of Commissioners of the Agency is comprised of the members of the City Council.

*Riviera Beach CDE, Inc. (RBCDE)* – The RBCDE was organized in May 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 RBCDE is certified by the U.S. Department of Treasury, CDFI Fund, as a Community Development Entity. The RBCDE is governed by a Board of Directors that consists of a minimum of five directors. At least three directors must be either City or CRA employees and two shall be residents or business owners of the CRA area and represent low income communities.

The RBCDE is the sole member of the Riviera Beach Event Center, LLC (RBEC) which was formed in September 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 RBCDE 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 redevelopment of the Marina and to provide a community event center for the residents, businesses and visitors of the City.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

*Principles of Consolidation* - The RBCDE and RBEC are consolidated and all material intercompany transactions and balances have been eliminated in consolidation. In accordance with standards prescribed by the Financial Accounting Standards Board (FASB), the RBCDE evaluated its interests and determined that based on the rights afforded to it in the agreements, the RBCDE controls the RBEC and both entities have been consolidated in its statements. The financial statements for the RBCDE and RBEC are included in the Agency's financial statements for fiscal year ended September 30, 2017.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements present summaries of governmental activities for the Agency. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Assets and liabilities, including long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then use unrestricted resources, when needed and as appropriate.

Fund financial statements use 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 thereafter, to pay for liabilities of the current period.

For this purpose, the Agency considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Incremental property taxes, interest income, and certain loan repayments are susceptible to accrual. Other revenues that are generally not measurable until actually received are not accrued. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payments are due.

The General Fund is the Agency's primary operating fund which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Capital Assets**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Capital assets which are purchased or acquired are carried at historical cost or estimated historical cost and capital assets which are donated or contributed are recorded at estimated fair value on the date received.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

The costs of normal maintenance and repairs are charged to operations as incurred. Outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over the remaining useful lives of the related assets, as applicable. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 to 40 years
Furniture, fixtures and equipment	3 to 10 years

**Restricted Assets**

Restricted assets represent developer deposits held in escrow and cash restricted for capital improvements. Proceeds of revenue bonds are set aside in accordance with bond covenants or by ordinance are classified as restricted assets. 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 their use. Such assets include debt proceeds and amounts held for debt service.

**Compensated Absences**

Regular full-time employees may accumulate, within certain limits, 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, compensated absences 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 bond premiums or discounts and deferred refunding amounts. Premiums, discounts, and issuance costs are amortized over the life of the bonds using the effective interest method. Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method, which does not result in a material difference from the effective interest method. Costs of issuing bonds and deferred charges on refunding bonds are capitalized in the governmental activities of the 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. Debt issuance costs and debt payments are reported as expenditures.

**Fund Balance Policies**

GASB Statement No. 54, *Fund Balance Reporting Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements for 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 Agency 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

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation are classified as fund balances.

Amounts which may be appropriated, modified, or rescinded for specific purposes pursuant to constraints imposed by the Board 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 the Board. Non-spendable fund balances include amounts which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

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

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

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

Committed fund balance - Amounts for specific purposes pursuant to constraints imposed by the Board.

Assigned fund balance - 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 the Board.

Unassigned fund balance - 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 may be used.

The Agency uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal agreements that prohibit doing this, such as grant and loan agreements that require dollar for dollar spending. The Executive Director has created “assigned fund balance” for major program expenses associated with the Marina and the Clean and Safe Program.

### **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 allowances for uncollectible accounts.

### **Budgets**

The Agency’s Board adopts a balanced operating budget and appropriates funds for the General Fund on an annual basis. Appropriations are legally controlled at the object code level and expenditures may not legally exceed budget appropriations.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Tax Increment Financing**

In January of each year, the Palm Beach County Property Appraiser's Office and the City of Riviera Beach provide the Agency with an estimated tax increment financing amount. When the final tax roll valuations are issued, the Property Appraiser's Office notifies the Agency of the actual payment and the shortage is remitted to the Agency. If there is an overpayment, a refund is requested from the Agency.

**Income Taxes**

The RBCDE 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 RBCDE and the RBEC are not subject to income taxes. The RBCDE 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 RBCDE do not reflect a provision for income taxes and the RBCDE and RBEC have no other tax positions which must be considered for disclosure. Income tax returns filed by the RBCDE and RBEC are subject to examination by the IRS for a period of three years. The first year that the RBCDE was required to file tax returns with the IRS was 2014.

**NOTE 2 – DEPOSITS**

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*. Provisions of the act require that public deposits may only be held at QPD. The Act requires that QPD deposit with the State Treasurer, eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. 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 QPD of the same type as the depository in default.

**NOTE 3 – CAPITAL ASSETS**

Prior to FY2017, the Agency used bond proceeds to make improvements to the Marina District. Upon termination of the Marina funding agreement, these improvements became property of the City and the Agency realized a loss on disposal of capital assets. This loss is reported on the Statement of Activities.

During FY2017, the Agency determined that the value of land included in capital assets was understated by \$2,286,413. Prior year land value and net position have been increased by this amount.

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

	<b>Beginning Balance Oct 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassifi- cations</b>	<b>Ending Balance Sep 30, 2017</b>
<u>Governmental activities</u>					
Capital assets not being depreciated:					
Land	\$3,913,365	\$0	\$0	\$0	\$3,913,365
Construction work in progress	12,301,832	-	(12,301,832)	-	-
Total capital assets not being depreciated	16,215,197	-	(12,301,832)	-	3,913,365
Capital assets being depreciated:					
Buildings	2,749,083	-	(2,049,311)	-	699,772
Improvement other than buildings	2,137,907	79,038	-	-	2,216,945
Furniture, fixtures, and equipment	349,948	5,388	(91,273)	-	264,063
Total capital assets being depreciated	5,236,938	84,426	(2,140,584)	-	3,180,780
Total capital assets	21,452,135	84,426	(14,442,416)	-	7,094,145
Less accumulated depreciation for:					
Buildings	(1,958,240)	(34,988)	1,846,969	-	(146,259)
Improvement other than buildings	(54,918)	(109,424)	-	-	(164,342)
Furniture, fixtures, and equipment	(194,306)	(46,019)	91,274	-	(149,051)
Total accumulated depreciation	(2,207,464)	(190,431)	1,938,243	-	(459,652)
<b>Governmental activities - capital assets (net)</b>	<b>\$19,244,671</b>	<b>(\$106,005)</b>	<b>(\$12,504,173)</b>	<b>\$-</b>	<b>\$6,634,493</b>
<u>Business-type activities</u>					
Capital assets being depreciated:					
Building	\$8,137,634	\$938,841	\$-	(\$218,454)	\$8,858,021
Equipment	217,615	31,266	-	-	248,881
Furniture	46,891	10,350	-	218,454	275,695
Total capital assets	8,402,140	980,457	-	-	9,382,597
Less accumulated depreciation for:					
Buildings	(90,076)	(209,673)	-	-	(299,749)
Equipment	(18,789)	(46,454)	-	-	(65,243)
Furniture	(2,892)	(38,645)	-	-	(41,537)
Total accumulated depreciation	(111,757)	(294,772)	-	-	(406,529)
<b>Business-type - capital assets (net)</b>	<b>\$8,290,383</b>	<b>\$685,685</b>	<b>\$-</b>	<b>\$-</b>	<b>\$8,976,068</b>

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 4 – LONG-TERM LIABILITY**

Long-term liability activity for fiscal year ended September 30, 2017 is 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>
<u>Governmental activities</u>					
Community Redevelopment Project Notes, Series 2006	\$3,874,841	\$-	(\$475,907)	\$3,398,934	\$499,703
Redevelopment Revenue Notes, Series 2011	10,550,000	-	(865,000)	9,685,000	900,000
Redevelopment Revenue Notes, Series 2013A	3,025,000	-	(265,000)	2,760,000	280,000
Redevelopment Revenue Notes, Series 2013B	6,835,000	-	(600,000)	6,235,000	620,000
Advance from City	10,194,621	-	-	10,194,621	-
<b>Total bonds and notes payable</b>	<u>34,479,462</u>	<u>-</u>	<u>(2,205,907)</u>	<u>32,273,555</u>	<u>2,299,703</u>
Capital lease obligation	22,129	-	(12,434)	9,695	6,090
Compensated absences	69,358	42,264	-	111,622	-
Net pension liability	-	819,603	-	819,603	-
<b>Total governmental activities</b>	<u><b>34,570,949</b></u>	<u><b>861,867</b></u>	<u><b>(2,218,341)</b></u>	<u><b>33,214,475</b></u>	<u><b>2,305,793</b></u>
<u>Business-type activities</u>					
Recoverable grant	7,298,000	-	-	7,298,000	-
Loans payable, net of debt issuance costs	6,432,990	-	(2,224)	6,430,766	-
<b>Total business-type activities</b>	<u><b>13,730,990</b></u>	<u><b>-</b></u>	<u><b>(2,224)</b></u>	<u><b>13,728,766</b></u>	<u><b>-</b></u>
<b>Total long-term liabilities</b>	<u><b>\$48,301,939</b></u>	<u><b>\$861,867</b></u>	<u><b>(\$2,220,565)</b></u>	<u><b>\$46,943,241</b></u>	<u><b>\$2,305,793</b></u>

**Community Redevelopment Projects Note, Series 2006**

The Agency issued two series of bond anticipation notes to finance the development and implementation of capital projects included in the Community Redevelopment Plan. The Series 2002A note, in the amount of \$5,010,000, was issued in March 2002. The Series 2003A note, in the amount of \$2,000,000, was 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 \$7,175,876 to repay the Series 2002A and Series 2003A notes. The Series 2006 note was issued by the City; however, the proceeds were used to refinance the Agency's debt and the Agency makes the debt service payments. The Series 2006 note bears an interest rate of 4.19% per annum. Principal and interest payments are secured by a pledge of tax incremental financing to the City which in turn has subordinated its interest to BB&T Bank and the Series 2011 note.

During FY2017, the Agency determined that the remaining principal payable on this issue was understated by \$475,907 because FY2017 principal and interest expense were accrued into FY2016. Prior year net position and fund balance have been increased, as applicable.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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	\$110,486	\$610,189
2019	524,688	87,952	612,640
2020	550,922	64,291	615,213
2021	578,468	39,447	617,915
2022	607,392	13,361	620,753
2023	637,761	-	637,761
<b>Total</b>	<b>\$3,398,934</b>	<b>\$315,537</b>	<b>\$3,714,471</b>

**Redevelopment Revenue Note, Series 2011**

In 2011, the Agency issued Redevelopment Revenue Note, Series 2011 in the amount of \$25,570,000 to acquire, construct, and equip certain capital improvements according to the Community Redevelopment Plan. The note bears a fixed interest rate of 4.44% per annum and paid semi-annually each February 1 and August 1. The note is secured by a pledge of and first lien on the Agency's tax increment revenue.

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	\$483,685	\$1,383,685
2019	935,000	473,512	1,408,512
2020	975,000	423,115	1,398,115
2021	1,015,000	370,562	1,385,562
2022-2025	5,860,000	840,840	6,700,840
<b>Total</b>	<b>\$9,685,000</b>	<b>\$2,591,714</b>	<b>\$12,276,714</b>

**Redevelopment Notes, Series 2013A and 2013B**

In August 2013, the Agency repaid \$7,855,000 of the Series 2011 note principal by refinancing the debt and issuing a new tax-exempt note (Series 2013A) in the amount of \$3,550,000 and a new taxable note (Series 2013B) in the amount of \$8,000,000. The notes were used to pay down the original debt and for other purposes stated above. The Series 2013A note bears interest at 3.01% per annum and will mature on August 1, 2025. The Series 2013B taxable note bears interest at 4.50% per annum. The Series 2013A and 2013B notes are secured by a pledge of and first lien on the Agency's tax increment revenue.



**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

Future debt service requirements to maturity are as follows:

***Redevelopment Note, Series 2013A***

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$280,000	\$83,076	\$363,076
2019	290,000	74,648	364,648
2020	295,000	65,919	360,919
2021	305,000	57,039	362,039
2022-2025	1,590,000	125,065	1,715,065
<b>Total</b>	<b>\$2,760,000</b>	<b>\$405,747</b>	<b>\$3,165,747</b>

***Redevelopment Note, Series 2013B***

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$620,000	\$280,575	\$900,575
2019	645,000	252,675	897,675
2020	675,000	223,650	898,650
2021	700,000	193,275	893,275
2022-2025	3,595,000	423,900	4,018,900
<b>Total</b>	<b>\$6,235,000</b>	<b>\$1,374,075</b>	<b>\$7,609,075</b>

**Capital lease obligations**

In May 2014, the Agency entered into an equipment leasing arrangement to acquire equipment with U.S. Bank.

Future minimum lease obligations are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$6,090	\$126	\$6,216
2019	3,605	21	3,626
<b>Total</b>	<b>\$9,695</b>	<b>\$147</b>	<b>\$9,842</b>

**Loans payable**

The Riviera Beach Event Center, LLC (RBEC), a subsidiary of the RBCDE, executed a loan payable with NDC New Markets Investments LXXXIV, LLC (Lender) on July 8, 2014 in the amount of \$4,761,400. The loan bears an interest rate of 1.00% per annum. The loan is secured by a mortgage, assignment of leases and rents, security agreement, and a performance and completion guaranty from the RBEC. Commencing October 5, 2014, quarterly payments of interest only are due through January 5, 2023. Commencing April 5, 2023, monthly payments of principal and interest shall be due based on a 333-month amortization period through maturity on October 1, 2050, at which time all outstanding principal and any accrued interest shall be due.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

RBEC executed a loan payable with the Lender on July 8, 2014 in the amount of \$2,028,600. The loan bears an interest rate of 1.00% per annum. The loan is secured by a mortgage, assignment of leases and rents, security agreement, and a performance and completion guaranty from the RBEC. Commencing October 5, 2014, quarterly payments of interest only are due through January 5, 2023. Commencing April 5, 2023, monthly payments of principal and interest shall be due based on a 333-monthly amortization period through maturity on October 1, 2050, at which time all outstanding principal and any accrued interest shall be due.

The following is a summary of principal maturities for each of the ensuing years through maturity:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$0.00	\$0.00	\$0.00
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Thereafter	6,790,000	-	6,790,000
<b>Total</b>	<b>\$6,790,000</b>	<b>\$0</b>	<b>\$6,790,000</b>

Debt issuance costs, net of accumulated amortization totaled \$359,234 as of September 30, 2017. Amortization of debt issuance costs on the above loans payable is being amortized under the effective interest method using an imputed interest rate of 1.31%.

**NOTE 5 – OPERATING LEASE**

The Agency occupies space at an office building located at 2001 Broadway in Riviera Beach, Florida. Effective April 1, 2014, the Agency amended its building lease agreement to occupy additional square footage at this location and to extend the lease through September 30, 2017. Pursuant to this agreement, the Agency paid rents of \$102,909 during fiscal year 2017. Effective June 1, 2017 the term of the lease was extended through September 30, 2018 with two one-year renewal options.

**NOTE 6 – RETIREMENT PLAN**

Effective June 1, 2015, those Agency’s employees who were eligible to participate in the Florida Retirement System (FRS) became participants in FRS jointly with the City. As provided by Florida Statutes, Chapters 112 and 121, the FRS provides two cost sharing, multiple employer defined benefits plans administered by the Florida Department of Management Services, Division of Retirement.

As a general rule, membership in the FRS is compulsory for all employees in regularly established positions for a state agency, county government, or a participating city or special district within the State of Florida.

All other employees and new employees, whether full time or part time, are required to participate in the FRS system. FRS requires employees to contribute 3% of their salary to the plan. The Agency contributes 7.26% of qualified salaries into the plan. Vesting and benefits are determined by the plan.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

Certain employees who met specific criteria had the option to continue with the existing plan, a defined contribution 401 (a) plan, managed by Nationwide Insurance. Seven qualified employees opted to continue with this plan. Contributions to this plan are immediately 100% vested. Employees are not allowed to contribute additional funds. The Agency makes contributions to the Nationwide 401(a) plan in the amount of 6% of the participant's qualified compensation.

For fiscal year 2017, the Agency contributed \$63,747 to the two plans and reported \$693,714 in pension expense related to the participation of its employees in FRS. The related net pension liability at September 30, 2017 was \$819,603. Prior to fiscal year 2016, the participation of the Agency employees was included in the City's FRS liability and expense.

For additional disclosures related to the Agency's participation in FRS, please refer to Note 11 of the City's CAFR.

**NOTE 7 – 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 Agency pledged its tax incremental revenues to the City for the payment of the amounts due by the City pursuant to the Series 2006 Note.

**Ocean Mall Redevelopment (OMRD) Loan**

The Ocean Mall, a retail property, and the Municipal Beach are owned by the City. The properties are located within the Agency's boundaries. In October 2009, the City loaned \$10,194,621 to the Agency and in turn, the Agency provided a grant to Ocean Mall Redevelopment, LLC (OMRD) to make required infrastructure, parking and beach improvements. On behalf of the Agency, 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 Agency. The loan agreement was further modified in February 2016, in order to enhance the Agency's cash flow to meet ongoing operational needs. The Agency's Board approved the Second Modification to the Loan Agreement. The terms of the Second Modification reduced the interest rate to zero percent for the remainder of the term of the loan and the Agency will pay the City fifteen equal installments of \$679,641 each October 1st, commencing October 1, 2023 until the loan is paid in full.

**Marina District Master Ground Lease**

In September 2014, the City, as Lessor, and the Agency, as Lessee, entered into a Master Ground Lease for approximately 12.6 acres of property owned by the City at the Marina. The lease was entered for the purpose of allowing the Agency to assemble City-owned, Agency-owned, and privately-owned parcels for major Agency funded development.

On November 30, 2017, the Agency, City and the City of Riviera Beach Utility Special District agreed to terminate this and other interlocal agreements effective as of September 30, 2016.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Marina Uplands funding to the Agency**

In September 2014, the City issued the *Public Improvement Revenue Bonds, Series 2014* in the aggregate principal amount of \$22,000,000. The City advanced \$8,091,858 from the proceeds to the Agency 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.

On November 30, 2017, the Agency, City and the City of Riviera Beach Utility Special District agreed to terminate this and other interlocal agreements effective as of September 30, 2016.

Prior to FY2017, the Agency used bond proceeds to make improvements to the Marina District totaling \$12,301,833. Upon termination of the Marina funding agreement, these improvements became property of the City and the Agency realized a loss on disposal of capital assets. This loss is reported on the Statement of Activities.

**RBCDE Recoverable grant**

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

The RBCDE entered into a recoverable grant agreement with the Agency on December 1, 2013. Funding up to \$8,928,728, payable in installments, was granted to provide funding for the construction of the Event Center. The grant proceeds are reflected in recoverable grants in the financial statements. Repayment of the grant proceeds is due upon repayment of loan receivable principal payments, unless otherwise canceled in accordance with the grant agreement. As of September 30, 2017, the RBCDE received advanced grant proceeds of \$6,930,000.

**RBCDE Note payable**

During 2013, the Agency over funded the recoverable grant by \$368,000. The amount over funded is to be repaid by the RBCDE out of available cash flow. As of September 30, 2017, the amount remained payable as there was no available cash flow for repayment.

**RBCDE Management services fee**

The Agency entered into a services agreement with the RBCDE 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.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**RBEC Facility lease**

The RBEC entered into a facility lease agreement to lease the Event Center to the Agency so that the Agency 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. The Agency took possession of the Event Center upon substantial completion of the Event Center and receipt of a certificate of occupancy, which occurred April 26, 2016. 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.

**RBEC Ground lease**

On July 2, 2014, the RBEC 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 8 – RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Agency purchases insurance through the Florida Municipal Insurance Trust. There have been no settlements that exceeded insurance coverage during the fiscal year.

**NOTE 9 – COMMITMENTS**

The Agency and the RBEC entered into a construction contract with an unaffiliated party to complete the Riviera Beach Marina District improvements, including the Event Center. Costs incurred for the development of the Event Center are to be paid out of proceeds from various sources including bonds, notes payable, grants, and advances from the City. As of September 30, 2017, no amounts remained uncured.

**NOTE 10 – SUBSEQUENT EVENTS**

The Agency has evaluated subsequent events through May 4, 2018, the date that the financial statements were issued.

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

In March 2018, the Agency received the results of arbitrage rebate and yield restriction calculations on the Series 2011 and Series 21013A bonds. The calculation period for the 2011 bonds began April 28, 2011 and ended April 28, 2016. The calculation period for the 2013A bonds began August 30, 2013 and ended August 30, 2017. The findings were that over the calculation period the amount earned on the bond proceeds was significantly less than that allowed. Consequently, there were no arbitrage rebate or yield restriction liabilities for either series as of the end of the calculation period.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 11 – PRIOR PERIOD ADJUSTMENTS**

During FY2017, the Agency determined that corrections were necessary to prior year account balances. Specifically, the Agency 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 that FY2017 debt service on the 2006 bond series had been accrued into FY2016. These amounts are reported as an adjustment increasing prior year net position and fund balance, as applicable.

# **Required Supplementary Information**

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**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	\$-	\$-	\$(1,355,083)	\$(1,355,083)
Fund balance – beginning			<u>5,485,783</u>	
Fund balance – ending			<u>\$4,130,700</u>	



**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTE TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**SEPTEMBER 30, 2017**

**NOTE 1 –BUDGETARY ACCOUNTING**

The Agency prepares its budget for the General Fund on a basis consistent with generally accepted accounting principles. The procedures for establishing budgetary data reflected on the budgetary comparison schedule are as follows:

- Approximately July 1, the Executive Director submits to the Agency Board a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through the passage of a resolution.
- Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations.
- For the year ended September 30, 2017, expenditures did not exceed appropriations. Budgetary appropriations for capital outlay were higher than actual expenditures.

# **Compliance Section**

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

To the Board of Directors  
Riviera Beach Community Redevelopment Agency

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, and each major fund information of the Riviera Beach Community Redevelopment Agency (the ‘Agency’), a component unit of the City of Riviera beach Florida as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated May 4, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
May 4, 2018

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY  
FINANCIAL STATEMENT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2017**

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

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

**Finding #2015-001 & 2016-001:**

**Condition:** The long term debt amount owed to the City for the Marina Uplands Agreement, does not agree with the City's debt confirmation.

**Cause:** The CRA and the City do not regularly reconcile the amount owed from/to the City, and CRA. Furthermore, the Marina Uplands Agreement states the City will pay the CRA \$10,928,000, and the CRA reimbursement to the City will only be for \$8,091,858. However, the contract agreements between the CRA and the City do not specify how and when to account for the remainder of \$2,836,142.

**Status: Resolved. In November 2017, all parties agreed to terminate the agreement.**

**Finding #2015-002 & 2016-002 – Significant Deficiency:**

**Condition:** Cash amounts are overstated on the trial balance.

**Cause:** The CRA did not post adjusting cash amounts on the trial balance per the bank reconciliations performed.

**Status: Resolved. Cash accounts were reconciled as of September 30, 2017.**

**Finding #2015-003 & 2016-002 – Significant Deficiency:**

**Condition:** The CRA was unable to prepare their financial statements.

**Cause:** The CRA maintains their books as three distinct and separate QuickBooks entities.

**Status: Resolved. The CRA prepared its financial statements for fiscal year ended September 30, 2017.**

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY  
FINANCIAL STATEMENT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2017**

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding #2016-004**

**Condition:** Long-outstanding checks have not been appropriately reversed and unclaimed amounts have not been properly handled in accordance with state escheat laws.

**Cause:** The CRA does not have Finance & Accounting Policies & Procedures in place to monitor long-outstanding checks and unclaimed amounts.

**Status: Resolved. During our testing, there were no long-outstanding checks observed.**

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY  
FINANCIAL STATEMENT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2017**

**CURRENT YEAR FINANCIAL STATEMENT FINDINGS**

None.

**MANAGEMENT LETTER**

To the Board of Directors  
 The Riviera Beach Community Redevelopment Agency  
 Riviera Beach, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach); (the “Agency”) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 4, 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 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 Standard*; and Schedule of Financial Statement Findings; and 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. Disclosures in those reports and schedule, which are dated May 4, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

<b><u>Prior Year Management Letter</u></b>	<b><u>Status</u></b>
Finding #2015-001 & 2016-001	Resolved
Finding #2015-002 & 2016-002	Resolved
Finding #2015-003 & 2016-003	Resolved
Finding #2016-004	Resolved

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Agency’s official title is disclosed in Note 1 to the Financial Statement. The Agency has no component units.



**Financial Condition**

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

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

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

**Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires u to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Agency 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the management and staff of the Agency for the opportunity to be of service to them in this endeavor as well as future engagements, and for their assistance and courtesy extended to us.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
May 4, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 218.415,  
FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Board of Directors  
The Riviera Beach Community Redevelopment Agency  
Riviera Beach, Florida

We have audited the financial statements of the Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach) (the Agency) as of and for the year ended September 30, 2017, and have issued our report thereon dated May 4, 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 May 4, 2018, should be considered in conjunction with this report.

**Local Government Investment Policies**

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

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

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

May 4, 2018