

City of Riviera Beach, Florida

Comprehensive Annual Financial Report

Fiscal year ended September 30, 2018





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BOBBIE E. BROOKS SR.
GOVERNMENTAL CENTER

8597

CITY OF RIVIERA BEACH



Comprehensive Annual Financial Report

OF THE

CITY OF RIVIERA BEACH, FLORIDA

Fiscal Year Ended September 30, 2018

Prepared by the Finance and Administrative Services Department





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SECTION I:
INTRODUCTORY SECTION



OUR MISSION

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

OUR VISION

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

OUR CORE VALUES

Professionalism
Ethics
Commitment
Excellence in Customer Service
Integrity
Diversity
Respect for Opinions
Transparency
Innovation



OFFICE OF
FINANCE DIRECTOR

CITY OF RIVIERA BEACH

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

April 17, 2019

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Riviera Beach, Florida (City) for the fiscal year ended September 30, 2018, with the Independent Auditor's Report submitted in accordance with the City's Charter, City Ordinances, and Florida Statutes. The CAFR has been prepared by the Department of Finance and Administrative Services in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), Generally Accepted Accounting Principles (GAAP), and other reporting standards as mandated by financial governing authorities. The audit was conducted by a firm of licensed certified public accountants in accordance with Generally Accepted Auditing Standards (GAAS), governmental auditing standards as issued by the Comptroller General of the United States, OMB Circular A-133 and State Single Audit requirements, and the Rules of the Auditor General of the State of Florida.

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

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups; and that the included disclosures will provide the reader with an understanding of the City's financial affairs. Please refer to the Management's Discussion and Analysis for additional detail to presentation on the FY 2018 financial results.

The Auditor has issued an unqualified 'clean' opinion on the City's financial statements for the fiscal year ended September 30, 2018. The Independent Auditor's Report is included in the Financial Section of this report.

Financial Report Sections

The City's CAFR is presented in four sections:

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

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

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

The **Compliance Section** includes the Independent Auditor's Report on internal controls, schedule of expenditures of federal awards and state financial assistance along with relevant notes, summary of findings, and management letter issued by the auditor.

The Reporting Entity And Its Services

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

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

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

City's Economy And Outlook

Local Economy

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

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

As of the City's fiscal year end September 2018, the City's unemployment rate improved slightly at 3.6%, which is now in line with the State of Florida's rate of 3.3% and the national rate of 3.7%. While the national economic downturn a few years ago negatively affected the City's local economy, overall the City has retained a solid foundation of business and industry diversification. Riviera Beach has large employers which include the Veterans' Administration, Cheney Brothers, Tropical Shipping, and Lockheed Martin Corporation. The small business sector is also strong and diverse. According to the 2012 Survey of Business Owners, companies in Riviera Beach of which 59% are minority-owned and 48% are women-owned firms. In 2012, retail trade comprised the highest number of establishments in Riviera Beach followed by wholesale trade. Wholesale trade recorded \$1.7 billion which is the highest value of sales, shipments and receipts followed by manufacturing reporting \$463 million. (2012 Economic Census of the U.S.)

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

Financial Trends

For FY 2018, the General Fund's four major operating revenue sources were property taxes, public service (utility) taxes, franchise fees, and sales tax totaling \$52 million, an increase of \$1.4 million or 2.7% over FY 2017. Property values continue to increase along with other tax revenues. The four major operating revenue sources comprise over 71% of the total operating revenues.

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

	ACTUAL FY 2014	ACTUAL FY 2015	ACTUAL FY 2016	ACTUAL FY 2017	ACTUAL FY 2018
Property taxes	\$27,993,790	\$29,304,127	\$37,506,969	\$40,381,674	\$41,570,107
Public service taxes	4,316,158	4,275,034	4,633,809	4,762,948	4,886,000
Franchise fees	2,721,401	2,704,479	2,586,398	2,774,685	2,765,329
Sales tax	2,396,237	2,583,803	2,678,737	2,676,005	2,752,320
Total	\$37,427,586	\$38,867,443	\$47,405,913	\$50,595,312	\$51,973,756

Property Taxes

The City’s property tax revenue, is the single largest revenue source for the General Fund, increasing by an average of 10% over the past five years. Total assessed property value for FY 2018 was \$5.1 billion with an approved millage rate of 8.4520 generating property tax revenue of \$41.6 million in comparison to \$40.382 million in FY 2017, an increase of \$1.2 million or 2.9%.

Public Service Taxes

Public service taxes are levied in accordance with the City Code and Florida Statutes which authorize any municipality within the State to levy a public service tax on the purchase of electricity, gas, and water services. The City levies a public service tax rate of 10% and a rate of four cents per gallon on the purchase of fuel oil, representing the maximum rate allowed under Florida law. Public service taxes are collected by the City from purchasers at the time of sale and remitted to the City. Taxes appear on the bills rendered to consumers by FP&L for electricity and by the City for water service. Public service taxes increased marginally by 2.6% in FY 2018, moving from \$4.8 million in FY 2017 to \$4.9 million in FY 2018.

Franchise Fees

Franchise fees are derived from revenues received by the City pursuant to franchise agreements that the City has entered into with private entities to provide certain services within the City. Franchise fees consist of payments made by FP&L and Florida Public Utilities pursuant to long-term agreements which provide payment to the City of 6% of the entity's gross revenue derived from accounts within the City's limits. Franchise agreements with FP&L and Florida Public Utilities will expire during 2040 and 2020, respectively, unless extended. Franchise fees were \$2.8 million in FY 2018 which declined by less than 1% from FY 2017.

Sales Tax

Sales tax is the fourth largest revenue source for the General Fund and is allocated to the City based on the City’s population relative to the county’s total population. Sales tax increased by 2.9% moving from \$2.7 million in FY 2017 to \$2.8 million in FY 2018.

Major Initiatives And Achievements

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

City Facilities

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

- Fire Station #2 – Design continued on the replacement of Fire Station #2, the City’s oldest operating station. The new facility will meet current standards with hardening features, segregated restrooms, and sleeping quarters.
- City Hall Complex and Mixed Use Development – The City is contemplating entering into a public/private partnership to leverage capital investment in constructing major City facilities to include a city hall complex to include public safety.

Cultural and Recreational Facilities

- Cunningham Park – After years of planning, the City completed renovations to Cunningham Park. The project encompassed a full redesign to include basketball and tennis courts, pavilions, playground equipment, lighting, and new amenities, such as park furniture and public restrooms.
- Southside Community Center – Grand opening festivities were held in August 2018 for the construction of a second City-owned community center located on the City’s Southside. The facility offers both youth and senior programs in approximately 4,000 square feet.
- Library – Planning for the construction of a new state of the art library comprising of approximately 32,000 square feet is ongoing.
- Ocean Mall – The City owns and leases the Ocean Mall, a retail/restaurant strip located adjacent to the City owned municipal public beach at the southern tip of Singer Island. The City entered into a new lease arrangement with a property development company in FY 2017. Additional retail space has been added and the property has been rebranded.

Infrastructure

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

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

Marina

- South Docks – Dredging, engineering and construction of additional new docks are currently in process to add docks for larger vessels to the south-end of the marina.
- Parking – The City was presented a full parking master plan for the City. Parking will be operated as an enterprise fund and will initially compass parking operations at the Ocean Mall and the marina.






Technology

- Tyler Munis Financial Solution – The City continued steps in the implementation of the 2015 IT Strategic Master Plan. The number one priority identified in the Plan was a new, comprehensive Enterprise Resource Program. After a lengthy needs assessment and evaluation process, the City entered into a seven year SAAS contract with Tyler Technologies. Implementation commenced in November 2017. The Financial component went live on October 1, 2018. The Community Development and Human Resource components will go live in 2019.

Strategic And Financial Planning For Fiscal Year 2018 And Beyond

The FY 2019 budget was developed within the projected revenues without having to reduce the level of City services. Revenues are expected to increase modestly in FY 2019, mainly in the areas of property taxes, licenses, permits, sales tax and charges for services. New construction, though now slowing, has increased over the last four years, resulting in an expansion of the property tax base and increased revenues from building permits. Business licenses and other tax revenues have increased due to the rebounding in consumer spending and economic growth. The FY 2019 budget was balanced without the use of fund balance reserves.

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

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

Other Financial Information

Accounting and Administrative Controls

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

The examination of controls is performed by members of the Finance and Administrative Services Department, who continually review and assess the soundness and adequacy of the accounting and budgetary aspects of the City’s financial system. Financial transactions and related data are examined for accuracy, completeness and authorization. Furthermore, data processing applications and systems are analyzed to ensure that necessary controls are in effect.

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

Budgetary Controls

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

Annual Budget

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

Capital Improvement Plan

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

Pension Trust Funds

The City sponsors three separate single employer defined benefit pension plans: General Employees' Retirement System, Police Pension Fund, and Firefighters' Pension Trust Fund. In February 2015, all general employees and firefighters hired by the City on or after June 1, 2015 and elected officials are required to participate in the Florida Retirement System instead of the City sponsored pension plans. The City sponsored plans' most recent actuarial valuations, as of October 1, 2018, estimate that the plans are fully funded: Funded ratio for the pension plans for General Employees – 107.6%; Police – 105.3%; and Firefighters – 104.9%.

Cash Management

The City's pooled deposits and investments are invested pursuant to the City's Investment Policy and in accordance with Florida Statutes. The City's Investment Policy emphasizes safety of principal, liquidity of funds, and return on investment. The Policy addresses soundness of financial institutions holding the City's assets and the types of investments permitted. As of September 30, 2018, the City has a contract with Public Financial Management (PFM) to provide investment management services. After consultation with the Director of Finance and Administrative Services, PFM supervises and directs the investment of equities, money markets funds, and fixed income securities. The investments are held by a third party custodian in the City's name.

Risk Management

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

Credit Rating

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

In February 2018, Standard & Poor's (S&P) upgraded the City's bond rating from A+ to AA- based on its revised criteria application. A rating of AA- means that the City has a very strong capacity to meet its financial commitments. S&P confirmed the City's outlook as stable which means that the rating is not likely to change. The ratings on the implied General Obligation (GO) reflect the City's wealth indicators, balanced finances, liquidity, moderate debt, and opportunity for economic growth given its location within Palm Beach County.

Independent Audit

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

Request For Information

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

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

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

Acknowledgements

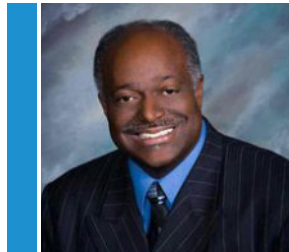
I trust that the financial information presented in the CAFR is helpful to our citizens, elected officials, and employees. I personally thank the staff of the Finance and Administrative Services Department for their efficient and dedicated service in the preparation of the CAFR. I also acknowledge the efforts of other City departments in adhering to strong financial management and providing information and assistance during the preparation of the financial report. I thank the Mayor and Council for their continued support.

Respectfully submitted,

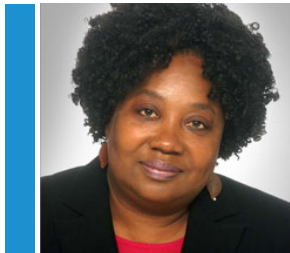


Randy M. Sherman, CPA, CPFO, CTP
Director of Finance and Administrative Services

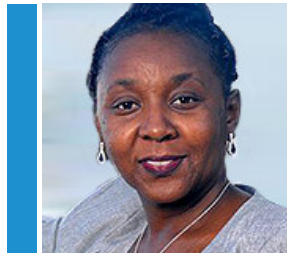
The elected officials responsible for the governance of the City of Riviera Beach as of September 30, 2018 are as follows:



Thomas A. Masters
Mayor



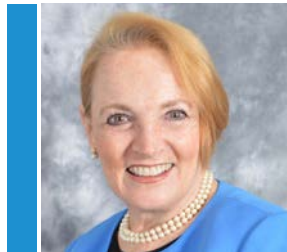
Lynne Hubbard
District 1



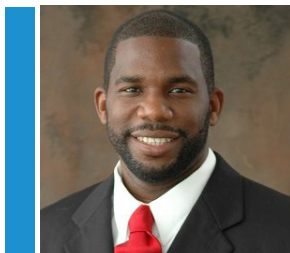
KaShamba Miller-Anderson
District 2



Tonya Davis Johnson
District 3



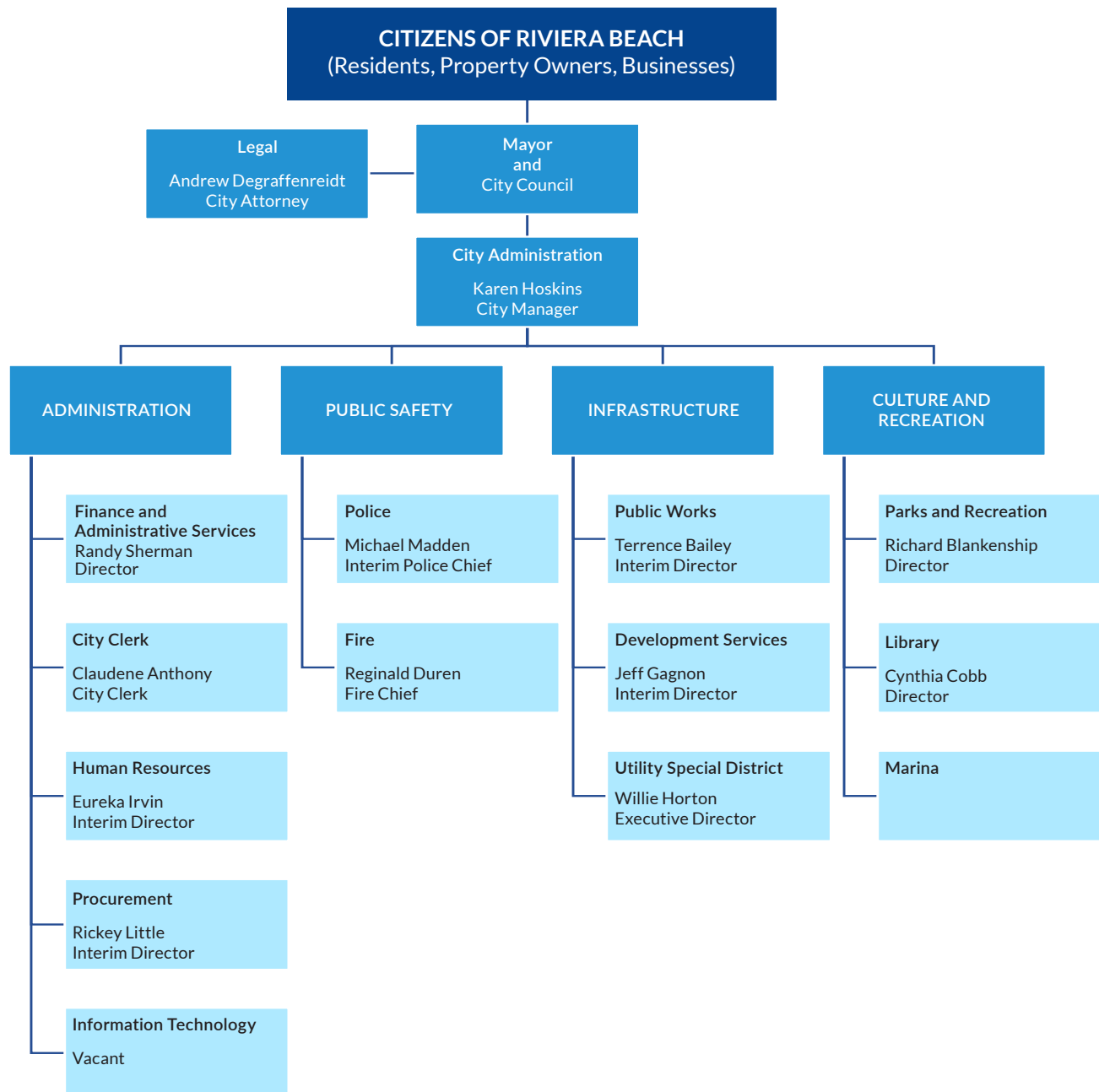
Julia A. Botel, Ed. D
District 4



Terence D. Davis
District 5

Organizational Chart

Principal Officers



SECTION II:
FINANCIAL SECTION

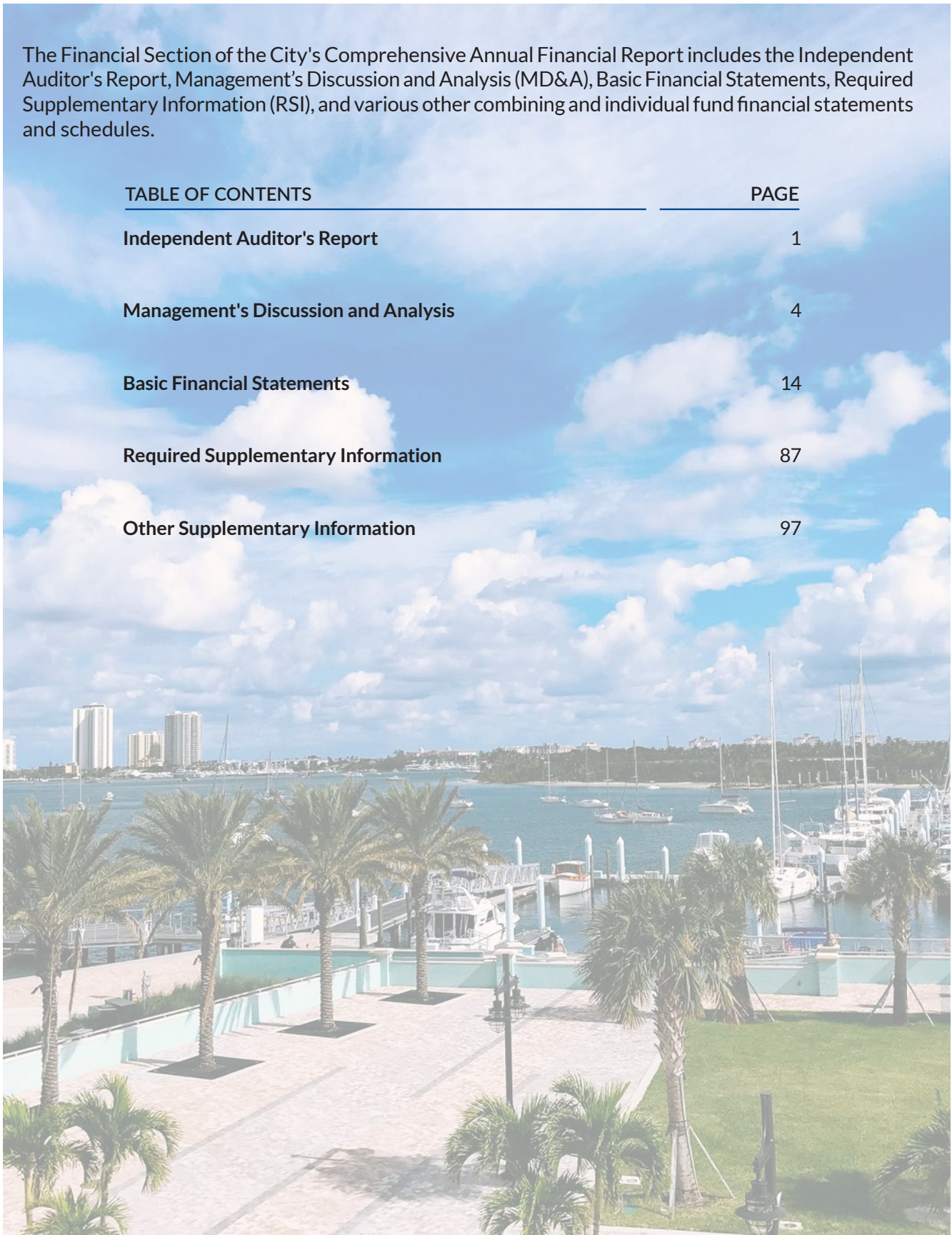


FINANCIAL SECTION

Overview

The Financial Section of the City's Comprehensive Annual Financial Report includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information (RSI), and various other combining and individual fund financial statements and schedules.

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HCT Certified Public Accountants & Consultants, LLC

INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Riviera Beach, Florida (the “City”) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Riviera Beach Police Pension Fund and Firefighters’ Pension Trust Fund. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the fiduciary funds, is based solely on the report of the other auditors. The financial statements of the Riviera Beach Police Pension Fund, Firefighters’ Pension Trust Fund and General Employee’s Retirement System were conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-13 and 88-90, 98-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors.

In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HCI Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 17, 2019

Management's Discussion and Analysis (MD&A)

The City of Riviera Beach (City) offers the readers of its financial statements an overview and analysis of financial activities of the City for the fiscal year ended September 30, 2018. The information included in the Management's Discussion and Analysis (MD&A) should be read in conjunction with the financial statements and the notes to the basic financial statements.

Financial Highlights

- For FY 2018, the City's total net position increased by \$43.2 million or 25.40% over FY 2017. The governmental activities net position increased by \$35.6 million or 47.74% and the business-type activities increased by \$8.6 million or 8.77% over the prior fiscal year.
- Comparing FY 2018 and FY 2017, the City's total revenues increased by \$19.9 million or 18.22% with governmental activities revenues increasing by \$17.1 million or 23.04% and business-type activities revenues increasing by \$2.8 million or 8.07%. The City's total expenses decreased by \$10.4 million or 10.83%.
- At the end of fiscal year 2018, governmental funds reported combined fund balances of \$65.9 million, an increase of \$3.7 million in comparison with FY 2017. Unassigned fund balance is \$29.9 million which is 45.45% of total fund balance.
- For FY 2018, the General Fund, the primary operating fund, reported an increase in fund balance of \$3.8 million or 14.42% over FY 2017.
- Total outstanding long term debt decreased by \$14.9 million or 8.22% during the current fiscal year due mainly from the repayment of principal and reduction in the net pension liability.

Overview Of The Financial Statements

This MD&A is an overview and analysis of the City for the fiscal years ended September 30, 2018 and 2017. The financial statements are presented in accordance with GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The basic financial statements include three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include:

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

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

Fund Financial Statements

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

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

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

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

The City maintains thirty-five individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, CRA, and certain capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined in a single aggregated presentation. Individual fund information for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedule section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to show compliance with this budget.

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

Enterprise funds account for water and sewer, stormwater, marina, solid waste collection, and parking.

Internal service funds account for fleet services, information technology, and general liability insurance program costs for allocation internally among the departments.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detailed information. The financial statements provide separate information for water and sewer, stormwater, marina, solid waste collection, and parking. Internal service funds are presented separately with the proprietary fund financial statements.

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

Management's Discussion and Analysis (MD&A)

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

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Government-Wide Financial Analysis

Net position may serve as a useful indicator over time of the City's financial position. Assets and deferred outflow of resources exceed liabilities and deferred inflow of resources by \$213.1 million, an increase of \$43.1 million or 25.36% over last fiscal year.

The following is a condensed version of the Statement of Net Position presented in the basic financial statements section.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$101,761,554	\$106,674,697	\$122,573,612	\$126,506,769	\$224,335,166	\$233,181,466
Capital assets	111,370,152	104,284,513	79,381,329	67,522,497	190,751,481	171,807,010
Total assets	213,131,706	210,959,210	201,954,941	194,029,266	415,086,647	404,990,493
Deferred outflows of resources	15,941,435	2,405,998	2,627,229	2,684,821	18,568,664	5,090,819
Current and other liabilities	12,832,383	23,648,992	20,610,464	19,602,569	33,442,847	43,251,561
Long-term debt outstanding	101,672,128	112,356,582	76,924,021	79,124,772	178,596,149	191,481,354
Total liabilities	114,504,511	136,005,574	97,534,485	98,727,341	212,038,996	234,732,915
Deferred inflows of resources	7,642,340	4,983,339	791,270	354,751	8,433,610	5,338,090
Net position						
Invested in capital assets	35,835,366	26,089,236	41,974,848	34,898,049	77,810,214	60,987,285
Restricted	34,927,271	31,375,720	8,319,468	9,435,277	43,246,739	40,810,997
Unrestricted	36,163,653	14,911,339	55,962,099	53,298,669	92,125,752	68,210,008
Total net position	\$106,926,290	\$72,376,295	\$106,256,415	\$97,631,995	\$213,182,705	\$170,008,290

In the governmental activities, total assets and deferred inflows increased by \$15.7 million resulting mainly from an increase of \$7.1 million in capital assets, net of depreciation, and a reduction in current assets, mainly cash and equivalents of \$4.9 million due an increase in infrastructure improvements. Deferred outflows of resources increased by \$13.5 million due mainly to the gains from the differences between projected and actual earnings on investments. Total liabilities and deferred inflow of resources decreased by \$18.8 million due mainly to a reduction in current and other liabilities of \$21.5 million resulting from a reduction in the net pension liability and accrued liabilities and an increase of \$2.7 million in deferred inflows of resources for pensions.

In the business-type activities, total assets and deferred inflows increased by \$7.8 million mainly from an increase in capital assets due to the significant capital improvements to the water and sewer infrastructure resulting in a reduction in cash equivalents. Total liabilities and deferred outflows decreased slightly by \$0.8 million due mainly to reduction from principal payments made on long term debt obligations and reduction in the net pension liability.

Net Position – Net position is the difference between the assets and deferred outflow of resources and liabilities and deferred inflow of resources. Total net position increased by \$43.2 million or 25.40%, with net position for governmental activities increasing by \$35.6 million or 47.74% and for business-type activities increasing by \$8.6 million or 8.77%. Capital assets less any related outstanding debt and deferred outflows used to acquire capital assets represents \$77.8 million or 35.87% of total net position. This represents a significant portion of net position, however, the repayment of debt is from resources given that capital assets cannot be used to repay debt. Restricted net position represents \$43.2 million or 24% of total net position. These are resources that are subject to external restrictions that stipulate how these resources may be used. The remaining balance of net position is unrestricted which is \$92.1 million or 40.12% of total net assets which may be used for obligations to its citizens and creditors.

Management's Discussion and Analysis (MD&A)

As of September 30, 2018, the City has reported positive balances in all three components of net assets: (1) net investment in capital assets, (2) restricted, and (3) unrestricted for both governmental and business-type activities and as a whole for total government.

The *Statement of Activities* as presented below shows changes in the City's net position for fiscal years ended September 30, 2018 and 2017. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$10,761,131	\$10,022,554	\$37,044,488	\$33,048,669	\$47,805,619	\$43,071,223
Grants and contributions	2,331,349	4,077,769	48,590	437,934	2,379,939	4,515,703
Total program revenues	13,092,480	14,100,323	37,093,078	33,486,603	50,185,558	47,586,926
General revenues:						
Property taxes	50,026,956	48,088,215	-	-	50,026,956	48,088,215
Public service taxes	5,262,265	4,762,948	-	-	5,262,265	4,762,948
Licenses and permits	4,886,000	4,249,135	-	-	4,886,000	4,249,135
Franchise fees	2,765,329	2,774,685	-	-	2,765,329	2,774,685
Intergovernmental	10,498,718	8,831,364	-	-	10,498,718	8,831,364
Interest	618,982	562,381	1,185,237	1,070,054	1,804,219	1,632,435
Loan proceeds	1,646,906	-	-	-	1,646,906	-
Gain/(loss) on disposal of assets	-	(12,504,173)	-	-	-	(12,504,173)
Miscellaneous	1,428,113	2,480,551	422,371	1,264,750	1,850,484	3,745,301
Transfers in (out)	890,280	709,403	(754,280)	(709,403)	136,000	-
Total general revenues	78,023,549	59,954,509	853,328	1,625,401	78,876,877	61,579,910
Total revenues	91,116,029	74,054,832	37,946,406	35,112,004	129,062,435	109,166,836
Expenses:						
Governmental activities:						
General government	19,065,528	26,155,228	-	-	19,065,528	26,155,228
Public safety	21,985,375	29,391,831	-	-	21,985,375	29,391,831
Culture and recreation	6,648,678	5,233,868	-	-	6,648,678	5,233,868
Transportation	1,520,410	1,260,487	-	-	1,520,410	1,260,487
Human services	1,105,586	1,191,792	-	-	1,105,586	1,191,792
Physical environment	-	404,471	-	-	-	404,471
Economic environment	2,215,216	3,437,981	-	-	2,215,216	3,437,981
Interest on long term debt	4,025,241	4,288,353	-	-	4,025,241	4,288,353
Business-type activities:						
Water and sewer	-	-	17,606,091	13,971,580	17,606,091	13,971,580
Marina	-	-	2,461,885	2,220,339	2,461,885	2,220,339
Stormwater	-	-	1,876,691	2,212,759	1,876,691	2,212,759
Solid waste collection	-	-	4,071,961	4,002,793	4,071,961	4,002,793
Community development	-	-	450,732	415,122	450,732	415,122
Interest and debt service costs	-	-	2,854,626	2,198,135	2,854,626	2,198,135
Total expenses	56,566,034	71,364,011	29,321,986	25,020,728	85,888,020	96,384,739
Change in net position	34,549,995	2,690,821	8,624,420	10,091,276	43,174,415	12,782,097
Net position - beginning	72,376,295	69,685,474	97,631,995	87,540,719	170,008,290	157,226,193
Net position - ending	\$106,926,290	\$72,376,295	\$106,256,415	\$97,631,995	\$213,182,705	\$170,008,290

The overall net position of the City increased during the fiscal year which is attributable to the increases in both governmental activities and business-type activities.

Governmental activities – During FY 2018, net position increased by \$34.6 million due mainly from an increase in property taxes, licenses and permits, and infrastructure surtax. Grants and contributions declined slightly by \$1.0 million. Expenses declined by \$14.8 million due to the reduction in pension costs due to the reduction in the net pension liability for the City's three sponsored pension plans.

Business-type activities – Net position increased by \$8.6 million due mainly from an increase in water, sewer, stormwater, and solid waste collection charges and an increase in the business activity at the City's marina. Expenses declined by \$4.4 million due mainly from a reduction in pension costs due the reduction in the City's pension plan.

Financial Analysis Of The Fund Financial Statements

Governmental Funds

The fund financial statements for governmental funds provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned and assigned fund balances are a useful measure of the City's net resources available for spending at the end of the fiscal year available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City, or assigned by the Council for a particular purpose.

For fiscal year end 2018, the City's governmental funds reported combined fund balances of \$66.0 million, an increase of \$3.5 million or 5.61% over the prior year. Unassigned fund balance represents 45.45% of the total fund balances, which is available for spending at the City's discretion. The remainder of fund balance is 54.55% which comprises nonspendable, restricted and committed. Fund balance in non-spendable form is \$0.4 million which represents inventory, restricted is \$29.0 million which is restricted for capital projects, and committed is \$6.7 million for programs funded through grants and contributions.

The General Fund is the City's primary operating fund used to account for financial resources and expenditures for general operations, except those required to be accounted for in another fund. The major revenue sources are property taxes, public service taxes, franchise fees, and sales tax. Expenditures are for general administration, public safety, road and street maintenance, planning and development, parks and recreation, library, and other services. At the end of the fiscal year, the General Fund's fund balance was \$30.3 million, an increase of \$3.8 million or 14.42%, the unassigned fund balance was \$30.0 million, which is 49.30% to total general fund expenditures.

General Fund's total revenues increased by \$2.5 million primarily from the increases in property tax revenues, building permit fees, and charges for services. Total expenditures increased by \$4.5 million which was due primarily to an increase in personnel related costs.

Management's Discussion and Analysis (MD&A)

The following provides a comparative analysis of General Fund revenues for FY 2017/2018 with FY 2016/2017:

GENERAL FUND REVENUES

Revenues	2018		2017		Total	
	Amount	% of Total	Amount	% of Total	Increase (Decrease) \$	Increase (Decrease) %
Taxes	\$49,558,438	67.76%	\$48,214,773	68.23%	\$1,343,665	2.79%
Licenses and permits	7,360,181	10.06	5,489,225	7.77	1,870,956	34.08
Intergovernmental	4,387,012	6.00	4,173,986	5.91	213,026	5.10
Charges for services	10,761,131	14.71	10,022,554	14.18	738,577	7.37
Fines and forfeitures	474,136	0.65	782,623	1.11	(308,487)	(39.42)
Interest	392,247	0.54	289,961	0.41	102,286	35.28
Grants and contributions	247,963	0.34	290,406	0.41	(42,443)	(14.62)
Miscellaneous	(45,016)	(0.06)	1,405,763	1.99	(1,450,779)	(103.20)
Total revenues	\$73,136,092	100.00%	\$70,669,291	100.00%	\$2,466,801	3.49%

Governmental Funds

The major capital project funds funded through the issuance of bonds had a restricted fund balance of \$10.9 million, a reduction of \$5.3 million which resulted from the spending of resources obtained through the issuance of long term debt in prior years and during this fiscal year, capital improvements projects require the use of those resources.

CRA is reported as a major fund, which records the activity for redevelopment and revitalization activities within a certain redevelopment area with emphasis on providing housing and infrastructure improvements. The CRA reported an ending fund balance of \$4.7 million and increase of \$0.6 million over the prior year. The entire CRA's fund balance is restricted for the purposes of redevelopment within the CRA district.

The non-major funds include the debt service, special revenue and capital projects funds, which had an increase of \$6.0 million during the fiscal year ending with \$20.1 million in fund balance. The increase resulted from increases in grant revenues and reduction in expenditures.

Proprietary Funds

The fund financial statements for proprietary funds are presented in more detail, but essentially provide the same type of information found in the business-type activities column in the government-wide financial statements. Net position increased by \$8.6 million or 8.77% over the prior fiscal year resulting from an increase of \$2.8 million in revenues and an increase of \$3.7 million in expenses from the contractual services and operations.

General Fund Budgetary Analysis

Original budget compared to the final budget – The difference between the original budget and the final amended appropriations for the General Fund is \$1.5 million which represents the funds allocated for outstanding purchase orders that have been placed but goods or services have not yet been received and the funds are made available and carried forward to the new fiscal year. During the fiscal year, budget transfers are required between expenditure line items at the departmental budget level.

Final budget compared to actual results – The excess of revenues over expenditures was \$3.7 million due mainly to revenues being above the original budget by \$2.1 million and actual expenditures below the original budget by \$1.7 million. Revenues were above the original budget due mainly to an increase in licenses, permits, fines and charges for services. Expenditures were below the original budget in the majority of functional areas of the City's operations.

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

Capital Assets And Debt Administration

Capital assets – Investment in capital assets (net of accumulated depreciation) for governmental and business-type activities amounts to \$190.8 million an increase of \$19.0 million or 11.03% over September 30, 2017. Major capital assets placed in service during this year include, street improvements, park improvements, machinery and equipment acquisitions for police and fire, water and sewer improvements and infrastructure, and stormwater improvements and infrastructure. Additional information on capital assets is included in the Notes to the Basic Financial Statements section.

SCHEDULE OF CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$10,134,103	\$10,930,083	\$901,658	\$1,687,191	\$11,035,761	\$12,617,274
Construction in progress (CIP)	23,560,436	22,800,936	18,675,357	10,488,068	42,235,793	33,289,004
Capital assets, not being depreciated	33,694,539	33,731,019	19,577,015	12,175,259	53,271,554	45,906,278
Buildings and improvements	54,109,502	52,272,626	29,961,500	28,539,075	84,071,002	80,811,701
Infrastructure	66,038,668	56,735,406	-	-	66,038,668	56,735,406
Equipment	23,806,413	22,578,947	6,952,455	5,922,364	30,758,868	28,501,311
Utility plant and systems	-	-	65,021,266	59,886,123	65,021,266	59,886,123
Waterside improvements	-	-	16,935,495	16,781,514	16,935,495	16,781,514
Capital assets, being depreciated	143,954,583	131,586,979	118,870,716	111,129,076	262,825,299	242,716,055
Accumulated depreciation	(66,278,970)	(61,033,485)	(59,066,406)	(55,781,841)	(125,345,376)	(116,815,326)
Total capital assets, net	\$111,370,152	\$104,284,513	\$79,381,325	\$67,522,494	\$190,751,477	\$171,807,007

Outstanding debt – As of September 30, 2018 the City had \$166.6 million in outstanding debt, a reduction of \$14.9 million or 8.96%. During the fiscal year, the City did not issue any new debt. The Charter provides limitation on bonded indebtedness equal to 25% of the assessed valuation of the taxable property within the City's limits.

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

SCHEDULE OF OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds and notes payables	\$95,651,528	\$99,337,017	\$71,172,275	\$74,422,481	\$166,823,803	\$173,759,498
Capital lease obligation	1,237,714	2,342,301	-	-	1,237,714	2,342,301
Net OPEB obligation	4,213,815	4,704,007	629,650	623,128	4,843,465	5,327,135
Net pension liability (asset)	(10,035,236)	(3,233,278)	(649,655)	(1,655,059)	(10,684,891)	(4,888,337)
Compensated absences	3,656,417	4,107,298	251,577	307,162	3,907,994	4,414,460
Utility purchase obligation	-	-	472,917	569,396	472,917	569,396
Total	\$94,724,238	\$107,257,345	\$71,876,764	\$74,267,108	\$166,601,002	\$181,524,453

Economic Factors And Next Year's Budget

The City primarily relies on property taxes and other taxes levied by the state, charges for services, and fees to support governmental activities. There is limited amount of state-shared revenues and grants from local, state, and federal governments. For business-type and certain governmental activities, the user pays a fee or charge for the service. The following were the major economic factors that affect the City's FY 2019 budget:

- City's unemployment rate is roughly 4% and is expected to remain relatively stable.
- Interest rates are expected to remain relatively flat and stable.
- House prices are anticipated to remain relatively stable.
- Millage rate remain the same at 8.4520 mills.
- Ad Valorem taxes are projected to remain relatively flat and are based on the projections from the Palm Beach County Property Appraiser's Office.
- State revenues are projected to remain relatively stable and are based on projections received from the State of Florida.
- Public service taxes are projected to increase by 2%.
- Franchise fees are projected to increase by 2%.
- Emergency medical service fees are projected to increase by 2%.
- Other revenue sources are projected based on historical trends and proposals.
- Salaries are projected to increase by 3% per annum for the Cost of Living Adjustment (COLA) and labor agreements.
- Retirement costs are projected to remain relatively stable and are based on actuarial valuations.
- Health and dental costs are projected to increase by 5%.
- General insurance costs are projected to increase by 2%.
- Other expenses are projected to remain relatively stable and are based on historical trends, proposals, and cost estimates.

The City will continue to focus on efficiency while minimizing costs. General Fund's budget for FY 2019 was balanced without the use of General Fund Reserves and a millage rate of 8.4520, which is 3.74% more than the rolled back rate of 8.1475 mills. Taxable values total \$5.3 billion, an increase of 3.59% over last year's taxable value. The City continues to maintain its current service levels while focusing on the long-range fiscal challenges to ensure stability and investment in the City's infrastructure. Negative economic indicators can be seen percolating on the fringe of the City operations. Drastic changes are not called for at this time, but the overall economy warrants monitoring to ensure a reasoned approach to future downturns that may result in decreased revenues or slowed growth and controlled spending levels.

For FY 2019, City-wide expenditure amounts to \$227.1 million with majority of the expenditures supporting the General Fund. Enterprise funds account for 20% of the total budget which include the operations of water, wastewater, stormwater, solid waste collection, and the marina.

In FY 2019, the City has projected to fund \$91.3 million in capital expenditures to include improvements to facilities, roadways, parks, bridges, equipment, and utility infrastructure improvements for water, wastewater, and stormwater.

General Fund Budget

The FY 2019 budget for the General Fund is \$75.0 million, an increase of \$3.2 million or 4.41% over FY 2018. The General Fund is used to account for the revenues and expenditures used to fund various City services such as police, fire, library, parks and recreation, community development, roadways, and internal support functions such as finance, human resources, risk management, legal services, property maintenance, and city administration. The majority of revenues for the General Fund are generated from taxes and charges for services.

The City's General Fund revenue sources are diverse. Taxes account for 68% of the FY 2019 general fund revenues which are from property, sales, fuel, communications, and businesses. The remaining revenue sources include licenses, fees and permits, intergovernmental, charges for services, fines and forfeitures, interest, miscellaneous, grants and contributions, and transfers from other funds.

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

Enterprise Funds Budget

The City provides water to its residents and customers, collects and treats wastewater, collects and disposes garbage and recyclable materials through a third party vendor, maintains the City's stormwater system, and owns a marina which is being managed by a third party arrangement. Enterprise operations are primarily funded by fees charged to customers for the provision of these services. Majority of the revenues collected will be used to fund the operations, maintain the infrastructure, and to invest in capital improvement to the utility infrastructure. Total operating budgets for the enterprise operations amount to \$37.5 million for FY 2019. Capital investment for enterprise projects for FY 2019 amount to \$62.1 million. The City continues significant rehabilitation of its water, wastewater, stormwater, and marina infrastructure.

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BASIC FINANCIAL STATEMENTS



Basic Financial Statements

Government-wide Financial Statements

STATEMENT OF NET POSITION

	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
Assets			
Current assets			
Cash and cash equivalents	\$54,269,726	\$54,850,568	\$109,120,294
Receivables, net	6,036,031	5,008,562	11,044,593
Due from other funds	7,276,778	-	7,276,778
Prepaid assets and other items	39,733	-	39,733
Deposit held with others	9,393	-	9,393
Inventory	594,551	92,617	687,168
Cash and cash equivalents - restricted	15,942,721	227,307	16,170,028
Investments - restricted	100,000	42,460,435	42,560,435
Total current assets	<u>84,268,933</u>	<u>102,639,489</u>	<u>186,908,422</u>
Non-current assets			
Advance to CRA	10,194,621	-	10,194,621
Investment in ECR	-	15,172,723	15,172,723
Loans receivable	7,298,000	4,761,400	12,059,400
Capital assets:			
Non-depreciable	33,694,539	19,577,017	53,271,556
Depreciable (net)	77,675,613	59,804,312	137,479,925
Total non-current assets	<u>128,862,773</u>	<u>99,315,452</u>	<u>228,178,225</u>
Total assets	<u>213,131,706</u>	<u>201,954,941</u>	<u>415,086,647</u>
Deferred outflows of resources			
Deferred outflows for pension	15,941,435	1,521,289	17,462,724
Deferred charge on refunding	-	1,105,940	1,105,940
Total deferred outflows of resources	<u>15,941,435</u>	<u>2,627,229</u>	<u>18,568,664</u>
Liabilities			
Due within one year:			
Accounts payable	1,984,285	3,882,206	5,866,491
Accrued liabilities	4,414,905	187,833	4,602,738
Due to other funds	1,933,472	5,343,306	7,276,778
Deposits and other liabilities	1,703,820	3,468,869	5,172,689
Compensated absences	305,381	27,042	332,423
Bonds and notes payable	4,039,688	2,209,486	6,249,174
Capital leases	911,218	-	911,218
Total non-current liabilities	<u>15,292,769</u>	<u>15,118,742</u>	<u>30,411,511</u>

Continued on next page.

Basic Financial Statements

Government-wide Financial Statements

STATEMENT OF NET POSITION (continued)

	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
Liabilities			
Due in more than one year:			
Recoverable grant	-	7,298,000	7,298,000
Compensated absences	3,351,036	224,535	3,575,571
Net pension liability	(10,025,237)	(2,660,463)	(12,685,700)
Net OPEB obligation	4,213,815	629,650	4,843,465
Advance from City	10,194,621	-	10,194,621
Bonds and notes payable	91,154,543	76,924,021	168,078,564
Capital leases	322,964	-	322,964
Total non-current liabilities	<u>99,211,742</u>	<u>82,415,743</u>	<u>181,627,485</u>
Total liabilities	<u>114,504,511</u>	<u>97,534,485</u>	<u>212,038,996</u>
Deferred inflows of resources			
Deferred inflows	1,710,487	-	1,710,487
Deferred inflows - bonds	457,297	-	457,297
Deferred inflows for pension	5,474,556	791,270	6,265,826
Total deferred inflows of resources	<u>7,642,340</u>	<u>791,270</u>	<u>8,433,610</u>
Net position			
Net investment in capital assets	35,835,366	41,974,848	77,810,214
Restricted for:			
Community redevelopment	8,789,929	-	8,789,929
Capital projects	15,942,721	8,319,468	24,262,189
Advances	10,194,621	-	10,194,621
Unrestricted	36,163,653	55,962,099	92,125,752
Total net position	<u>\$106,926,290</u>	<u>\$106,256,415</u>	<u>\$213,182,705</u>

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

Basic Financial Statements

Government-wide Financial Statements

STATEMENT OF ACTIVITIES

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:							
General government	\$19,065,528	\$10,761,131	\$1,054,890	\$ -	\$(7,249,507)	\$ -	(7,249,507)
Public safety	21,985,375	-	413,608	303,889	(21,267,878)	-	(21,267,878)
Transportation	1,520,410	-	304,015	-	(1,216,395)	-	(1,216,395)
Human services	1,105,586	-	224,616	-	(880,970)	-	(880,970)
Culture and recreation	6,648,678	-	30,331	-	(6,618,347)	-	(6,618,347)
Economic environment	2,215,216	-	-	-	(2,215,216)	-	(2,215,216)
Interest on long term debt	4,025,241	-	-	-	(4,025,241)	-	(4,025,241)
Total governmental activities	56,566,034	10,761,131	2,027,460	303,889	(43,473,554)	-	(43,473,554)
Business-type activities:							
Water and sewer	17,606,091	26,928,706	-	-	-	9,322,615	9,322,615
Solid waste collection	4,071,961	3,998,610	-	-	-	(73,351)	(73,351)
Marina	2,461,885	2,403,770	48,590	-	-	(9,525)	(9,525)
Stormwater	1,876,691	3,402,946	-	-	-	1,526,255	1,526,255
Community development	450,732	310,456	-	-	-	(140,276)	(140,276)
Interest and debt service costs	2,854,626	-	-	-	-	(2,854,626)	(2,854,626)
Total business-type activities	29,321,986	37,044,488	48,590	-	-	7,771,092	7,771,092
Total Primary Government	85,888,020	47,805,619	2,076,050	303,889	(43,473,554)	7,771,092	(35,702,462)
General revenues:							
Property taxes	-	-	-	-	50,026,956	-	50,026,956
Utility service taxes	-	-	-	-	4,886,000	-	4,886,000
Fuel taxes	-	-	-	-	747,691	-	747,691
Local surtax	-	-	-	-	2,426,984	-	2,426,984
Business taxes	-	-	-	-	1,522,909	-	1,522,909
Communications service tax	-	-	-	-	1,081,552	-	1,081,552
Licenses and permits	-	-	-	-	5,262,265	-	5,262,265
Franchise fees	-	-	-	-	2,765,329	-	2,765,329
Intergovernmental	-	-	-	-	4,719,582	-	4,719,582
Fines and forfeitures	-	-	-	-	474,136	-	474,136
Investment earnings	-	-	-	-	618,982	1,185,237	1,804,219
Miscellaneous	-	-	-	-	953,977	422,371	1,376,348
Loan proceeds	-	-	-	-	1,646,906	-	1,646,906
Transfers in (out)	-	-	-	-	890,280	(754,280)	136,000
Total general revenues	-	-	-	-	78,023,549	853,328	78,876,877
Change in net position	-	-	-	-	34,549,995	8,624,420	43,174,415
Net position - beginning	-	-	-	-	72,376,295	97,631,995	170,008,290
Net position - ending	-	-	-	-	\$106,926,290	\$106,256,415	\$213,182,705

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

Basic Financial Statements

Governmental Fund Financial Statements

BALANCE SHEET

	Major Funds				Total
	General	CRA	Capital Bond Funds	Non-Major Funds	
Assets					
Cash and cash equivalents	\$23,998,061	\$6,990,061	\$ -	\$17,441,920	\$48,430,042
Cash and cash equivalents - Restricted	6,500	1,799,868	10,864,340	3,272,013	15,942,721
Investments - Restricted	-	100,000	-	-	100,000
Receivables, net	3,067,497	7,298,000	-	1,841,617	12,207,114
Due from other funds	7,035,006	241,772	-	-	7,276,778
Prepays and other items	33,480	6,253	-	-	39,733
Deposits held in escrow	-	9,393	-	-	9,393
Inventory	353,729	-	-	-	353,729
Total assets	34,494,273	16,445,347	10,864,340	22,555,550	84,359,510
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	1,210,774	249,210	12,685	406,596	1,879,265
Accrued liabilities	2,142,606	8,254	-	11,504	2,162,364
Due to other funds	-	11,392,493	-	735,600	12,128,093
Other liabilities	164,056	7,939	-	350,000	521,995
Total liabilities	3,517,436	11,657,896	12,685	1,503,700	16,691,717
Deferred inflows of resources					
Deferred inflows	639,587	82,469	-	988,431	1,710,487
Total deferred inflows of resources	639,587	82,469	-	988,431	1,710,487
Fund balances					
Non-spendable	353,729	-	-	-	353,729
Restricted	-	4,704,982	10,851,655	13,350,774	28,907,411
Committed	-	-	-	6,717,952	6,717,952
Unassigned	29,983,521	-	-	(5,307)	29,978,214
Total fund balances	30,337,250	4,704,982	10,851,655	20,063,419	65,957,306
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$34,494,273	\$16,445,347	\$10,864,340	\$22,555,550	\$84,359,510

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

Ending fund balance - governmental funds		\$65,957,306
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets	177,649,122	
Less accumulated depreciation	<u>(66,278,970)</u>	
Net capital assets		111,370,152
Other long-term assets are not available to pay current period expenditures and, therefore, unavailable in the governmental funds		
Deferred outflows for pensions		15,941,435
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Deferred inflows for pension	(5,474,553)	
Deferred inflows - bonds	(457,297)	
Bonds and notes payable	(95,194,231)	
Capital leases	(1,234,182)	
Compensated absences	(3,656,417)	
Net pension liability	10,025,237	
Net OPEB obligation	<u>(4,213,815)</u>	
Net long-term liabilities		(100,205,258)
Internal service fund is used by management to charge the costs for the insurance program to individual funds.		
Net position - Internal Service Fund		13,862,655
Net position of governmental activities		<u>\$106,926,290</u>

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

Basic Financial Statements

Governmental Fund Financial Statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

	Major Funds				Total
	General	CRA	Capital Bond Funds	Non-Major Funds	
Revenues					
Taxes	\$49,558,438	\$8,456,849	\$ -	\$2,676,805	\$60,692,092
Licenses and permits	7,360,181	-	-	667,413	8,027,594
Intergovernmental	4,387,012	-	-	332,570	4,719,582
Charges for services	10,761,131	-	-	-	10,761,131
Fines and forfeitures	474,136	-	-	-	474,136
Investment earnings	392,247	11,182	89,584	125,969	618,982
Miscellaneous	(45,016)	667,998	-	330,995	953,977
Grants and contributions	247,963	-	-	2,083,386	2,331,349
Total revenues	73,136,092	9,136,029	89,584	6,217,138	88,578,843
Expenditures					
Current:					
General government	18,912,245	2,865,663	270	283,854	22,062,032
Public safety	32,022,646	-	-	711,978	32,734,624
Transportation	1,362,205	-	-	10,525	1,372,730
Human services	646,684	-	-	458,902	1,105,586
Culture and recreation	5,879,944	-	-	30,332	5,910,276
Economic environment	-	2,188,382	-	26,834	2,215,216
Capital outlay	1,994,171	408,447	5,450,900	5,398,750	13,252,268
Debt service:					
Principal	-	2,305,866	-	2,463,424	4,769,290
Interest and debt costs	-	793,389	-	3,231,852	4,025,241
Total expenditures	60,817,895	8,561,747	5,451,170	12,616,451	87,447,263
Excess/(deficiency) revenues over expenditures	12,318,197	574,282	(5,361,586)	(6,399,313)	1,131,580
Other Financing Sources (uses)					
Loan proceeds	1,646,906	-	-	-	1,646,906
Transfers in	890,280	-	-	10,864,652	11,754,932
Transfers out	(10,864,652)	-	-	-	(10,864,652)
Total other financing sources (uses)	(8,327,466)	-	-	10,864,652	2,537,186
Net change in fund balances	3,990,731	574,282	(5,361,586)	4,465,339	3,668,766
Fund balances - beginning	26,346,519	4,130,700	16,213,241	15,598,080	62,288,540
Fund balances - ending	\$30,337,250	\$4,704,982	\$10,851,655	\$20,063,419	\$65,957,306

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

RECONCILIATION OF THE STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

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

Net change in fund balances - total governmental funds		\$3,668,766
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	13,252,268	
Less current year depreciation	(5,245,485)	8,006,783
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on bonds and notes	4,769,290	
Amortization on bond premium	22,490	4,791,780
<p>Deferred outflows / inflows of resources reported on the statement of net position</p>		
Change in deferred outflows - pensions	13,535,437	
Change in deferred inflows - pensions	(791,270)	12,744,167
<p>Internal service funds are shown as a proprietary fund for governmental fund presentations, while they are included in the statement of activities as a governmental activity</p>		
Change in net position for Internal Service Fund		(462,639)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds</p>		
Compensated absences	(57,389)	
Net OPEB obligation	(190,192)	
Pension expense	6,048,719	5,801,138
Change in net position of governmental activities		\$34,549,995

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

Basic Financial Statements

Proprietary Fund Financial Statements

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

	Business-type Activities - Enterprise Funds						Total Enterprise Funds	Governmental Activities
	Utility Special District	Solid Waste Collection	Marina	Stormwater	Parking	RB CDE		Internal Service Funds
Assets								
Current assets:								
Cash and cash equivalents	\$47,367,337	\$1,347,268	\$2,471,784	\$3,047,007	\$111,565	\$505,607	\$54,850,568	\$5,839,684
Receivables, net								
Accounts	2,363,500	136,787	163,420	446,177	-	77,615	3,187,499	1,126,917
Unbilled accounts	1,504,824	136,974	-	179,265	-	-	1,821,063	-
Inventory	49,477	-	43,140	-	-	-	92,617	240,822
Prepaid	-	-	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-	-	227,307	227,307	-
Investments - restricted	33,691,516	-	-	8,768,919	-	-	42,460,435	-
Total current assets	84,976,654	1,621,029	2,678,344	12,441,368	111,565	810,529	102,639,489	7,207,423
Non-current assets:								
Advance to CRA	-	-	-	-	-	-	-	10,194,621
Loans receivable	-	-	-	-	-	4,761,400	4,761,400	-
Investment in ECR	15,172,723	-	-	-	-	-	15,172,723	-
Capital assets:								
Non-depreciable	15,399,840	-	480,157	3,697,020	-	-	19,577,017	-
Depreciable (net)	30,146,909	796,902	14,207,030	5,999,546	-	8,653,925	59,804,312	-
Total non-current assets	60,719,472	796,902	14,687,187	9,696,566	-	13,415,325	99,315,452	10,194,621
Total assets	145,696,126	2,417,931	17,365,531	22,137,934	111,565	14,225,854	201,954,941	17,402,044
Deferred outflows of resources								
Deferred outflows-pension	1,306,856	-	54,719	159,714	-	-	1,521,289	-
Deferred charge on refunding	1,057,198	-	-	48,742	-	-	1,105,940	-
Total deferred outflows of resources	2,364,054	-	54,719	208,456	-	-	2,627,229	-

Continued on next page.

Basic Financial Statements

Proprietary Fund Financial Statements

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (continued)

	Business-type Activities – Enterprise Funds							Governmental Activities
	Utility Special District	Solid Waste Collection	Marina	Stormwater	Parking	RB CDE	Total Enterprise Funds	Internal Service Funds
Liabilities								
Current liabilities:								
Accounts payable	1,577,242	133,194	88,916	2,082,854	-	-	3,882,206	105,020
Accrued liabilities	148,414	-	17,212	22,207	-	-	187,833	2,252,541
Due to other funds	-	-	5,252,916	-	-	-	5,252,916	-
Due to CRAs	-	-	-	-	-	90,390	90,390	-
Deposits and other liabilities	2,641,700	526,393	188,518	1,027	111,231	-	3,468,869	1,181,825
Compensated absences	22,616	-	-	4,426	-	-	27,042	-
Bonds and notes payable	1,824,486	-	-	385,000	-	-	2,209,486	-
Total current liabilities	6,214,458	659,587	5,547,562	2,495,514	111,231	90,390	15,118,742	3,539,386
Non-current liabilities:								
Recoverable grant	-	-	-	-	-	7,298,000	7,298,000	-
Net OPEB obligation	532,781	-	-	96,869	-	-	629,650	-
Net pension liability	(2,426,510)	-	(237,176)	3,223	-	-	(2,660,463)	-
Compensated absences	214,877	-	-	9,658	-	-	224,535	-
Bonds and notes payable	61,130,163	-	-	9,354,359	-	6,439,499	76,924,021	-
Total non-current liabilities	59,451,311	-	(237,176)	9,464,109	-	13,737,499	82,415,743	-
Total liabilities	65,665,769	659,587	5,310,386	11,959,623	111,231	13,827,889	97,534,485	3,539,386
Deferred inflows of resources								
Deferred inflows of resources	689,679	-	38,966	62,625	-	-	791,270	-
Total deferred inflows of resources	689,679	-	38,966	62,625	-	-	791,270	-
Net position								
Net investment in capital assets	17,090,975	796,901	14,687,187	9,399,785	-	-	41,974,848	-
Restricted for:								
Capital projects	8,285,607	-	25,530	-	-	8,331	8,319,468	-
Advances	-	-	-	-	-	-	-	10,194,621
Unrestricted	56,328,150	961,443	(2,641,819)	924,357	334	389,634	55,962,099	3,668,034
Total net position	\$81,704,732	\$1,758,344	\$12,070,898	\$10,324,142	\$334	\$397,965	\$106,256,415	\$13,862,655

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

Basic Financial Statements

Proprietary Fund Financial Statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

	Business-type Activities – Enterprise Funds						Governmental	
	Utility Special District	Solid Waste Collection	Marina	Stormwater	Parking	RB CDE	Total Enterprise Funds Internal Service Funds	
Operating revenues								
Charges for services	\$26,928,706	\$3,998,610	\$2,403,770	\$3,402,946	\$ -	\$310,456	\$37,044,488	\$ -
Grants and contributions	-	-	48,590	-	-	-	48,590	7,819,514
Miscellaneous	(100,147)	40	492,646	29,969	-	-	422,508	1,048,236
Total operating revenues	26,828,559	3,998,650	2,945,006	3,432,915	-	310,456	37,515,586	8,867,750
Operating expenses								
Personnel services	3,301,904	-	313,027	431,812	-	-	4,046,743	2,647,329
Contractual services and operations	10,691,235	4,016,363	1,129,788	995,710	-	117,035	16,950,131	5,827,383
Supplies, materials and maintenance	796,639	-	29,633	19,853	-	-	846,125	26,224
Utilities	638,556	-	113,402	-	-	-	751,958	-
Rent and leases	6,338	-	55,575	1,754	-	-	63,667	-
Depreciation of capital assets	2,171,419	55,598	820,460	427,562	-	333,697	3,808,736	-
Total operating expenses	17,606,091	4,071,961	2,461,885	1,876,691	-	450,732	26,467,360	8,500,936
Operating income / (loss)	9,222,468	(73,311)	483,121	1,556,224	-	(140,276)	11,048,226	366,814
Non-operating revenues / (expenses)								
Settlement payments	-	-	(137)	-	-	-	(137)	(235,917)
Capital acquisitions	-	-	-	-	-	-	-	(507,873)
Investment earnings / (losses)	931,102	6,293	4,859	192,023	334	50,626	1,185,237	50,337
Interest and debt service costs	(2,530,432)	-	-	(278,713)	-	(45,481)	(2,854,626)	-
Total non-operating revenues / (expenses)	(1,599,330)	6,293	4,722	(86,690)	334	5,145	(1,669,526)	(693,453)
Income / (loss) before transfers	7,623,138	(67,018)	487,843	1,469,534	334	(135,131)	9,378,700	(326,639)
Transfers in / (out)	(655,896)	-	-	(98,384)	-	-	(754,280)	(136,000)
Change in net position	6,967,242	(67,018)	487,843	1,371,150	334	(135,131)	8,624,420	(462,639)
Net position - beginning	74,737,490	1,825,362	11,583,055	8,952,992	-	533,096	97,631,995	14,325,294
Net position - ending	\$81,704,732	\$1,758,344	\$12,070,898	\$10,324,142	\$334	\$397,965	\$106,256,415	\$13,862,655

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

Basic Financial Statements

Proprietary Fund Financial Statements

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

	Business-type Activities – Enterprise Funds						Governmental Activities	
	Utility Special District	Solid Waste Collection	Marina	Stormwater	Parking	RB CDE	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities								
Receipts	\$25,944,329	\$3,919,725	\$2,946,846	\$3,217,317	\$30,000	\$310,456	\$36,368,673	\$8,918,868
Intergovernmental grants	-	-	48,590	-	-	-	48,590	-
Investment income	931,102	6,293	4,859	192,023	334	50,624	1,185,235	50,337
Cash paid to suppliers	(12,160,602)	(3,948,074)	(1,328,398)	(918,933)	-	(157,847)	(18,513,854)	(6,711,180)
Cash paid to employees	(3,301,904)	-	(313,027)	(431,812)	-	-	(4,046,743)	(2,647,329)
Net cash provided by (used in) operating activities	11,412,925	(22,056)	1,358,870	2,058,595	30,334	203,233	15,041,901	(389,304)
Cash Flows from Investing Activities								
Change in restricted cash	-	-	-	-	-	44,498	44,498	-
Investment in real estate	-	-	-	-	-	(17,679)	(17,679)	-
Net cash provided by (used in) investing activities	-	-	-	-	-	26,819	26,819	-
Cash Flows from Capital and Financing Activities								
Additions to capital assets	(11,823,999)	-	(1,374,458)	(1,852,077)	-	-	(15,050,534)	-
Principal paid on debt	(1,736,479)	-	-	(535,000)	-	-	(2,271,479)	-
Interest paid on debt	(2,530,432)	-	(137)	(278,713)	-	(45,481)	(2,854,763)	-
Net cash provided by (used in) investing activities	(16,090,910)	-	(1,374,595)	(2,665,790)	-	(45,481)	(20,176,776)	-
Cash Flows from non-Capital and Financing Activities								
Interfund transfers	(655,896)	-	-	(98,384)	-	94,044	(754,280)	-
Net cash provided by (used in) Non-capital and financing activities	(655,896)	-	-	(98,384)	-	94,044	(754,280)	-
Net increase (decrease) in cash, cash equivalents, and pooled investments	(5,333,881)	(22,056)	(15,725)	(705,579)	30,334	278,615	(5,768,292)	(389,304)
Cash, cash equivalents, and pooled investments - beginning	86,392,734	1,369,324	2,487,509	12,521,505	81,231	226,992	103,079,295	6,228,985
Cash, cash equivalents, and pooled investments – ending	81,058,853	1,347,268	2,471,784	11,815,926	111,565	505,607	97,311,003	5,839,681

Continued on next page.

Basic Financial Statements

Proprietary Fund Financial Statements

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)

	Business-type Activities – Enterprise Funds						Governmental Activities	
	Utility Special District	Solid Waste Collection	Marina	Stormwater	Parking	RB CDE	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income to Net Cash provided by (used in) Operating Activities								
Change in net position	6,967,242	(67,018)	487,843	1,371,150	334	(135,131)	8,624,420	(462,639)
Adjustments not affecting cash:								
Depreciation expense	2,171,419	55,598	820,460	427,562	-	333,697	3,808,736	-
Amortization expense	-	-	-	-	-	11,201	11,201	-
(Increase) / Decrease in Assets and Increase / (Decrease) in Liabilities:								
Investment in ECR	(502,853)	-	-	-	-	-	(502,853)	-
Accounts receivable	122,311	16,563	(62,341)	(129,297)	-	15,406	(37,358)	23,323
Unbilled accounts	(1,119,322)	(105,091)	-	(87,269)	-	-	(1,311,682)	-
Inventory	10,027	-	(37,812)	-	-	-	(27,785)	(240,822)
Prepaid expenses	379,525	-	(230,012)	39,566	-	47	189,126	-
Deferred outflows	28,923	-	58,251	32,750	-	-	119,924	-
Accounts payable	3,713,907	68,289	1,450,866	(146,700)	-	(21,987)	5,064,375	103,462
Bonds and notes payable	(24,961)	-	-	448,424	-	-	423,463	-
Due to other funds	47,547	-	(1,007,748)	-	-	-	(960,201)	-
Deposits and other liabilities	112,781	9,603	(64,217)	968	30,000	-	89,135	-
Accrued liabilities	43,091	-	(10,081)	5,536	-	-	38,546	187,372
Pension liability	(888,188)	-	(62,048)	(61,614)	-	-	(1,011,850)	-
Deferred inflows	379,525	-	15,709	178,533	-	-	573,767	-
OPEB liability	(4,820)	-	-	11,342	-	-	6,522	-
Compensated absences	(23,229)	-	-	(32,356)	-	-	(55,585)	-
Total adjustments	4,445,683	44,962	871,027	687,445	30,000	338,364	6,417,481	73,335
Net cash provided by (used in) operating activities	\$11,412,925	\$(22,056)	\$1,358,870	\$2,058,595	\$30,334	\$203,233	\$15,041,901	\$(389,304)

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

Basic Financial Statements Fiduciary Fund Financial Statements

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

	General Employees' Retirement System	Police Pension Fund	Firefighters' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	\$4,089,030	\$1,732,415	\$ -	\$5,821,445
Investments:				
US Government & Agency securities	8,053,804	7,263,512	4,977,903	20,295,219
Corporate obligations	11,636,600	6,712,021	12,824,483	31,173,104
Equity securities	63,976,603	59,440,214	56,910,591	180,327,408
Real estate funds	-	3,822,809	15,354,972	19,177,781
Mutual funds	34,534,830	-	1,391,137	35,925,967
Total investments	118,201,837	77,238,556	91,459,086	286,899,479
Receivables				
Interest and dividends	216,718	106,199	62,328	385,245
Contributions - Employer and State	-	271,565	344,060	615,625
Unsettled trades	-	164,959	-	164,959
Total receivables	216,718	542,723	406,388	1,165,829
Other Assets				
Prepaid expenses	-	22,047	12,094	34,141
Total other assets	-	22,047	12,094	34,141
Total assets	122,507,585	79,535,741	91,877,568	293,920,894
Liabilities				
Accounts payable and accrued liabilities	269,583	168,036	25,023	462,642
Unsettled trades	-	72,437	-	72,437
Total liabilities	269,583	240,473	25,023	535,079
Deferred inflows of resources				
Deferred contributions	-	-	182,729	182,729
Total deferred inflows of resources	-	-	182,729	182,729
Net position				
Held in trust for pension benefits	\$122,238,002	\$79,295,268	\$91,669,816	\$293,203,086

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

Basic Financial Statements

Fiduciary Fund Financial Statements

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

	General Employees' Retirement System	Police Pension Fund	Firefighters' Pension Trust Fund	Total
Additions				
Contributions:				
Employer	\$ -	\$1,059,111	\$1,766,695	\$2,825,806
Employees	445,297	614,932	376,634	1,436,863
State	-	271,565	330,300	601,865
Total contributions	<u>445,297</u>	<u>1,945,608</u>	<u>2,473,629</u>	<u>4,864,534</u>
Investment income				
Interest and dividends	2,334,729	1,995,495	2,015,630	6,345,854
Realized gains on investments	5,384,954	-	-	5,384,954
Net appreciation in value of investments	5,487,608	5,715,399	7,494,077	18,697,084
Total net investment income	<u>13,207,291</u>	<u>7,710,894</u>	<u>9,509,707</u>	<u>30,427,892</u>
Other investment income	23,880	2,614	3,526	30,020
Total additions	<u>13,676,468</u>	<u>9,659,116</u>	<u>11,986,862</u>	<u>35,322,446</u>
Deductions				
Benefits paid	6,661,650	5,076,934	3,568,834	15,307,418
Refunds and share distributions	-	61,245	183,615	244,860
Administrative and other expenses	47,241	-	124,296	171,537
Investment expenses	731,359	583,616	333,696	1,648,671
Total deductions	<u>7,440,250</u>	<u>5,721,795</u>	<u>4,210,441</u>	<u>17,372,486</u>
Change in net position	6,236,218	3,937,321	7,776,421	17,949,960
Net position - beginning	116,001,784	75,357,947	83,893,395	275,253,126
Net position - ending	<u>\$122,238,002</u>	<u>\$79,295,268</u>	<u>\$91,669,816</u>	<u>\$293,203,086</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of the City's significant accounting policies and reporting practices.

A. Reporting Entity

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

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

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

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

The CDE and RBEC are consolidated and all material intercompany transactions and balances have been eliminated in consolidation.

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

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

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

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

Basis of Presentation

The government-wide financial statements report information on the non-fiduciary activities and component units. For the most part, the effect of interfund activity has been eliminated. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's enterprise functions and various other functions of the City. Elimination of these

charges would distort the direct costs and program revenues for the various functions concerned. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely on charges for services for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivery of goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. Items not meeting this definition are reported as non-operating revenues and expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. The major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining non-major governmental funds are aggregated and reported as non-major funds.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements of governmental activities, a reconciliation is presented on the page following each statement, explaining the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide presentation.

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

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

Government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements: Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as the eligibility requirements imposed by the provider have been met.

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

Notes to the Basic Financial Statements

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

Major Funds and Basis of Presentation: Financial transactions are recorded in individual funds. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The operations of each fund are accounted for using a separate set of self-balance accounts, which comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, revenues and expenditures or expenses.

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

The City reports the following funds:

1. Major Governmental Funds

- General Fund – Primary operating fund which accounts for all financial resources of the general government, except for those accounted for in another fund. Revenue is derived primarily from property taxes, state and federal distributions, grants and other intergovernmental revenue. The general operating expenditures, fixed charges, and capital outlay not paid through other funds are paid from the General Fund.
- Community Redevelopment Agency Fund – Accounts for the activities of the CRA.
- Capital Bond Funds – Accounts for restricted funds received from transferring the water and sewer operations from the City to USD and the proceeds from the Public Improvement Revenue Bonds, Series 2014.

2. Major Proprietary Funds

Enterprise Funds

- Utility Special District Fund – Accounts for the provision of water and wastewater services to the residents of the City and to some residents in surrounding areas.
- Solidwaste Collection Fund – Accounts for the solid waste collection activity.
- Marina Fund – Accounts for the activities of the Marina.
- Stormwater Fund – Accounts for the stormwater system.
- Parking Fund – Accounts for the activities relating to the City's parking facility.

Internal Service Funds

- Internal Service Funds – Account for services provided to by one department to other City departments on a cost reimbursement basis. The City's internal service funds include Fleet Service and Information Technology for direct services and Insurance for the provision of risk management and general insurance for the City.

3. Fiduciary Funds

- Pension trust funds account for the activities of the City's three pension plans that accumulate resources for pension benefits and disability payments as follows:
- General Employees' Retirement System – Accounts for the pension trust for general employees.
- Riviera Beach Police Pension Fund – Accounts for the pension trust for police officers.
- Riviera Beach Municipal Firefighters Pension Trust Fund – Accounts for the pension trust for firefighters.

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Deposits and Investments

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

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

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

The City maintains a cash and investment pool that is available for use by all funds. This pool has deposits and other investments with maturities generally less than one year. In addition, longer-term investments are also held by the investment pool. Pooled cash is classified as "Cash and Cash Equivalents" in the Statement of Net Position and pooled investments are combined with other separate investments and classified as "Investments."

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

Unbilled Accounts Receivables

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

Receivables

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

Inventories

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

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

Notes to the Basic Financial Statements

Prepaid Items

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

Restricted Assets

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

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

Capital Assets and Depreciation

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

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

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

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

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

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

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

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

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

Capital Leases

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

Investment in Joint Venture

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

Deferred Outflow of Resources

The Statement of Net Position includes a separation section which represents the expenses of net position applicable to future periods and will not be recognized as expenses until the future period to which it applies. The City currently reports the net deferred loss on refunding of debt, deferred outflows related to pension investment gains and losses, and employer pension contributions made after the measurement date, which will be recognized in future years.

Compensated Absences

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

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

Long-Term Liabilities

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

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

Notes to the Basic Financial Statements

Deferred Inflow of Resources

The Statement of Net Position includes a separate section for Deferred Inflows of Resources which is below Total Liabilities. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. Currently, the only item in this category is the difference between the expected and actual pension expense which is amortized over the investment terms of the pension assets.

Net Position Flow Assumption

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

The following are the three components of net position:

- a. Net investment in capital assets – Includes capital assets less accumulated depreciation and any outstanding debt and related deferred outflows incurred to acquire, construct or improve those assets excluding bond proceeds, restricted or unrestricted. This category represents net position related to property, plant, equipment, and infrastructure.
- b. Restricted – Consists of restricted assets less liabilities and deferred inflows of resources related to those assets with constraints placed on their use by externally imposed creditors, grantors, contributors or laws or regulations of other governments or imposed by law.
- c. Unrestricted – The residual amount of net position not included in the net investment in capital assets or the restricted net position.

Fund Balance Flow Assumption

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

Fund Balance Policies

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

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

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

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

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

Committed – Amounts for specific purposes pursuant to constraints imposed by Council.

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

Unassigned – Amounts not restricted, committed or assigned to specific purposes.

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

Minimum Fund Balance

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

Interfund Transactions

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

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

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

Notes to the Basic Financial Statements

Use of Estimates

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

Property Taxes

Property Tax Calendar

- January 1, 2017 - Property taxes are based on assessed property value at this date as determined by the Palm Beach County Property Appraiser.
- May 31, 2017 - Property assessment roll and certificates of value by the Palm Beach County Property Appraiser are provided to the City.
- July 19, 2017 - Proposed tax millage rate approved by the Council.
- July 20, 2017 - Proposed tax millage rate provided to the Palm Beach County Property Appraiser Office for notices to be mailed to taxpayers.
- September 20, 2017 - Property tax millage rate ordinance approved by the Council.
- October 1, 2017 - Beginning of fiscal year for which taxes are levied.
- December 31, 2017 - City is notified of the taxable value on the final property tax assessment roll by the Palm Beach County Property Appraiser Office.
- April 1, 2018 - Unpaid property taxes become delinquent and become a lien.
- June 1, 2018 - Tax certificates are sold by the Palm Beach County Tax Collector.

Property Tax Collection

Assessment of real and tangible properties and the collection of county, municipal and school district property taxes are consolidated in the offices of the Palm Beach County Property Appraiser and the Palm Beach County Tax Collector. Property is reassessed according to its fair market value on January 1 of each year. Assessment rolls are submitted to the State Department of Revenue for review to determine compliance with State law.

Florida Statutes, Chapter 197, govern the collection of property taxes. The Palm Beach County Tax Collector bills and collects property taxes levied within Palm Beach County. The tax levy is established by Council prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser's Office incorporates the City's millage into the total tax levy, which includes taxes levied by Palm Beach County, Palm Beach County School Board, and Special Taxing Districts. During the month of November, the Palm Beach County Property Appraiser's Office prepares and delivers a *Notice of Property Taxes and Non-Ad Valorem Assessments* to each taxpayer.

The Tax Collector remits current taxes collected through four distributions to the City in the first two months of the tax year and at least one distribution each month thereafter. The City recognizes property tax revenue in the period in which they are levied. The Tax Collector pays the City interest on monies held from day of collection to day of distribution to the City.

Taxes imposed are due and payable starting in November. Discounts for allowed for early payment of 4% in November, 3% in December, 2% in January, and 1% in February. Unpaid taxes become delinquent on April 1 following the year in which assessed. On or prior to June 1, certificates are offered for sale for delinquent taxes on real property. Tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after two years. Unsold certificates are held by Palm Beach County.

As of fiscal year end, unpaid delinquent taxes owed are insignificant and have not been recorded by the City.

Property Tax Limitation

According to Florida Statutes, unless voted, no municipality shall levy ad valorem taxes against real or tangible property in excess of 10 mills. The total millage levied by the City for the fiscal year ended September 30, 2018 was 8.4520.

Grants from Government Agencies

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

Income Taxes

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

NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES

Pronouncements Implemented During Fiscal Year 2018

In fiscal year 2018, the City adopted new statements for financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

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

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post employment benefits (pensions and other post employment benefits [OPEB]). Implementation of this pronouncement resulted in no financial impact to the City.

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

Pronouncements Issued But Not Yet Effective

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations (ARO)*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources of ARO's and requires that the recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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

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

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including director borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective reporting periods beginning after June 15, 2018.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement's objective are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify account for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 and should be applied prospectively.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. This Statement is improve the consistency and comparability of reporting of a government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

General Investment Guidelines

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

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

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

Investment in any derivative products or use of reverse repurchase agreements requires specific Council approval prior to their use. If the Council approves the use of derivative products, the Director shall develop sufficient understanding of the derivative products and have the expertise to manage them. If the Council approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Director has sufficient resources and expertise to manage such investments. As of September 30, 2018, the City did not have investments in any derivative products or reverse repurchase agreements.

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

Cash Management Pool

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

Deposits and Investments

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

Notes to the Basic Financial Statements

Fair Value Hierarchy

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application* issued in February 2015. The City categorized investments according to the fair value hierarchy established by GASB No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect process that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon non-observable inputs.

The investment pricing transparency determines the category within the hierarchy and should not be observed as the investment risk. The custodian bank's primary external pricing vendors quoted prices were used to determine level classification based on the fair value hierarchy.

As of September 30, 2018, the City had the following cash and investments with stated maturities categorized as Level 1 and Level 2:

Investments by Level	Balance	Fair Value Measurement Using			Percent Distribution
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Effective Duration (years)	
Investments by Fair Value Level					
Money market funds	\$12,664,323	\$12,664,323	\$ -	0.98	8.48%
US Treasury securities	27,584,385	-	27,584,385	1.96	18.45
US Agency securities	11,287,980	-	11,287,980	1.67	7.56
Corporate obligations	24,889,260	-	24,889,260	1.27	16.66
Corporate obligations	42,122,945	-	42,122,945	0.36	28.2
Total Investments by Fair Value Level	118,548,893	12,664,323	105,884,570		
Investments Measured at Net Asset Value (NAV)					
FL Class	20,520,311				13.74
Total Investments Measured at NAV	20,520,311				
Total Investments	139,069,204				
Cash Deposits	10,327,624				6.91
Total Cash and Investments	\$149,396,828				100.00%

Violations

There were no violations of the legal or contractual provisions for deposits and investments.

Interest Rate Risk

Interest rate risk is the risk that interest rate changes adversely affect the fair value of an investment. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities may cause the price to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. The Policy limits the City's exposure to declines in fair values by limiting to two years the weighted average days to maturity of the entire investment portfolio. As of September 30, 2018, there were no investments in the City's portfolio that exceeded this maximum maturity.

Credit Risk

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

Concentration of Credit Risk

Concentration credit risk is the risk that an investment issuer or other counter party will not fulfill its obligations. The City's policy provides limits to control credit risk based on investment concentrations in various percentages for different types of investments. GASB Statement No. 40 requires disclosures when the percent is 5% or more of total investments position in any one issuer. The percentage allocation of each cash investment type in the City's portfolio is shown in the table above. As of September 30, 2018, all investments were within the allowable percentages.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of its investment or collateral security that are in the possession of an outside party. The City's investment policy requires that all securities, with the exception of certificates of deposit be held with a third-party custodian. Security transactions between the broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on delivery versus payment basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of September 30, 2018, the City's investment portfolio was held with a third-party custodian.

Maturity and Liquidity Requirements

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

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

Pension Plan Portfolios

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

Investment Authorization

Investment policies are determined by the respective pension plan's Board of Trustees. The policies guide the operations of the plan in a manner so that the assets will provide for the pension and other benefits provided under applicable laws including City ordinances, preserving principal while maximizing return on investment. The policies authorize each Board

Notes to the Basic Financial Statements

of Trustees to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common.

Fair Value Hierarchy

The pension plans adopted GASB No. 72, which addresses accounting and financial reporting issues related to fair value measurement of assets and liabilities which resulted in increased disclosures related to the fair value measurement of the pension plans' portfolios.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). These include common stock, mutual fund equities, and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2018. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). Debt securities consist primarily of negotiable obligations of the U.S. Treasury, U.S. federal agencies, mortgage backed securities, municipal bonds, and corporate obligations, including asset backed securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that included market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

Mutual funds are valued at the daily closing price as reported by the Plans. Mutual funds are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plans are deemed actively traded.

The pension plans may have investments in alternative asset classes including commingled funds, master limited partnerships and a core real estate fund which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to the methodology which include pricing models, discounted cash flows, and similar techniques.

GERS

Investments by Level	Fair Value	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Cash equivalents	\$4,089,030	\$4,089,030	\$ -
Debt Securities			
US Government and agency securities	5,468,679	5,468,679	-
Corporate bonds	8,597,036	-	8,597,036
Municipal bonds	1,328,736	-	1,328,736
Mortgage backed securities	4,291,772	-	4,291,772
Total debt securities	19,686,223	5,468,679	14,217,544
Equity Securities	63,976,603	63,976,603	-
Total Investments by Fair Value Level	83,662,826	69,445,282	14,217,544
Investments Measured at Net Asset Value			
Core real estate fund	12,591,243	-	12,591,243
Pooled index equity fund	21,943,587	-	21,943,587
Total Investments Measured at Net Asset Value	34,534,830	-	34,534,830
Total Investments	\$122,286,686	\$73,534,312	\$48,752,374

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Notes to the Basic Financial Statements

FPTF

Investments by Level	Fair Value	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt Securities:			
US Government and agency securities	\$4,977,903	\$3,510,507	\$1,467,396
Fixed income mutual funds -	9,318,890	9,318,890	-
Corporate bonds	3,505,593	-	3,505,593
Total debt securities	17,802,386	12,829,397	4,972,989
Equity Securities:			
Common stocks	30,727,427	30,727,427	-
Foreign stocks	1,339,718	1,339,718	-
Equity mutual funds	11,135,271	11,135,271	-
International equity mutual funds	13,708,175	13,708,175	-
Total equity securities	56,910,591	56,910,591	-
Total Investments by Fair Value Level	74,712,977	69,739,988	4,972,989
Investments Measured at Net Asset Value (a)			
Real estate fund	15,354,972	-	15,354,972
Total Investments Measured at Net Asset Value	15,354,972	-	15,354,972
Money market funds	1,391,137	-	-
Total Investments	\$91,459,086	\$69,739,988	\$20,327,961

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PPF

Investments by Level	Fair Value	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt Securities:			
US Government and agency securities	\$7,263,512	\$ -	\$7,263,512
Corporate bonds	6,712,021	-	6,712,021
Total debt securities	13,975,533	-	13,975,533
Equity Securities:			
Common stocks	45,264,063	44,097,438	1,166,625
Foreign stocks	13,666,002	13,666,002	-
Unit investment trust	510,148	510,148	-
Total equity securities	59,440,213	58,273,588	1,166,625
Total Investments by Fair Value Level	73,415,746	58,273,588	15,142,158
Investments Measured at Net Asset Value (a)			
Real estate fund	3,822,809	-	3,822,809
Total Investments Measured at Net Asset Value	3,822,809	-	3,822,809
Total Investments	\$77,238,555	\$58,273,588	\$18,964,967

Investments measured at Net Asset Value (NAV)

(a) As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

The following tables summarize investments for which fair value is measured using the net asset value per share (or its equivalent), including the related unfunded commitments and redemption restrictions.

GERS	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Core real estate fund	\$12,591,243	\$ -	Quarterly	45 days
Pooled index equity fund	21,943,587	-	Daily	1 day
Total Investments measured at NAV	\$34,534,830	\$ -		

Real estate fund - This fund is an open-end, commingled real estate fund consisting primarily of real estate properties in the apartment, industrial, office, and retail sectors. The investment is valued at NAV and redemption requests must be received by the fund 45 days prior to the first business day of the following quarter.

Pooled index equity fund - This fund is an open-ended fund consisting of domestic equity (large-cap core) stocks. The investment is valued at NAV and redemption requests must be received by the fund 1 day prior to the trade date, where possible.

Notes to the Basic Financial Statements

FPTF	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (1)	\$11,061,924	\$ -	Quarterly	45 days
Real estate fund (2)	3,525,136	-	Quarterly	10 days
Real estate fund (3)	767,912	-	Quarterly	10 days
Total Investments measured at NAV	\$15,354,972	\$ -		

- (1) Real estate fund – This fund is an open-end, commingled real estate fund consisting primarily of real estate properties in the multi-family, industrial, office, retail and hotel sector. The investment is valued at NAV and redemption requests must be received by the fund 45 days prior to the quarter end.
- (2) Real estate fund – This fund is an open-end, commingled investment vehicle with a multi-disciplinary investment strategy. Diversified nationally, the foundation of the portfolio is to acquire core stable institutional quality office, retail, industrial and multi-family residential properties that are substantially leases and have minimal deferred maintenance or functional obsolescence. The investment is valued at NAV and redemption request must be received by the fund 10 days prior to quarter end.
- (3) Real estate fund – This fund is an open-end, commingled investment vehicle with a multi-disciplinary investment strategy. Diversified nationally, the foundation of the portfolio is to acquire yield-driven assets consisting of all property types. The investment is valued at NAV and redemption requests must be received by the fund 10 days prior to quarter end.

PPF	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund	\$3,822,809	\$ -	Daily	10 days
Total Investments measured at NAV	\$3,822,809	\$ -		

Real estate fund - This fund invests primarily in core institutional quality office, retail, industrial, and multi-family properties in the U.S. The fair value of the investment in the fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Interest Rate Risk

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

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
GERS					
US Gov't and agency securities	\$5,468,679	\$62,152	\$2,408,698	\$1,749,950	\$1,247,879
Corporate bonds	8,597,037	489,225	3,722,794	2,280,330	2,104,688
Municipal bonds	1,328,737	151,605	557,190	310,249	309,693
Mortgage backed securities	4,291,799	-	410,070	557,183	3,324,546
Total fixed income securities	19,686,252	702,982	7,098,752	4,897,712	6,986,806
PPF					
US Gov't and agency securities	7,263,512	-	378,496	3,033,387	3,851,629
Corporate bonds	6,712,021	921,736	3,721,405	2,068,880	-
Total fixed income securities	13,975,533	921,736	4,099,901	5,102,267	3,851,629
FPTF					
US Gov't and agency securities	4,977,903	771,111	1,123,244	2,888,517	195,031
Mutual funds - fixed income	9,318,890	477,127	2,119,116	4,119,881	2,602,766
Corporate bonds	3,505,593	1,651,416	674,208	1,039,437	140,532
Total fixed income securities	\$17,802,386	\$2,899,654	\$3,916,568	\$8,047,835	\$2,938,329

Credit Risk

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

Rating	GERS	PPF	FPTF
U.S. government guaranteed*	\$5,468,679	\$4,538,477	\$4,977,903
Credit risk debt securities:			
AAA	525,618	-	-
Aaa	-	146,211	5,085,898
AA	1,698,451	-	-
Aa	-	611,459	318,339
A	3,310,499	5,315,638	3,393,797
BBB	4,391,205	-	-
Baa	-	638,713	1,122,332
BB	-	-	-
Ba	-	-	-
B	-	-	314,046
Bbb	-	-	2,580,401
Unrated	4,291,808	2,725,035	9,670
Total credit risk debt securities	14,217,581	9,437,056	12,824,483
Total fixed income securities	\$19,686,260	\$13,975,533	\$17,802,386

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

Notes to the Basic Financial Statements

Investing in Foreign Markets

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

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

Foreign Tax Withholdings and Reclaims

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

Investing in Real Estate

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

NOTE 4 – RECEIVABLES AND PAYABLES

Receivables as of September 30, 2018, for the City's individual major and non-major funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental	General	Non-major	Internal Service	Total
Receivables:				
Accounts	\$3,043,147	\$1,816,930	\$1,127,917	\$5,987,994
Unbilled accounts	24,350	-	-	24,350
Assessments	-	24,687	-	24,687
Net governmental receivables	\$3,067,497	\$1,841,617	\$1,127,917	\$6,037,031

Receivables for the business-type activities are as follows:

Business-type	Utility Special District	Marina	Solid Waste Collection	Stormwater	RBCDE	Total
Receivables:						
Accounts	\$2,363,461	\$163,420	\$136,787	\$446,176	\$ -	\$3,109,844
Unbilled accounts	1,504,823	-	136,974	179,265	-	1,821,062
Lease revenues	-	-	-	-	77,614	77,614
Net business-type receivables	\$3,868,284	\$163,420	\$273,761	\$625,441	\$77,614	\$5,008,520

Accounts payable and accrued liabilities as of September 30, 2018 for the City's individual major and non-major funds, and internal service funds in the aggregate, are as follows:

Governmental	General	Non-major	Capital bond	CRA	Internal service	Total
Payables:						
Vendors	\$1,210,774	\$406,593	\$12,685	\$249,209	\$105,020	\$1,984,281
Salaries and benefits	2,065,884	11,504	-	8,254	49,308	2,134,950
Governmental payables	\$3,276,658	\$418,097	\$12,685	\$257,463	\$154,328	\$4,119,231

Payables for the business-type activities are as follows:

Business-type	Utility Special District	Marina	Solid Waste Collection	Stormwater	Total
Payables:					
Vendors	\$1,577,242	\$88,916	\$133,194	\$2,082,854	\$3,882,206
Salaries and benefits	148,414	925	-	22,207	171,546
Business-type payables	\$1,725,656	\$89,841	\$133,194	\$2,105,061	\$4,053,752

Notes to the Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2018 is as follows:

	Beginning Balance Oct. 1, 2017	Additions	Deletions	Ending Balance Sep. 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$10,930,083	\$ 30	\$(796,010)	\$10,134,103
Construction work in progress	22,800,936	11,930,172	(11,170,672)	23,560,436
Total capital assets not being depreciated	33,731,019	11,930,202	(11,966,682)	33,694,539
Capital assets being depreciated:				
Buildings and improvements	52,272,626	1,836,876	-	54,109,502
Infrastructure	56,735,406	9,303,262	-	66,038,668
Equipment	22,578,947	2,098,236	(870,770)	23,806,413
Total capital assets being depreciated	131,586,979	13,238,374	(870,770)	143,954,583
Less accumulated depreciation for:				
Buildings and improvements	(16,881,298)	(1,509,071)	-	(18,390,369)
Infrastructure	(28,194,624)	(2,485,423)	-	(30,680,047)
Equipment	(15,957,563)	(1,984,261)	733,270	(17,208,554)
Total accumulated depreciation	(61,033,485)	(5,978,755)	733,270	(66,278,970)
Governmental activities capital assets, net	\$104,284,513	\$19,189,821	\$(12,104,182)	\$111,370,152
Business-type activities:				
Capital assets not being depreciated:				
Land	\$1,687,191	\$ 30	\$(785,563)	\$901,658
Construction work in progress	10,488,069	14,277,922	(6,090,634)	18,675,357
Total capital assets not being depreciated	12,175,260	14,277,952	(6,876,197)	19,577,015
Capital assets being depreciated:				
Buildings and improvements	28,539,075	1,422,425	-	29,961,500
Utility plants and systems	59,886,123	5,135,143	-	65,021,266
Equipment	5,922,364	1,560,385	(530,294)	6,952,455
Waterside improvements	16,781,514	153,981	-	16,935,495
Total capital assets being depreciated	111,129,076	8,271,934	(530,294)	118,870,716
Less accumulated depreciation				
Buildings and improvements	(11,937,168)	(900,481)	-	(12,837,649)
Utility plants and systems	(37,137,387)	(1,670,204)	-	(38,807,591)
Equipment	(4,629,594)	(419,521)	524,169	(4,524,946)
Waterside improvements	(2,077,690)	(818,530)	-	(2,896,220)
Total accumulated depreciation	(55,781,839)	(3,808,736)	524,169	(59,066,406)
Business-type activities capital assets, net	\$67,522,497	\$18,741,150	\$(6,882,322)	\$79,381,325

Depreciation expense was charged to functions as follows for the fiscal year ending September 30, 2018:

Governmental activities:	
General government	\$2,846,641
Public safety	1,321,052
Physical environment	35,469
Transportation	9,009
Culture and recreation	1,409,055
Economic environment	357,529
Total depreciation expense - Governmental	5,978,755
Business-type activities:	
Water and sewer	2,171,418
Marina	820,460
Refuse	55,599
Stormwater	427,562
Economic environment	333,697
Total depreciation expense - Business-type	3,808,736
Total depreciation expense	\$9,787,491

NOTE 6 – OPERATING LEASES

The City leases buildings, office facilities and equipment under non-cancelable operating leases which are subject to appropriation. During the fiscal year, the City made payments of \$395,961 pursuant to the lease agreements.

The CRA leases commercial office space for its operations. During the fiscal year, the CRA made payments of \$112,265 pursuant to the lease agreements. In April 2018, the CRA amended its building lease agreement to extend the current lease through September 30, 2019. The annual lease payment totals \$112,264 for the fiscal year ending September 30, 2019.

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Notes to the Basic Financial Statements

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for fiscal year ended September 30, 2018 was as follows:

	Beginning Balance Oct. 1, 2017	Additions	Deletions	Ending Balance Sep. 30, 2018	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$80,178,934	\$ -	\$(1,864,703)	\$78,314,231	\$2,169,688
Bond premium	478,082	-	(20,785)	457,297	22,490
Net bonds and notes payable	<u>80,657,016</u>	<u>-</u>	<u>(1,885,488)</u>	<u>78,771,528</u>	<u>2,192,178</u>
Capital lease obligation	2,332,606	-	(1,098,424)	1,234,182	907,686
Net pension liability (asset)	(4,052,881)	(6,945,899)	-	(10,998,780)	-
Net OPEB obligation	4,704,007	-	(490,192)	4,213,815	-
Compensated absences	3,995,676	-	(449,077)	3,546,599	305,381
Total governmental activities	<u>87,636,424</u>	<u>(6,945,899)</u>	<u>(3,923,181)</u>	<u>76,767,344</u>	<u>3,405,245</u>
Redevelopment activities:					
Bonds and notes payable	18,680,000	-	(1,800,000)	16,880,000	1,870,000
Capital lease obligation	9,695	-	(6,163)	3,532	3,532
Net pension liability (asset)	819,603	143,941	-	963,544	-
Compensated absences	111,622	-	(1,804)	109,818	-
Total redevelopment activities	<u>19,620,920</u>	<u>143,941</u>	<u>(1,807,967)</u>	<u>17,956,894</u>	<u>1,873,532</u>
Business-type activities:					
Bonds and notes payable	64,175,000	-	(2,925,000)	61,250,000	2,105,000
Bond premium	10,247,481	-	(325,206)	9,922,275	250,738
Net bonds and notes payable	<u>74,422,481</u>	<u>-</u>	<u>(3,250,206)</u>	<u>71,172,275</u>	<u>2,355,738</u>
Utility purchase obligation	569,396	-	(96,479)	472,917	104,486
Net pension liability	(1,655,059)	1,005,404	-	(649,655)	-
Net OPEB obligation	623,128	6,522	-	629,650	-
Compensated absences	307,162	-	(55,585)	251,577	27,042
Total business-type activities	<u>74,267,108</u>	<u>1,011,926</u>	<u>(3,402,270)</u>	<u>71,876,764</u>	<u>2,487,266</u>
Total long term liabilities	<u>\$181,524,452</u>	<u>\$(5,790,032)</u>	<u>\$(9,133,418)</u>	<u>\$166,601,002</u>	<u>\$7,766,043</u>

Governmental Activities

Community Redevelopment Projects Note, Series 2006

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$524,688	\$110,486	\$635,174
2020	550,922	87,952	638,874
2021	578,468	64,291	642,759
2022	607,392	39,447	646,839
2023	637,761	13,361	651,122
Total	\$2,899,231	\$315,537	\$3,214,768

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Notes to the Basic Financial Statements

Public Improvement Revenue Bonds, Series 2014

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

Payment is due in semi-annual principal and interest installments and commenced on October 1, 2015. Stated interest rates on bonds are between 2.00% and 3.625% per annum. Future debt service requirements to maturity are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$640,000	\$678,894	\$1,318,894
2020	695,000	662,069	1,357,069
2021	760,000	640,244	1,400,244
2022	825,000	616,469	1,441,469
2023	890,000	590,744	1,480,744
2024-2028	5,565,000	2,448,119	8,013,119
2029-2033	7,700,000	1,352,925	9,052,925
2034-2035	3,765,000	137,241	3,902,241
Total	\$20,840,000	\$7,126,705	\$27,966,705

Taxable Public Improvement Revenue Bonds, Series 2015

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

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$1,005,000	\$2,482,189	\$3,487,189
2020	1,240,000	2,456,722	3,696,722
2021	1,570,000	2,420,960	3,990,960
2022	1,850,000	2,370,030	4,220,030
2023	2,200,000	2,304,466	4,504,466
2024-2028	15,115,000	10,003,636	25,118,636
2029-2033	25,000,000	9,683,062	34,683,062
2034-2035	6,575,000	9,362,488	15,937,488
Total	\$54,555,000	\$41,083,553	\$95,638,553

Capital Lease Obligations

Oshkosh Capital

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$95,735	\$2,843	\$98,578
Total	\$95,735	\$2,843	\$98,578

U.S. Bancorp

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

Fire Apparatus – Schedule 2

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$118,164	\$4,244	\$122,408
2020	120,267	2,141	122,408
Total	\$238,431	\$6,385	\$244,816

Fire Pumper Trucks – Schedule 3

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$202,621	\$7,278	\$209,899
2020	206,228	3,671	209,899
Total	\$408,849	\$10,949	\$419,798

Police Vehicles – Schedule 5

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$207,085	\$3,148	\$210,233
Total	\$207,085	\$3,148	\$210,233

Fire Apparatus – Schedule 6

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$284,081	\$4,659	\$288,740
Total	\$284,081	\$4,659	\$288,740

Notes to the Basic Financial Statements

Community Redevelopment Agency (CRA) Redevelopment Revenue Notes, Series 2011

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

Year Ending September 30	Principal	Interest	Total
2019	\$935,000	\$390,054	\$1,325,054
2020	975,000	348,540	1,323,540
2021	1,015,000	305,250	1,320,250
2022	1,060,000	260,184	1,320,184
2023	1,530,000	213,120	1,743,120
2024-2025	3,270,000	219,336	3,489,336
Total	\$8,785,000	\$1,736,484	\$10,521,484

Redevelopment Notes, Series 2013A & 2013B

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

Redevelopment Notes, Series 2013A

Year Ending September 30	Principal	Interest	Total
2019	\$290,000	\$74,648	\$364,648
2020	295,000	65,919	360,919
2021	305,000	57,040	362,040
2022	325,000	47,859	372,859
2023	405,000	38,077	443,077
2024-2025	860,000	39,130	899,130
Total	\$2,480,000	\$322,673	\$2,802,673

Redevelopment Notes, Series 2013B

Year Ending September 30	Principal	Interest	Total
2019	\$645,000	\$252,675	\$897,675
2020	675,000	223,650	898,650
2021	700,000	193,275	893,275
2022	720,000	161,775	881,775
2023	920,000	129,375	1,049,375
2024-2025	1,955,000	132,750	2,087,750
Total	\$5,615,000	\$1,093,500	\$6,708,500

Capital Lease Obligation

U.S. Bank

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

Year Ending September 30	Principal	Interest	Total
2019	\$3,532	\$21	\$3,553
Total	\$3,532	\$21	\$3,553

Business-type Activities

Consolidated Utility

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

Year Ending September 30	Principal	Interest	Total
2019	\$104,486	\$34,057	\$138,543
2020	113,158	25,385	138,543
2021	122,550	15,993	138,543
2022	132,724	5,819	138,543
Total	\$472,918	\$81,254	\$554,172

Water and Sewer Revenue Refunding Bonds, Series 2014

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

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

Year Ending September 30	Principal	Interest	Total
2019	\$805,000	\$951,525	\$1,756,525
2020	835,000	914,550	1,749,550
2021	875,000	871,800	1,746,800
2022	920,000	826,925	1,746,925
2023	965,000	779,800	1,744,800
2024-2028	5,610,000	3,104,625	8,714,625
2029-2033	7,085,000	1,605,813	8,690,813
2034-2035	3,290,000	166,500	3,456,500
Total	\$20,385,000	\$9,221,538	\$29,606,538

Notes to the Basic Financial Statements

Water and Sewer Revenue Bonds, Series 2016

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$915,000	\$1,593,875	\$2,508,875
2020	965,000	1,546,875	2,511,875
2021	1,020,000	1,497,250	2,517,250
2022	1,070,000	1,445,000	2,515,000
2023	1,130,000	1,390,000	2,520,000
2024-2028	6,585,000	6,019,125	12,604,125
2029-2033	8,480,000	4,145,750	12,625,750
2034-2037	12,170,000	1,427,750	13,597,750
Total	\$32,335,000	\$19,065,625	\$51,400,625

Stormwater Management Utility Revenue Bonds, Series 2016

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$365,000	\$321,556	\$686,556
2020	385,000	302,806	687,806
2021	405,000	283,056	688,056
2022	425,000	282,306	707,306
2023	445,000	240,556	685,556
2024-2028	2,630,000	903,997	3,533,997
2029-2033	2,925,000	526,750	3,451,750
2034-2035	1,330,000	93,038	1,423,038
Total	\$8,910,000	\$2,954,065	\$11,864,065

NOTE 8 – JOINT VENTURES

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

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

The Agreement establishes the duties and responsibilities among the Entities for the operation of the ECR. The Agreement can be terminated only with the unanimous consent of the Entities. An Entity may withdraw from participation in the Agreement; however, the Entity will forfeit its interest and allocation in the ECR and would still be required to meet its obligations under the Agreement. In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on their reserve capacity as of the date of disposition. As of September 30, 2018, the City's interest in the ECR was 11.42860%.

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

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

As of September 30, 2018 the ECR's reported total assets of \$272,910,792 and total net position of \$132,760,996 comprising of \$90,844,137 invested in capital assets net of related debt, \$32,446,104 restricted for R&R and plant, \$4,318,105 debt service, and \$5,152,650 of unrestricted net assets.

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

Each Entity is required to make a minimum annual contribution to the renewal and replacement fund equal to 1% of the Entity's share of the facility's replacement value, as estimated by the Board or such other percentage as the board determines annually. Each Entity's share of its proportion of total reserve capacity is multiplied by the replacement value. Once an Entity's renewal and replacement cash balance reaches 10% of its share of the replacement value, the Entity is not required to make annual payments until its cash balance falls below 5% of its share of that value. The renewal and replacement cash

Notes to the Basic Financial Statements

balance for any Entity may not fall below 1% of its share of the replacement value. As of September 30, 2018, all Entities met the renewal and replacement annual contribution and cash balance requirement.

The reserve capacity percentages based on a capacity of 70 MGD by entity as of September 30, 2018 are shown below. For fiscal year 2018, the Entities effected a 2% renewal and replacement contribution.

<u>Participant</u>	<u>Reserve Capacity</u>
City of West Palm Beach	29.2857%
Palm Beach County	34.2857
City of Lake Worth	16.4286
City of Riviera Beach	11.4286
Town of Palm Beach	8.5714
	<u>100.0000%</u>

During fiscal year 2018, the City made payments to the ECR of \$3,932,763 comprising \$632,590 for annual contribution to the ECR and \$3,300,173 towards monthly operating charges.

According to current generally accepted accounting principles, the City accounts for its interest in the joint venture under the equity method. The following is a reconciliation of the City's investment in the ECR as of September 30, 2018:

City's balance as of October 1, 2017	\$14,669,871
City's 11.4286% share of the ECR 2018 operating gain	502,852
City's ending balance as of September 30, 2018	<u>\$15,172,723</u>

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

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

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

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

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

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

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, TRANSFERS, AND ADVANCES

During the course of operations, transactions occur between individual funds for goods and services to be provided. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund balances represent short-term loans made between funds to cover temporary negative cash balances at fiscal year end. The outstanding balances between funds mainly result from the time lag between the dates goods and services are provided or reimbursable expenditures occur, when transactions are recorded in the accounting system, and payments are made between funds.

The CRA owes the City \$11,392,493 which includes: \$10,194,621 for payments made by the City on behalf of the CRA to OMRD for construction and improvements to the Ocean Mall and the municipal beach; \$1,197,872 represents payments made by the City on behalf of the CRA to CRA's vendors, contributions made on behalf of CRA's employees participating in FRS and travel expenses.

The Marina Fund owes \$5,252,916 to the General Fund for short-term loans made to cover negative cash balances.

The RB CDE owes \$7,388,390 to the CRA which includes \$7,298,000 due to the CRA for the construction of the Event Center and \$90,390 for payments made to vendors.

At September 30, 2018, interfund receivables and payables balances are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental activities:		
General Fund	\$7,035,006	\$ -
Community Redevelopment Agency (CRA)	7,539,772	11,392,493
Internal Service Fund	10,194,621	-
Non-major governmental	-	735,600
Business-type activities:		
Marina	-	5,252,916
Riviera Beach CDE	-	7,388,390
Total	\$24,769,399	\$24,769,399

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

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

<u>Transfer from (to):</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Non-major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
General	\$ -	\$(5,692,409)	\$(4,248,235)	\$(924,008)	\$136,000	\$754,280	\$(9,974,372)
Debt Service	5,692,409	-	-	-	-	-	5,692,409
Capital Project	4,248,235	-	-	-	-	-	4,248,235
Non-major Governmental	924,008	-	-	-	-	-	924,008
Internal Service	(136,000)	-	-	-	-	-	(136,000)
Enterprise	(754,280)	-	-	-	-	-	(754,280)
Total	\$9,974,372	\$(5,692,409)	\$(4,248,235)	\$(924,008)	\$136,000	\$754,280	\$ -

NOTE 10 – RISK MANAGEMENT

The City is exposed to the risks of workers' compensation, third-party liability, theft, property damage, destruction of assets, errors and omissions, and natural disasters. The Risk Management program is a combination of self-insured retentions at a specified amount and excess insurance policies for potential claims or losses above the self-insured retentions. The City purchases insurance to cover excess liabilities and catastrophic losses. Within the self-funded layer, the City's liability is limited to the following retentions: third-party liability – \$100,000; public officials/employment practices liability – \$100,000; workers' compensation – \$275,000; and crime – \$25,000. There is a corridor retention of \$175,000 that applies to these lines of coverages and retentions. The City maintains a total liability limit of \$1,490,000 for self-insured losses before aggregate excess coverage applies. Additionally, the City maintains the following deductibles: municipal property – \$100,000; utilities property – \$50,000; boiler and machinery – \$25,000; cyber risk – \$25,000; and pollution – \$25,000. In the event of damage from a named windstorm, certain percentage deductibles apply, as is common for property insurance in the State of Florida. The total potential self-insured losses are funded through a Loss Fund which is administered by a third party.

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

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

Changes in the balances of claims liabilities during the past three fiscal years are as follows:

Fiscal Year	Balance October 1	Claims and Changes in Estimates	Claim Payments	Balance September 30
2016	\$2,461,070	\$1,925,281	\$(2,124,559)	\$2,261,792
2017	2,261,792	1,793,049	(1,989,672)	2,065,169
2018	2,065,169	2,998,205	(2,860,140)	2,203,234

NOTE 11 – PENSION PLANS

The City maintains three separate single employer defined benefit pension plans: General Employees' Retirement System (GERS), Police Pension Fund (PPF), and Firefighters' Pension Trust Fund (FPTF). Pursuant to Ordinance, general employees and firefighters hired by the City on or after June 1, 2015, and elected officials, are required to participate in the Florida Retirement System (FRS) instead of a City sponsored pension plan (Pension Plans). General employees and firefighters hired by the City before May 1, 2015, were also required to become compulsory participants in FRS, except for those general employees and firefighters who elected prior to June 1, 2015 to not participate in FRS. The Ordinance does not apply to police officers.

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

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

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

A. General Information

Plan Description

GERS covers regular full-time employees excluding members of the PPF, FPTF and FRS. GERS is reported as a trust fund in the City's financial statements, therefore, a separate set of financial statements is not issued. GERS is administered by a board of trustees comprising of seven members, of which four members are appointed by the Mayor with approval of the Council, and three members are elected by GERS's participants.

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

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

Benefits Provided

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

GERS members may elect to early retirement upon attainment of age 50 and 10 years of Credited Service and approval of the Board. The normal retirement benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the early retirement date precedes the Normal Retirement date. Members may receive benefits other than through normal retirement. The GERS plan document provides special details on the requirements and the payment calculation methods used to determine benefit payments.

PPF members may retire and receive normal retirement benefit upon age 55 with 10 or more years of credited service or attainment of age 50 with 20 years of credited service. FPTF members may retire with normal retirement benefits at the earlier of age 55 and 10 years on credited service or after accumulating 20 years of credited service, regardless of age. Early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service. Upon normal retirement members will receive a monthly benefit amount equal to 3% of the member's average final compensation multiplied by the number of years of credited service. The average final compensation is calculated based on the highest 2 consecutive during the member's last 10 years of contributing service. Members may also receive retirement benefits other than through normal retirement.

Summary of Significant Accounting Policies

Basis of accounting – Financial statements are presented using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable.

Notes to the Basic Financial Statements

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

Income Tax Status

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

Contributions

Employer and employee obligations to contribute, as well as employee contributions rates are included in the enabling pension statutes and agreements. The City contributes the amount necessary to meet the normal cost of the plan and to make payments towards the liquidation of an unfunded past service liability as provided in the actuarial valuation, which is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year. For fiscal year ended September 30, 2018, the City's actual contribution rates were as follows:

	GERS	PPF	FPTF
Employee	6%	8%	8%
Employer	19.89%	17.23%	33.13%

Membership Information

As of September 30, 2018, membership consisted of:

	GERS	PPF	FPTF
Retirees and beneficiaries currently receiving benefits, including, DROP and terminated employees entitled to, but not yet receiving benefits	227	86	67
Active employees	129	109	53

The following summarizes the pension related amounts for the City as of the indicated measurement date:

	Measurement date	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Income)
GERS	9/30/2017	\$(13,951,554)	\$3,021,323	\$7,020,971	\$328,873
PPF	9/30/2018	(3,326,633)	2,726,843	3,521,153	2,093,028
FPTF	9/30/2017	(5,412,808)	2,753,050	5,198,201	2,217,510
Total		\$(22,690,995)	\$8,501,216	\$15,740,325	\$4,639,411

B. Net Pension Liability (Asset)

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and Fiduciary Net Position (FNP). TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. NPL is based on an actuarial valuation performed as of September 30, 2018. The components of the net pension asset of the City were as follows:

	GERS	PPF	FPTF
Total pension liability	\$102,044,065	\$75,968,637	\$78,480,587
Fiduciary net position	115,995,619	79,295,270	83,893,395
Net pension liability (asset)	\$(13,951,554)	\$(3,326,633)	\$(5,412,808)
Net position as % of total liability	113.67%	104.38%	106.90%

C. Schedule of Changes in Net Pension Liability

Change in Net Pension Liability based on a measurement year ended September 30, 2018 is presented below:

	GERS	PPF	FPTF
Total pension liability			
Service cost	\$1,893,098	\$1,625,734	\$2,072,763
Interest	7,255,022	5,354,468	5,266,621
Benefit changes	-	-	-
Difference between expected and actual experience	(385,704)	1,753,100	(1,176,733)
Increase in DROP and share account liabilities	-	(413,099)	-
Changes of assumptions	1,874,820	(362,520)	805,243
Benefit payments	(6,867,393)	(5,076,933)	(3,718,306)
Refunds	-	(61,245)	(47,371)
Other	-	-	230,855
Net change in total pension liability	3,769,843	2,819,505	3,433,072
Total pension liability - beginning	98,274,222	73,149,132	75,047,515
Total pension liability - ending (a)	\$102,044,065	\$75,968,637	\$78,480,587
Plan fiduciary net position			
Contributions - Employer (from City and State)	1,580,757	1,330,676	1,981,229
Contributions - Members	472,473	614,932	399,448
Net investment income	12,436,989	7,256,060	9,770,808
Benefit payments	(6,867,393)	(5,076,933)	(3,718,306)
Refunds	-	(61,245)	(47,371)
Administrative expenses	(203,086)	(128,781)	(113,852)
Other	-	2,614	-
Net change in plan fiduciary net position	7,419,740	3,937,323	8,271,956
Plan fiduciary net position - beginning	108,575,879	75,357,947	75,621,439
Plan fiduciary net position - ending (b)	115,995,619	79,295,270	83,893,395
Net pension (asset) liability - ending (a) - (b)	\$(13,951,554)	\$(3,326,633)	\$(5,412,808)
Plan fiduciary net position as a percentage of total pension liability	113.67%	104.38%	106.90%
Covered-employee payroll	\$7,874,550	\$6,891,448	\$4,944,856
Net pension liability as a percentage of covered-employee payroll	(177.17)%	(48.27)%	(109.46)%

Notes to the Basic Financial Statements

D. Pension Expense

Pension expense was recognized as follows:

	GERS	PPF	FPTF
Service cost	\$1,893,098	\$1,625,734	\$2,072,763
Interest on total pension liability	7,255,022	5,354,468	5,266,621
Current period benefit changes	-	-	-
Less: Employee contributions	(472,473)	(614,932)	(399,448)
Less: Projected earnings on plan investments	(7,895,766)	(5,527,393)	(5,223,574)
Pension plan administrative expenses	203,086	128,781	113,852
Other changes in fiduciary net position	-	(2,614)	-
Other changes in total pension liability	-	(413,099)	230,855
Recognition of outflow (inflow) of resources due to liabilities	893,069	1,726,016	898,056
Recognition of outflow (inflow) of resources due to assets	(1,547,163)	(183,933)	(741,615)
Total Pension Expense	\$328,873	\$2,093,028	\$2,217,510

Schedule of Deferred Outflows and Inflows of Resources

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
GERS			
Differences between expected and actual experience	\$441,822	\$116,880	\$324,942
Changes of assumptions	568,127	-	568,127
Net difference between projected and actual investment earnings	628,051	2,175,214	(1,547,163)
Total	1,638,000	2,292,094	(654,094)
PPF			
Differences between expected and actual experience	796,592	-	796,592
Changes of assumptions	1,039,289	109,865	929,424
Net difference between projected and actual investment earnings	817,574	1,001,507	(183,933)
Total	2,653,455	1,111,372	1,542,083
FPTF			
Differences between expected and actual experience	457,906	694,954	(237,048)
Changes of assumptions	1,135,104	-	1,135,104
Net difference between projected and actual investment earnings	557,117	1,298,732	(741,615)
Total	\$2,150,127	\$1,993,686	\$156,441

The deferred outflows and deferred inflows of resources related to the pension from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30	GERS	PPF	FPTF
2019	\$(756,566)	\$843,682	\$7,497
2020	(635,868)	(498,811)	(493,234)
2021	(1,698,971)	(793,446)	(1,049,968)
2022	(908,243)	(345,735)	(909,446)
2023	-	-	-
Total	\$(3,999,648)	\$(794,310)	\$(2,445,151)

E. Assumptions and Other Data
Actuarial Methods and Assumptions

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

	GERS	PPF	FPTF
Valuation date	September 30, 2017	September 30, 2018	September 30, 2017
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Inflation	3.00%	4.50%	3.00%
Salary increases	6.2% to 11%, including inflation	5.6% to 8.6% including inflation	7.50%
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Investment rate of return	7.50%	7.50%	6.90%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition	Age-based table of rates that are specific to the type of eligibility condition	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for Annuitants, with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.	The FRS mortality tables which use variations of the fully generational RP-2000 Mortality Tables using Scale BB.	RP-2000 Combined Healthy Participant Mortality Table and the RP-2000 Mortality Table for Annuitants, with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

Notes to the Basic Financial Statements

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Long-term expected real rate of return		
	GERS	PPF	FPTF
Large cap equity	8.40%	n/a	7.00%
Small/mid cap equity	8.80%	n/a	7.50%
International equity	8.70%	8.50%	8.00%
Domestic equity	n/a	7.50%	n/a
Fixed income	4.00%	n/a	4.50%
Domestic bonds	n/a	2.50%	n/a
International bonds	n/a	3.50%	n/a
Real estate	6.00%	4.50%	7.25%
Absolute return	n/a	n/a	6.00%
Global infrastructure	n/a	n/a	6.75%

n/a = not applicable

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability or asset.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease	Current Rate Discount Rate Assumption	1% Increase
GERS	6.50%	7.50%	8.50%
	\$(3,379,423)	\$(13,951,554)	\$(22,897,801)
PPF	6.50%	7.50%	8.50%
	\$5,151,046	\$(3,326,633)	\$(10,398,400)
FPTF	5.90%	6.90%	7.90%
	\$3,287,095	\$(5,412,808)	\$(12,686,331)

Florida Retirement System (FRS)

Employees who do not participate in one of the City's pension plans, participate in the Florida Retirement System (FRS). FRS provides two cost-sharing, multiple-employer defined benefits plans administered by the Florida Department of Management Services, Division of Retirement, including FRS Pension Plan and the Retiree Health Insurance Plan (HIP). FRS provides a defined contribution plan alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in FRS is compulsory for employees working in a regularly established position for a participating city. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Florida Statutes. Amendments to the law can be made only by an act of the Florida Legislature.

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

FRS Pension Plan

A. General Information

Plan Description

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

Benefits Provided

Benefits under FRS are computed on the basis of age, average final compensation, and service credit. For FRS members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the 5 highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk class members (sworn law enforcement officers and firefighters) who retire at or after age 55 with at least 6 years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the 5 highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the 5 highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the 5 highest years of salary for each year of credited service.

FRS members enrolled on or after July 1, 2011, the vesting requirement is extended to 8 years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk members. The final average compensation for all these members is based on the 8 highest years of salary.

Members initially enrolled in FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011 and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the FRS DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Notes to the Basic Financial Statements

Contributions

Enrolled members of FRS, other than DROP participants, are required to contribute 3% of their salary to FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

Employer contribution rates by job class for the period from October 1, 2017 to June 30, 2018 and July 1, 2018 to September 30, 2018, respectively, were as follows: Regular-7.92% and 8.26%, Special Risk-23.27% and 24.50%, Elected Officers-50.86% and 56.75%, and Senior Management-22.71% and 24.06%. Employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2017 through September 30, 2018.

The City's contribution for the fiscal year ended September 30, 2018 was \$818,713.

B. Net Pension Liability

As of September 30, 2018, the City reported a liability of \$7,570,514 for its proportionate share of the FRS's net pension liability. At June 30, 2018, the City's proportionate share was 0.0251% which was an increase from 0.020856% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$1,890,615. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

C. Schedule of Deferred Outflows and Deferred Inflows of Resources

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$641,336	\$(23,277)
Changes of assumptions	2,473,676	-
Net difference between projected and actual investment earnings	-	\$(584,914)
Net difference between projected and actual investment earnings	2,374,079	-
Total	\$5,489,091	\$(608,191)

Deferred outflows of resources related to FRS, totaling \$200,415 resulting from the City contributions to FRS subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018.

D. Pension Expense

The City's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Fiscal year ending September 30	Deferred Outflows/(Inflows) net
2019	\$971,248
2020	662,836
2021	92,419
2022	441,362
2023	295,121
Thereafter	43,835

Actuarial Assumptions

The total pension liability in the FRS actuarial valuation for June 30, 2018 was determined using the following actuarial assumption, applied to all periods included in the measurement:

Discount rate	7.00%
Inflation	2.60%
Investment rate of return	7.00%
Payroll growth	3.25%, average, including inflation
Mortality	Generational RP-2000 with Projection Scale BB tables

The actuarial assumptions that determined the total pension liability as of June 30, 2018 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.80%
Fixed income	18.00%	4.40%	4.30%	4.00%
Global equity	54.00%	7.60%	6.30%	17.00%
Real estate	11.00%	6.60%	6.00%	11.30%
Private equity	10.00%	10.70%	7.80%	26.50%
Strategic Investments	6.00%	6.00%	5.70%	8.60%
Assumed inflation - mean			2.60%	1.90%

Note: (1) As outlined in the FRS Pension Plan's Investment Policy.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The Plan's fiduciary net position was projected to be available to make all projected benefit payments of current and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 7.00% rate of return and discount rate assumption used in the June 30, 2018 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used in funding purposes which is used to establish the contributions rates for the Plan.

Sensitivity to Changes in the Discount Rate

The following presents the City's proportionate share of the net position liability calculated using the discount rate of 7.0%, as well as the City's proportionate share of the net pension liability if calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percent higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the Net Pension Liability	\$13,816,505	\$7,570,514	\$2,131,508

Notes to the Basic Financial Statements

Retiree Health Insurance Subsidy (HIS) Program

A. General Information

Plan Description

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

Benefits Provided

For fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum of HIS payment of \$30 and a maximum of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

HIS is funded by required contributions from FRS participating employers. Employer contributions are a percentage of gross compensation for active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2017 through September 30, 2018 was 1.66%. The City contributed 100% of its statutorily required contributions for the current year. HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to HIS totaled \$124,240 for the fiscal year ended September 30, 2018.

B. Net Pension Liability

As of September 30, 2018, the City reported a liability of \$2,424,781 for its proportionate share of the HIS program's net pension liability. The City's proportionate share was 0.02209% which is increased from 0.01896%, its proportionate share measured as of June 30, 2017.

C. Schedule of Deferred Outflows and Inflows of Resources

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$173,967 related to the HIS program. The City reported deferred outflows of resources and deferred inflows of resources related to the HIS program from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$37,122	\$(4,120)
Changes of assumptions	296,666	(256,368)
Net difference between projected and actual investment earnings	1,464	-
Amounts due to changes in employer proportion	1,444,185	-
Total	\$1,779,437	\$(260,488)

D. Pension Expense

The City's contribution to the HIS program, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS program will be recognized in pension expense as follows:

Fiscal year ending September 30	Deferred Outflows/(Inflows) net
2019	\$32,166
2020	32,047
2021	22,451
2022	5,043
2023	(31,301)
Thereafter	(14,350)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2018, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

Discount rate	3.87%
Inflation	2.60%
Salary increases	3.25%, including inflation
Municipal bond rate	3.87%
Mortality	Generation RP-2000 with Projection Scale BB

The HIS program is funded as a pay-as-you go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.87%. The discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting the long-term expected rate of return for benefit payments prior to the projected depletion date. Since the HIS program is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

Sensitivity to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.87% and the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's proportionate share of the Net Pension Liability	\$3,029,833	\$2,424,781	\$2,352,124

Fiduciary Net Position

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

FRS Investment Plan

A. General Information

Plan Description

The SBA administers the FRS Investment Plan, a defined contribution plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida's Comprehensive Annual Financial Report.

Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to the individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of the investment funds. Benefit terms, including contribution requirements for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the FRS Pension Plan.

Contributions

Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the FY 2017/2018 are based on a percentage of gross compensation, by class as follows: Regular - 3.30%, Special Risk Regular -11.0%, Senior Management - 4.67%, and City Elected Officials - 8.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for the FRS Pension Plan vesting to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will forfeit the accumulated account balance.

Benefits Provided

After termination and application to receive benefits, a member may rollover vested funds to another qualified plan, structure a periodic payment, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options. In the case of a disability; the member may either the transfer the account balance to the FRS Pension Plan when approved for disability retirement guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the FRS Investment Plan.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

In June 2015, GASB released GASB Statement No. 75 which replaces the accounting standards for other post employment benefits (OPEB) for employer accounting. This standard will be applied to post employment medical benefits that are by provided to the City's retirees. Prior to the GASB No. 75, benefits were accounted for under GASB No. 45.

Under GASB No. 45, the net OPEB obligation was a liability of the City. Under GASB No. 75, the entire unfunded actuarial accrued liability is now reported on the financial statements. There is no longer a net OPEB obligation. The annual expense is equal to the increase (decrease) in the funded actuarial accrued liability. To minimize expense volatility, some of the increase (decrease) is deferred.

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

because it pays all or a significant portion of that premium on behalf of the active employees, which is referred to as the implicit rate subsidy.

OPEB Trust Arrangement

The City has not set up a trust to prefund benefits.

Plan Description

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

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

Retirees may continue their participation in the City's dental, vision, and life insurance plans. However, these benefits are not considered as other post employment benefits for the purposes of GASB No. 75.

Funding Policy

The City's policy is to pay benefits on a pay-as-you basis.

Discount Rate Assumption

The discount rate used to determine the liabilities under GASB No. 75 depends upon the City's funding policy. The discount rate for governments that do not prefund is based on a 20-year general obligation bond rates. The discount rate assumption for September 30, 2018 is 3.50%, the 20-year GO bond index as of October 1, 2017. The rate at the beginning of the year was 3.10%, the 20-year GO bond index as of October 1, 2017.

Transition to GASB Statement No. 75

In accordance with GASB No. 75, Paragraph 244, the difference between the net OPEB obligation as of September 30, 2017 and the unfunded actuarial accrued liability as of September 30, 2017 measurement date of September 30, 2016 determined using a 3.10% rate should be reported as a restatement of the beginning net position. The table below shows the calculation:

Estimated Net OPEB obligation / (asset) on October 1, 2017	\$5,327,135
Unfunded accrued liability on October 1, 2017 (3.10%)	4,353,439
Restatement of beginning net position (3.10%)	<u>\$(973,696)</u>

Plan membership

Based on the actuarial valuation results as of September 30, 2018, the number of participants included in the plan is as follows:

Retired participants	25
Active employees	<u>474</u>
Total	<u>499</u>

Actuarial Methods and Assumptions

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

Actuarial Methods and Assumptions

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

Valuation Date	September 30, 2017
Actuarial Cost Method	Entry age normal funding, level percentage of payroll
Asset valuation method	Unfunded
Actuarial Assumptions:	
Investment Rate of Return	3.75%
Projected Salary Increase	3.00%
Inflation Rate	2.40%
Medical trend assumption rate	4.70%
Mortality	Healthy – Fully Generational RP 2000 Combined Healthy Table projected form the year 2000 using Scale AA. Disabled – RP 2000 Combined Healthy Mortality Table set 5 years forward.

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of Sep 30, 2016 for FYE 2017	\$4,353,439	\$ -	\$4,353,439
Service cost	708,908	-	708,908
Interest	131,841	-	131,841
Changes of benefit terms	-	-	0
Experience losses	-	-	0
ER Trust contribution	-	201,000	(201,000)
Net investment income	-	-	0
Changes in assumptions	(149,722)	-	(149,722)
Benefit payments	(201,000)	(201,000)	0
Administrative expenses	-	-	-
Net changes	490,027	-	490,027
Balance as of Sep. 30, 2017 for FYE 2018	\$4,843,466	\$ -	\$4,843,466

Sensitivity of Total and Net OPEB Liability

The following table presents the total and net OPEB liability, using a discount rate that is 1-percentage point lower and 1-percentage point higher:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$5,224,272	\$4,843,466	\$4,485,854
Net OPEB Liability (Asset)	\$5,224,272	\$4,843,466	\$4,485,854

The following table presents the total and net OPEB liability, using a health care cost trend rate that is 1-percentage point lower and 1-percentage point higher.

	1% Decrease 4.50%	Trend Rate 5.50%	1% Increase 6.50%
Total OPEB Liability	\$4,272,367	\$4,843,466	\$5,510,474
Net OPEB Liability (Asset)	\$4,272,367	\$4,843,466	\$5,510,474

Notes to the Basic Financial Statements

OPEB Expense

Service cost	\$708,908
Interest	131,841
Projected earnings on OPEB trust	-
OPEB administrative expense	-
Changes in benefit terms	-
Differences between expected and actual earnings:	
In current fiscal year recognized in current year	-
From past years recognized in current year	-
Total	-
Differences between the expected and actual experience:	
In current fiscal year recognized in current year	-
From past years recognized in current year	-
Total	-
Changes in assumptions:	
In current fiscal year recognized in current year	(21,389)
From past years recognized in current year	-
Total	(21,389)
Total OPEB expense	\$819,360

Schedule of Deferred Inflows and Outflows of Resources

For the fiscal year ended September 30, 2018, OPEB expense of \$819,360 was recognized. Deferred outflows and inflows of resources are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	128,334
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	\$ -	\$128,334

The deferred outflows and deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized as expense as follows:

Fiscal year ending September 30	OPEB Expense
2019	\$(21,389)
2020	(21,389)
2021	(21,389)
2022	(21,389)
2023	(21,389)
Thereafter	(21,389)
Total	\$(128,334)

NOTE 13 – RELATED PARTY TRANSACTIONS

2006 Note

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

Ocean Mall Redevelopment (OMRD) loan

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

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

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

CDE Recoverable grant

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

The CDE entered into a recoverable grant agreement with the CRA on December 1, 2013. Funding up to \$8,928,728 payable in installments, has been granted to provide funding for the construction of the Event Center. The grant proceeds are reflected in recoverable grants in the financial statements. Repayment of the grant proceeds is due upon repayment of loan receivable principal payments, unless otherwise canceled in accordance with the grant agreement. As of September 30, 2018, the CDE has been advanced grant proceeds of \$6,930,000.

Notes to the Basic Financial Statements

CDE Note payable

During 2013, the CRA over funded the recoverable grant by \$368,000. The amounts over funded are to be repaid by the CDE out of available cash flow. As of September 30, 2018, the amount remains payable as there was no available cash flow for repayment.

CDE Management services fee

The CRA entered into a management services agreement with the CDE to manage its books, records, and operations and for other management services as required. An annual management services fee of \$50,000 is due October 31st of each year for services provided during the prior year. For the year ended September 30, 2018, a fee of \$50,000 was incurred.

CDE Facility lease

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

RB Event Center Ground lease

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Construction

As of September 30, 2018, outstanding commitments relating to projects for the City, CRA, USD, Stormwater, and Marina was \$79,924,019. Projects are funded from various sources, including bonds and notes payable, grants, and City funds. Commitments with contractors are as follows:

	Approved Contract Amount	Expended at September 30, 2018	Balance to Complete
Governmental funds	\$39,977,819	\$23,416,886	\$16,560,933
Business-type funds	39,946,200	18,675,357	21,270,843
Total	\$79,924,019	\$42,092,243	\$37,831,776

Lawsuits

Outstanding claims and lawsuits are pending against the City. The City purchases insurance to assist in covering most judgments and settlements. As of September 30, 2018, management estimates that the combined out-of-pocket net liability to the City to be in the range of \$500,000 to \$1,000,000.

Other Contingencies

Arbitrage Rebate Liability

The Cumulative Rebate Liability was determined pursuant to Treasury Regulations generally applicable to tax-exempt obligations. Earnings from the investment of tax exempt bond proceeds, which exceed related interest expenditures on bonds, must be remitted to the Federal government on every fifth anniversary of the bond issue.

The City used an independent consultant to evaluate the *Utility Special District Water and Sewer Revenue Refunding Bonds, Series 2014, Water and Sewer Revenue Bonds, Series 2016, and Stormwater Revenue Bonds, Series 2016* for arbitrage liability and it was determined that there is no arbitrage liability due as of September 30, 2018.

The CRA used an independent consultant to evaluate the *Redevelopment Revenue Note, Series 2011* and *Redevelopment Revenue Note, Series 2013A* for arbitrage liability and it was determined that the notes have not accrued a liability as of September 30, 2018.

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

Amounts Received From Grantors

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

NOTE 15 – ON-BEHALF PAYMENTS

The State of Florida makes a contribution to the Police Officers’ and Firefighters’ Retirement Plans from the Casualty Insurance Premium Tax and the Fire Insurance Premium Tax, respectively. During fiscal year 2018, the State of Florida, Division of Retirement, was authorized by the City to remit distributions directly to the Police and Firefighters’ pension funds.

NOTE 16 – STEWARDSHIP

As of September 30, 2018, expenditures exceeded appropriations for the following General Fund departments:

Department	Amount	% of Budget
Police	\$450,370	2.47%
Public Works	108,466	2.32
Parks and Recreation	534,504	11.72

The departments exceeded their respective budgetary allowances during fiscal year 2018, due mainly to personnel and retirement related costs and repairs and maintenance costs for vehicle maintenance, fuel, and building.

NOTE 17 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through April 17, 2019, the date that the financial statements were issued.

Redevelopment Revenue Note, Series 2018

In November 2018, the CRA issued Redevelopment Revenue Note, Series 2018 notes in the amount of \$8,807,000 to fund various community redevelopment projects with the Riviera Beach CRA including the acquisition and renovation of certain property within the CRA, marina infrastructure, street improvements, and affordable housing projects to include grants to low income homeowners, rehabilitation and improvement of existing properties, and infrastructure improvements and other projects.

Capital Lease Agreement – Police Vehicles

The City entered into a 3-year capital lease arrangement with U.S. Bancorp for the purchase of twenty Chevrolet Tahoe vehicles for the Police Department for a total principal amount of \$850,000 with the first principal and interest payment due in November 2019.

Capital Lease Agreement – Fire Apparatus

The City entered into a 5-year capital lease arrangement with U.S. Bancorp for the purchase of an ariel platform vehicle for the Fire Department for a total principal amount of \$928,464 with the first principal and interest payment due in November 2019.

Notes to the Basic Financial Statements

Conduit Debt

On January 3, 2019, all outstanding \$14,225,000 original aggregate principal amount Capital Trust Agency Multifamily Housing Revenue Bonds (GMF-Stonybrook Apartments) Series 2012A dated April 1, 2012 were discharged and defeased pursuant to the provisions of Article VII of the Indenture and a Defeasance and Escrow Deposit Agreement.

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REQUIRED SUPPLEMENTARY INFORMATION



Budgetary Comparison Schedules

Major Funds

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$49,469,889	\$49,469,889	\$49,558,438	\$88,549
Licenses and permits	4,665,289	4,665,289	7,360,181	2,694,892
Intergovernmental	4,399,771	4,399,771	4,387,012	(12,759)
Charges for services	10,860,231	10,860,231	10,761,131	(99,100)
Fines and forfeitures	474,647	474,647	474,136	(511)
Investment earnings	435,000	435,000	392,247	(42,753)
Miscellaneous	588,931	588,931	(45,016)	(633,947)
Grants and contributions	176,037	176,037	247,963	71,926
Total revenues	<u>71,069,795</u>	<u>71,069,795</u>	<u>73,136,092</u>	<u>2,066,297</u>
Expenditures				
Current:				
General government	21,080,606	21,542,802	18,912,245	2,630,557
Public safety	32,138,345	32,242,473	32,022,646	219,827
Transportation	1,475,439	1,488,626	1,362,205	126,421
Human services	453,355	870,824	646,684	224,140
Culture and recreation	5,553,428	5,709,049	5,879,944	(170,895)
Capital outlay	258,250	644,971	1,994,171	(1,349,200)
Total expenditures	<u>60,959,423</u>	<u>62,498,745</u>	<u>60,817,895</u>	<u>1,680,850</u>
Excess (deficiency) of revenues over (under) expenditures	10,110,372	8,571,050	12,318,197	3,747,147
Other financing sources (uses)				
Loan proceeds	-	-	1,646,906	1,646,906
Transfers in	754,280	1,056,315	890,280	(166,035)
Transfers out	(10,864,652)	(10,864,652)	(10,864,652)	-
Total other financing sources/(uses)	<u>(10,110,372)</u>	<u>(9,808,337)</u>	<u>(8,327,466)</u>	<u>1,480,871</u>
Net changes in fund balance	\$ -	\$(1,237,287)	\$3,990,731	\$5,228,018
Fund balance - beginning			26,346,519	
Fund balance - ending			<u>\$30,337,250</u>	

Budgetary Comparison Schedules Major Funds

CRA SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$8,464,532	\$8,464,532	\$8,456,849	\$(7,683)
Investment earnings	10,000	10,000	11,182	1,182
Miscellaneous	3,906,868	3,906,868	650,346	(3,256,522)
Total revenues	<u>12,381,400</u>	<u>12,381,400</u>	<u>9,118,377</u>	<u>(3,263,023)</u>
Expenditures				
Redevelopment program	8,561,046	8,561,046	5,049,533	3,511,513
Capital outlay	-	-	19,586	(19,586)
Principal	2,305,703	2,305,703	2,305,866	(163)
Interest and debt service costs	904,651	904,651	793,389	111,262
Total expenditures	<u>11,771,400</u>	<u>11,771,400</u>	<u>8,168,374</u>	<u>3,603,026</u>
Excess (deficiency) of revenues over (under) expenditures	610,000	610,000	950,003	340,003
Other financing sources (uses)				
Transfers in	200,000	200,000	430,726	230,726
Transfers out	(810,000)	(810,000)	(55,751)	754,249
Total other financing sources/(uses)	<u>(610,000)</u>	<u>(610,000)</u>	<u>374,975</u>	<u>984,975</u>
Net changes in fund balance	\$ -	\$ -	\$1,324,978	\$1,324,978
Fund balance - beginning			4,130,700	
Fund balance - ending			<u>\$5,455,678</u>	

Notes to the Budgetary Comparison Schedules

Major Funds

NOTE 1 - BUDGETARY INFORMATION

The budget is presented on a basis consistent with GAAP which for governmental funds uses the modified accrual method in which revenues are recorded when received or when they are both measurable and available to be used for current year liabilities. General government revenues and expenditures are controlled by an integrated financial accounting system. Annual budgets are legally adopted on a basis consistent with U.S. Generally Accepted Accounting Principles (GAAP) for the General, Debt Service, Special Revenue, and Capital Project Funds. Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance provides for the re-appropriation of year end encumbrances.

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

The City Manager is authorized to transfer budgeted amounts within departments within any fund, however, any revisions that increase the total expenditures of any department or fund must be approved by the Council. The level of budgetary control, the level at which expenditures may not legally exceed appropriations, is at the department level. All necessary supplemental appropriations are adopted by the Council as part of a budget review process and are included in the "Final Budget" column on the schedule of revenues, expenditures, and changes in fund balance – budget and actual.

As of September 30, 2018, actual expenditures were below total budgeted appropriations.

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Measurement year ended September 30,	GERS			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$1,893,098	\$2,247,865	\$2,501,084	\$2,257,243
Interest	7,255,022	7,081,497	7,077,437	6,902,113
Benefit changes	-	-	(1,185,639)	-
Difference between expected and actual experience	(385,704)	507,890	725,132	537,982
Increase in DROP and share account liabilities	-	-	-	-
Changes of assumptions	1,874,820	-	-	-
Benefit payments	(6,867,393)	(7,470,250)	(10,047,191)	(4,900,328)
Refunds	-	-	(103,879)	(155,661)
Net Change in Total Pension Liability	3,769,843	2,367,002	(1,033,056)	4,641,349
Total Pension Liability - Beginning	98,274,222	95,907,220	96,940,276	92,298,927
Total Pension Liability - Ending (a)	102,044,065	98,274,222	95,907,220	96,940,276
Plan Fiduciary Net Position				
Contributions - Employer (from City and State)	1,580,757	3,681,009	36,283,028	4,843,648
Contributions - Members	472,473	497,901	618,751	534,435
Net investment income	12,436,989	12,011,458	2,232,802	6,555,653
Benefit payments	(6,867,393)	(7,470,250)	(10,047,191)	(4,900,328)
Refunds	-	-	(103,879)	(155,661)
Administrative expenses	(203,086)	(156,631)	(163,633)	(163,784)
Other	-	(126,418)	-	-
Net Change in Plan Fiduciary Net Position	7,419,740	8,437,069	28,819,878	6,713,963
Plan Fiduciary Net Position - Beginning	108,575,879	100,138,810	71,318,932	64,604,969
Plan Fiduciary Net Position - Ending (b)	115,995,619	108,575,879	100,138,810	71,318,932
Net Pension (Asset) Liability - Ending (a) - (b)	\$(13,951,554)	\$(10,301,657)	\$(4,231,590)	\$25,621,344
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.67%	110.48%	104.41%	73.57%
Covered-Employee Payroll	\$7,874,550	\$8,298,350	\$10,312,517	\$8,907,250
Net Pension Liability as a Percentage of Covered-Employee Payroll	(177.17)%	(124.14)%	(41.03)%	287.65%

Additional years will be displayed as they become available.

Pension Funds

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Measurement year ended September 30,	PPF				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$1,625,734	\$1,508,383	\$1,373,828	\$1,244,109	\$1,193,728
Interest	5,354,468	5,059,070	4,945,789	4,860,129	4,623,653
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	1,753,100	229,071	509,736	457,243	-
Increase in DROP and share account liabilities	(413,099)	327,588	(1,560,756)	105,272	152,661
Changes of assumptions	(362,520)	1,576,450	1,636,347	-	-
Benefit payments	(5,076,933)	(4,394,044)	(6,351,580)	(4,621,754)	(4,660,119)
Refunds	(61,245)	(108,965)	(69,018)	(136,604)	(150,075)
Net Change in Total Pension Liability	2,819,505	4,197,553	484,346	1,908,395	1,159,848
Total Pension Liability - Beginning	73,149,132	68,951,579	68,467,233	66,558,838	65,398,990
Total Pension Liability - Ending (a)	75,968,637	\$73,149,132	\$68,951,579	\$68,467,233	\$66,558,838
Plan Fiduciary Net Position					
Contributions - Employer (from City and State)	1,330,676	1,313,085	1,197,938	14,782,134	2,478,785
Contributions - Members	614,932	560,436	498,883	456,248	405,708
Net investment income	7,256,060	8,024,553	5,442,481	689,800	5,841,858
Benefit payments	(5,076,933)	(4,394,044)	(6,351,580)	(4,621,754)	(4,660,119)
Refunds	(61,245)	(108,965)	(69,018)	(136,604)	(150,075)
Administrative expenses	(128,781)	(159,840)	(163,192)	(156,538)	(147,766)
Other	2,614	3,466	8,795	2,218	1,394
Net Change in Plan Fiduciary Net Position	3,937,323	5,238,691	564,307	11,015,504	3,769,785
Plan Fiduciary Net Position - Beginning	75,357,947	70,119,256	69,554,949	58,539,445	54,769,660
Plan Fiduciary Net Position - Ending (b)	79,295,270	75,357,947	70,119,256	69,554,949	58,539,445
Net Pension (Asset) Liability - Ending (a) - (b)	\$(3,326,633)	\$(2,208,815)	\$(1,167,677)	\$(1,087,716)	\$8,019,393
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.38%	103.02%	101.69%	101.59%	87.95%
Covered-Employee Payroll	\$6,891,448	\$7,030,702	\$6,260,283	\$5,415,519	\$4,980,736
Net Pension Liability as a Percentage of Covered-Employee Payroll	(48.27)%	(31.42)%	(18.65)%	(20.09)%	161.01%

Additional years will be displayed as they become available.

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

Measurement year ended September 30,	FPTF			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$2,072,763	\$2,007,441	\$1,697,839	\$1,705,915
Interest	5,266,621	5,164,884	4,855,614	4,757,527
Benefit changes	-	(1,232,998)	(64,553)	-
Difference between expected and actual experience	(1,176,733)	(256,457)	1,648,461	(909,130)
Increase in DROP and share account liabilities	-	-	-	-
Changes of assumptions	805,243	1,305,722	1,737,554	-
Benefit payments	(3,718,306)	(4,846,547)	(4,596,421)	(4,353,458)
Refunds	(47,371)	(20,514)	(3,666)	-
Other contributions to share plan accounts	230,855	263,758	269,930	274,190
Net Change in Total Pension Liability	3,433,072	2,385,289	5,544,758	1,475,044
Total Pension Liability - Beginning	75,047,515	72,662,226	67,117,468	65,642,424
Total Pension Liability - Ending (a)	78,480,587	75,047,515	72,662,226	67,117,468
Plan Fiduciary Net Position				
Contributions - Employer (from City and State)	1,981,229	1,763,347	15,293,669	2,541,250
Contributions - Members	399,448	414,577	400,547	349,056
Net investment income	9,770,808	5,742,118	1,536,397	5,306,723
Benefit payments	(3,718,306)	(4,846,547)	(4,596,421)	(4,353,458)
Refunds	(47,371)	(20,514)	(3,666)	-
Administrative expenses	(113,852)	(125,298)	(117,514)	(101,092)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	8,271,956	2,927,683	12,513,012	3,742,479
Plan Fiduciary Net Position - Beginning	75,621,439	72,693,756	60,180,744	56,438,265
Plan Fiduciary Net Position - Ending (b)	83,893,395	75,621,439	72,693,756	60,180,744
Net Pension (Asset) Liability - Ending (a) - (b)	\$(5,412,808)	\$(573,924)	\$(31,530)	\$6,936,724
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.9%	100.76%	100.04%	89.66%
Covered-Employee Payroll	\$4,944,856	\$5,212,098	\$5,022,618	\$4,379,691
Net Pension Liability as a Percentage of Covered-Employee Payroll	(109.46)%	(11.01)%	(0.63)%	158.38%

Additional years will be displayed as they become available.

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITIES OF COST-SHARING MULTI-EMPLOYER PENSION PLANS

Fiscal year ended September 30,	FRS ⁽¹⁾			
	2018	2017	2016	2015
City's proportion of the net pension liability	0.0251%	0.0209%	0.0152%	0.0006%
City's proportionate share of the net pension liability	\$7,570,514	\$6,168,995	\$3,834,639	\$72,605
City's covered-employee payroll	6,708,579	5,353,145	4,495,370	1,125,705
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.85%	115.24%	85.30%	6.45%
FRS Plan fiduciary net pension as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
	HIS ⁽¹⁾			
City's proportion of the net pension liability	0.0209%	0.0190%	0.0151%	0.00001%
City's proportionate share of the net pension liability	\$2,424,781	\$2,027,036	\$1,762,993	\$11,080
City's covered-employee payroll	6,708,579	5,353,145	4,495,370	1,125,705
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.14%	37.87%	39.22%	0.98%
HIS Plan fiduciary net pension as a percentage of the total pension liability	2.15%	1.64%	0.0237%	0.0000%

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

Additional years will be displayed as they become available.

SCHEDULE OF CHANGES IN THE CONTRIBUTIONS FOR ALL PENSIONS PLANS

Fiscal year ended September 30,	2018	2017	2016	2015	2014
GERS					
Actuarially determined contribution	\$1,580,757	\$1,779,356	\$1,901,653	\$5,150,931	\$4,843,648
Contribution in relation to actuarially determined contribution	1,580,757	1,779,356	1,901,653	36,283,028	4,843,648
Contribution deficiency (excess)	-	-	-	(31,132,097)	-
Covered-employee payroll	7,947,970	7,874,550	8,298,350	10,312,517	8,907,250
Actuarially determined contribution as % of covered payroll	19.89%	22.60%	22.92%	49.95%	54.38%
Contribution as % of covered payroll	19.89%	22.60%	22.92%	351.83%	54.38%
PPF					
Actuarially determined contribution	1,059,111	1,057,175	966,436	2,135,653	2,340,959
Contribution in relation to actuarially determined contribution	1,059,111	1,057,175	966,436	14,561,471	2,340,959
Contribution deficiency (excess)	-	-	-	(12,425,818)	-
Covered-employee payroll	6,808,000	7,030,702	6,260,283	5,415,519	4,980,736
Actuarially determined contribution as % of covered payroll	15.56%	15.04%	15.44%	39.44%	47.00%
Contribution as % of covered payroll	15.56%	15.04%	15.44%	268.88%	47.00%
FFPF					
Actuarially determined contribution	1,853,151	1,750,374	1,499,589	2,491,591	2,267,060
Contribution in relation to actuarially determined contribution	1,853,151	1,750,374	1,499,589	15,023,739	2,267,060
Contribution deficiency (excess)	-	-	-	(12,532,148)	-
Covered-employee payroll	4,860,470	4,944,856	5,212,098	5,022,618	4,379,691
Actuarially determined contribution as % of covered payroll	38.13%	35.40%	28.77%	49.61%	51.76%
Contribution as % of covered payroll	38.13%	35.40%	28.77%	299.12%	51.76%
FRS ⁽¹⁾					
Contractually required contribution	696,545	553,554	370,350	13,705	
Contribution in relation to the contractually required contribution	696,545	553,554	370,350	13,705	
Contribution deficiency (excess)	-	-	-	-	
Covered-employee payroll	5,353,145	5,353,145	6,260,283	5,415,519	
Contribution as % of covered payroll	13.01%	10.34%	5.92%	0.25%	
HIS ⁽¹⁾					
Contractually required contribution	111,362	88,862	77,536	415	
Contribution in relation to the contractually required contribution	111,362	88,862	77,536	415	
Contribution deficiency (excess)	-	-	-	-	
Covered-employee payroll	\$6,708,579	\$5,353,145	\$6,260,283	\$5,415,519	
Contribution as % of covered payroll	1.66%	1.66%	1.24%	0.01%	

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

Additional years will be displayed as they become available.

Pension Funds

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

	2017
Measurement year ended September 30,	
Total OPEB liability	
Service cost	\$708,908
Interest	131,841
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(149,722)
Benefit payments	(201,000)
Net change in total OPEB liability	490,027
Total OPEB liability - Beginning	4,353,439
Total OPEB liability - Ending	4,843,466
Plan Fiduciary Net Position	
Contributions - Employer	201,000
Net investment income	-
Benefit payments	(201,000)
Administrative expenses	-
Net change in Fiduciary Net Position	-
Fiduciary Net Position - Beginning	-
Fiduciary Net Position - Ending	-
Net OPEB Liability	\$4,843,466
Fiduciary Net Position as a % of Total OPEB Liability	0.00%
Covered-Employee Payroll	-
Net OPEB Liability as a % of Payroll	0.00%
Expected Average Remaining Service Years for all participants	7



OTHER SUPPLEMENTARY INFORMATION



Budgetary Comparison Schedules

Special Revenue Funds

COMMUNITY DEVELOPMENT BLOCK GRANT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$937	\$71	\$(866)
Miscellaneous	-	31,231	-	(31,231)
Grants and contributions	-	331,650	154,063	(177,587)
Total revenues	-	363,818	154,134	(209,684)
Expenditures				
Capital outlay	-	363,406	181,087	182,319
Total expenditures	-	363,406	181,087	182,319
Net changes in fund balance	-	412	(26,953)	(27,365)
Fund balance - beginning			25,703	
Fund balance - ending			\$(1,250)	

Budgetary Comparison Schedules Special Revenue Funds

LAW ENFORCEMENT GRANTS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$391	\$391
Grants and contributions	-	336,181	278,324	(57,857)
Total revenues	-	336,181	278,715	(57,466)
Expenditures				
Public safety	-	337,963	278,325	59,638
Total expenditures	-	337,963	278,325	59,638
Net changes in fund balance	-	(1,782)	390	2,172
Fund balance - beginning			11,526	
Fund balance - ending			\$11,916	

Budgetary Comparison Schedules

Special Revenue Funds

MAJOR DISASTER SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$24,479	\$24,479
Miscellaneous	-	228,800	-	(228,800)
Grants and contributions	-	-	293,990	293,990
Total revenues	-	228,800	318,469	89,669
Expenditures				
Current				
General government	614,008	859,307	283,854	575,453
Total expenditures	614,008	859,307	283,854	575,453
Excess (deficiency) of revenues over (under) expenditures	(614,008)	(630,507)	34,615	665,122
Other financing sources(uses)				
Transfers in	614,008	614,008	614,008	-
Total other financing sources/(uses)	614,008	614,008	614,008	-
Net changes in fund balance	\$ -	\$(16,499)	648,623	\$665,122
Fund balance - beginning			3,943,610	
Fund balance - ending			\$4,592,233	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUNDS

- Debt Service Fund

CAPITAL PROJECT FUNDS

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

INTERNAL SERVICE FUNDS

- Fleet Services
- Information Technology
- Insurance

Combining Financial Statements

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET

	Criminal Justice Grants	Community Development Block Grant	Mass Transit Assistance Grants	County Grants	Police Grants	Law Enforcement Grants	Major Disaster Fund	Other Special Revenues Funds	Total Non-Major Special Revenue Funds
Assets									
Cash and cash equivalents	\$ -	\$ -	\$1,841,773	\$ -	\$55,731	\$35,561	\$4,592,403	\$421,064	\$7,046,532
Receivables, net	118,386	-	49,536	-	20,926	67,357	946,135	593,780	1,796,120
Total assets	<u>118,386</u>	<u>-</u>	<u>1,891,309</u>	<u>-</u>	<u>176,657</u>	<u>102,918</u>	<u>5,538,538</u>	<u>1,014,844</u>	<u>8,842,652</u>
Liabilities									
Accounts payable	408	-	-	-	3,510	2,654	171	37,729	44,472
Accrued liabilities	11,504	-	-	-	-	-	-	-	11,504
Due to other funds	104,451	1,250	-	4,057	-	74,969	-	550,873	735,600
Other liabilities	-	-	350,000	-	-	-	-	-	350,000
Total liabilities	<u>116,363</u>	<u>1,250</u>	<u>350,000</u>	<u>4,057</u>	<u>3,510</u>	<u>77,623</u>	<u>171</u>	<u>588,602</u>	<u>1,141,576</u>
Deferred inflows of resources									
Deferred inflows	-	-	-	-	-	13,379	946,134	28,918	988,431
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,379</u>	<u>946,134</u>	<u>28,918</u>	<u>988,431</u>
Fund balances									
Committed	2,023	-	1,541,309	-	173,147	11,916	4,592,233	397,324	6,717,952
Unassigned	-	(1,250)	-	(4,057)	-	-	-	-	(5,307)
Total fund balances	<u>2,023</u>	<u>(1,250)</u>	<u>1,541,309</u>	<u>(4,057)</u>	<u>173,147</u>	<u>11,916</u>	<u>4,592,233</u>	<u>397,324</u>	<u>6,712,645</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$118,386	\$ -	\$1,891,309	\$ -	\$176,657	\$102,918	\$5,538,538	\$1,014,844	\$8,842,652

Combining Financial Statements Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Criminal Justice Grants	Community Development Block Grant	Mass Transit Assistance Grants	County Grants	Police Grants	Law Enforcement Grants	Major Disaster Fund	Other Special Revenues Funds	Total Non-Major Special Revenue Funds
Revenues									
Intergovernmental	\$209,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$122,698	\$332,570
Investment earnings	-	71	10,393	3,447	734	391	24,479	826	40,341
Miscellaneous	-	-	-	-	-	-	-	330,995	330,995
Grants and contributions	-	154,063	137,820	-	-	278,324	293,990	695,910	1,560,107
Total revenues	209,872	154,134	148,213	3,447	734	278,715	318,469	1,150,429	2,264,013
Expenditures									
Current:									
General government	-	-	-	-	-	-	283,854	-	283,854
Public safety	-	-	32,240	-	-	278,325	-	315,359	625,924
Human services	209,872	-	-	-	-	-	-	249,028	458,902
Culture and recreation	-	-	-	-	-	-	-	30,332	30,332
Economic environment	-	-	26,834	-	-	-	-	-	26,834
Capital outlay	-	181,087	137,820	-	-	-	-	229,707	548,614
Total expenditures	209,872	181,087	196,894	-	-	278,325	283,854	824,426	1,974,460
Excess (deficiency) of revenues over expenditures	-	(26,953)	(48,681)	3,447	734	390	34,615	326,003	289,553
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	614,008	310,000	924,008
Total other financing sources (uses)	-	-	-	-	-	-	614,008	310,000	924,008
Net change in fund balances	-	(26,953)	(48,681)	3,447	734	390	648,623	636,003	1,213,561
Fund balances - beginning	2,023	25,703	1,589,990	(7,504)	172,413	11,526	3,943,610	(238,679)	5,499,084
Fund balances - ending	\$2,023	\$(1,250)	\$1,541,309	\$(4,057)	\$173,147	\$11,916	\$4,592,233	\$397,324	\$6,712,645

Balance Sheet

Non-Major Governmental Funds

NON-MAJOR DEBT SERVICE FUND BALANCE SHEET

Assets	
Cash and cash equivalents	\$2,540
Total assets	<u>2,540</u>
Fund balances	
Restricted	2,540
Total fund balances	<u>\$2,540</u>

NON-MAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Revenues	
Investment earnings	\$5,407
Total revenues	<u>5,407</u>
Expenditures	
Debt Service	
Principal	2,463,424
Interest	3,231,852
Total expenditures	<u>5,695,276</u>
Excess (deficiency) of revenues over expenditures	(5,689,869)
Other Financing Sources (Uses)	
Transfers in	5,692,409
Total other financing sources (uses)	<u>5,692,409</u>
Net change in fund balance	2,540
Fund balance - beginning	-
Fund balance - ending	<u>\$2,540</u>

Combining Financial Statements

Non-Major Governmental Funds

NON-MAJOR CAPITAL PROJECT FUNDS COMBINING BALANCE SHEET

	Paving and Drainage	Public Improvement	Capital Impact Fees	Capital Improvements	Pay As You Go Projects	Local Government Surtax	Total Non-Major Capital Projects Funds
Assets							
Cash and cash equivalents	\$645,601	\$2,474,390	\$723,392	\$155,479	\$5,888,312	\$505,674	\$10,392,848
Cash and cash equivalents-restricted	-	-	-	-	-	3,272,013	3,272,013
Receivables, net	45,497	-	-	-	-	-	45,497
Total assets	691,098	2,474,390	723,392	155,479	5,888,312	3,777,687	13,710,358
Liabilities							
Accounts payable	12,240	17,167	135,297	-	197,420	-	362,124
Total liabilities	12,240	17,167	135,297	-	197,420	-	362,124
Fund balances							
Restricted	678,858	2,457,223	588,095	155,479	5,690,892	3,777,687	13,348,234
Total fund balances	678,858	2,457,223	588,095	155,479	5,690,892	3,777,687	13,348,234
Total Liabilities and Fund Balances	\$691,098	\$2,474,390	\$723,392	\$155,479	\$5,888,312	\$3,777,687	\$13,710,358

**NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

	Paving and Drainage	Public Improvement	Capital Impact Fees	Capital Improvements	Pay As You Go Projects	Local Government Surtax	Total Non-Major Capital Projects Funds
Revenues							
Taxes	\$249,821	\$ -	\$ -	\$ -	\$ -	\$2,426,984	\$2,676,805
Licenses and permits	-	-	667,413	-	-	-	667,413
Investment earnings	3,655	11,260	5,763	775	37,288	21,480	80,221
Grants and contributions	-	523,279	-	-	-	-	523,279
Total revenues	<u>253,476</u>	<u>534,539</u>	<u>673,176</u>	<u>775</u>	<u>37,288</u>	<u>2,448,464</u>	<u>3,947,718</u>
Expenditures							
Current							
Public safety	-	-	12,205	-	73,849	-	86,054
Transportation	-	-	-	-	10,525	-	10,525
Capital outlay	185,654	493,853	1,016,244	-	3,154,385	-	4,850,136
Total expenditures	<u>185,654</u>	<u>493,853</u>	<u>1,028,449</u>	<u>-</u>	<u>3,238,759</u>	<u>-</u>	<u>4,946,715</u>
Excess (deficiency) of revenues over expenditures	67,822	40,686	(355,273)	775	(3,201,471)	2,448,464	(998,997)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	4,248,235	-	4,248,235
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,248,235</u>	<u>-</u>	<u>4,248,235</u>
Net change in fund balance	67,822	40,686	(355,273)	775	1,046,764	2,448,464	3,249,238
Fund balance - beginning	611,036	2,416,537	943,368	154,704	4,644,128	1,329,223	10,098,996
Fund balance - ending	<u>\$678,858</u>	<u>\$2,457,223</u>	<u>\$588,095</u>	<u>\$155,479</u>	<u>\$5,690,892</u>	<u>\$3,777,687</u>	<u>\$13,348,234</u>

Combining Financial Statements

Non-Major Governmental Funds

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

	Fleet Services	Information Technology	Insurance	Total Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$120,821	\$37,896	\$5,680,965	\$5,839,682
Receivables, net				
Accounts	-	-	1,126,917	1,126,917
Inventory	-	240,822	-	240,822
Total current assets	120,821	278,718	6,807,882	7,207,421
Non-current assets:				
Advance to CRA	-	-	10,194,621	10,194,621
Total non-current assets	-	-	10,194,621	10,194,621
Total assets	120,821	278,718	17,002,503	17,402,042
Liabilities				
Current liabilities:				
Accounts payable	28,317	68,704	8,000	105,021
Accrued liabilities	33,729	15,578	2,203,234	2,252,541
Deposits and other liabilities	-	-	1,181,825	1,181,825
Total current liabilities	62,046	84,282	3,393,059	3,539,387
Total liabilities	62,046	84,282	3,393,059	3,539,387
Net position				
Restricted for:				
Advances	-	-	10,194,621	10,194,621
Unrestricted	58,775	194,436	3,414,823	3,668,034
Total net position	\$58,775	\$194,436	\$13,609,444	\$13,862,655

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Fleet Services	Information Technology	Insurance	Total Internal Service Funds
Operating revenues				
Grants and contributions	\$2,186,124	\$2,238,416	\$3,394,974	\$7,819,514
Miscellaneous	-	331,449	716,787	1,048,236
Total operating revenues	2,186,124	2,569,865	4,111,761	8,867,750
Operating expenses				
Personnel services	791,145	378,775	1,477,409	2,647,329
Contractual services and operations	1,269,719	1,561,608	2,996,056	5,827,383
Supplies, materials and maintenance	-	2,609	23,615	26,224
Total operating expenses	2,060,864	1,942,992	4,497,080	8,500,936
Operating income (loss)	125,260	626,873	(385,319)	366,814
Non-operating revenues (expenses)				
Settlement payments	-	-	(235,917)	(235,917)
Capital acquisitions	(70,706)	(437,167)	-	(507,873)
Investment earnings (losses)	4,221	4,730	41,386	50,337
Total non-operating revenues (expenses)	(66,485)	(432,437)	(194,531)	(693,453)
Income (loss) before transfers	58,775	194,436	(579,850)	(326,639)
Transfers in (out)	-	-	(136,000)	(136,000)
Change in net position	58,775	194,436	(715,850)	(462,639)
Net position - beginning	-	-	14,325,294	14,325,294
Net position - ending	\$58,775	\$194,436	\$13,609,444	\$13,862,655

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SECTION III:
STATISTICAL SECTION



STATISTICAL SECTION

Overview

The Statistical Section of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information say about the government's overall financial health.

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Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its revenues.	118
Debt Capacity These schedules present information to help the reader to assess the affordability of the City's current level of outstanding debt and its ability to issue additional debt in the future.	122
Demographic and Economic Information These schedules present information to assist the reader in understanding the socioeconomic environment within which the government's financial activities take place.	127
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services of the City provides and the activities it performs.	129



**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$31,738,366	\$47,289,990	\$55,818,186	\$36,654,786	\$41,055,828	\$21,562,964	\$39,920,794	\$14,248,672	\$26,089,236	\$35,835,366
Restricted	25,960,389	21,336,521	37,987,138	39,571,280	37,122,826	44,583,925	37,023,863	38,640,859	31,375,720	34,927,271
Unrestricted	18,021,042	20,177,061	4,077,354	13,839,263	30,075,750	40,593,227	(46,755,383)	13,460,543	14,911,339	36,163,653
Net position	<u>75,719,797</u>	<u>88,803,572</u>	<u>97,882,678</u>	<u>90,065,329</u>	<u>108,254,404</u>	<u>106,740,116</u>	<u>30,189,274</u>	<u>66,350,074</u>	<u>72,376,295</u>	<u>106,926,290</u>
Business-type activities:										
Net investment in capital assets	3,623,089	5,881,999	9,290,712	17,056,826	37,769,604	30,641,963	41,467,081	34,720,313	34,898,049	41,974,848
Restricted	27,515,990	27,176,794	27,225,865	15,228,268	12,242,586	10,481,565	12,762,727	52,472,305	9,435,277	8,319,468
Unrestricted	12,250,922	16,547,591	17,922,555	39,662,512	12,810,201	31,266,853	28,135,272	348,101	53,298,669	55,899,162
Net position	<u>43,390,001</u>	<u>49,606,384</u>	<u>54,439,132</u>	<u>71,947,606</u>	<u>62,822,391</u>	<u>72,390,381</u>	<u>82,365,080</u>	<u>87,540,719</u>	<u>97,631,995</u>	<u>106,193,478</u>
Total government:										
Net investment in capital assets	35,361,455	53,171,989	65,108,898	53,711,612	78,825,432	52,204,927	81,387,875	48,968,985	60,987,285	77,810,214
Restricted	53,476,379	48,513,315	65,213,003	54,799,548	49,365,412	55,065,490	49,786,590	91,113,164	40,810,997	43,246,739
Unrestricted	30,271,964	36,724,652	21,999,909	53,501,775	42,885,951	71,860,080	(18,620,111)	13,808,644	68,210,008	92,062,815
Total net position, restated	<u>\$119,109,798</u>	<u>\$138,409,956</u>	<u>\$152,321,810</u>	<u>\$162,012,935</u>	<u>\$171,076,795</u>	<u>\$179,130,497</u>	<u>\$112,554,354</u>	<u>\$153,890,793</u>	<u>\$170,008,290</u>	<u>\$213,119,768</u>

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

Financial Trends

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$16,987,279	\$13,482,149	\$15,173,364	\$18,132,947	\$16,785,692	\$21,820,264	\$21,058,870	\$22,738,925	\$26,155,228	\$19,065,528
Public safety	31,374,513	29,181,692	29,006,785	28,092,367	26,612,208	28,913,127	30,099,943	28,415,825	29,391,831	21,985,375
Culture and recreation	4,493,520	4,862,154	5,014,393	4,552,035	5,910,024	8,354,852	4,392,302	4,348,511	5,233,868	6,648,678
Transportation	1,917,713	2,021,076	2,717,985	2,217,587	5,437,862	953,676	1,404,272	1,355,625	1,260,487	1,520,410
Human services	736,847	239,584	154,931	733,697	588,169	692,929	750,939	853,235	1,191,792	1,105,586
Physical and economic environment	3,213,269	3,769,087	2,291,586	1,354,783	923,927	630,946	8,251,450	1,978,163	3,842,452	2,215,216
Redevelopment program	-	-	-	-	-	-	-	-	-	-
Interest on long term debt	361,715	490,733	908,777	1,629,841	1,884,050	1,791,966	-	3,985,148	4,288,353	4,025,241
Payment to pension plans	-	-	-	-	-	-	56,090,063	-	-	-
Total governmental activities	59,084,856	54,046,475	55,267,821	56,713,257	58,141,932	63,157,760	122,047,839	63,675,432	71,364,011	56,566,034
Business-type activities:										
Water and sewer	14,648,997	13,421,949	14,833,468	18,151,261	15,912,624	14,077,433	8,022,053	16,380,403	13,971,580	17,669,028
Marina	2,627,781	2,514,106	2,243,476	1,759,458	1,561,294	1,325,128	1,304,439	2,650,519	2,220,339	2,461,885
Refuse and stormwater	5,711,198	5,623,943	5,187,564	4,883,152	5,474,999	5,552,227	4,444,093	5,855,255	6,215,552	5,948,652
Community development	-	-	-	-	-	-	-	235,868	415,122	450,732
Interest on long term debt	-	-	-	1,575,606	1,332,724	1,401,885	506,714	1,120,455	2,198,135	2,854,626
Total business-type activities	22,987,976	21,559,998	22,264,508	26,369,477	24,281,641	22,356,673	14,277,299	26,242,500	25,020,728	29,384,923
Total government expenses	82,072,832	75,606,473	77,532,329	83,082,734	82,423,573	85,514,433	136,325,138	89,917,932	96,384,739	85,950,957
Program revenues:										
Governmental activities:										
Charges for services										
General government	4,868,886	6,809,910	6,967,484	5,274,854	6,565,474	12,141,552	9,622,826	9,050,311	10,022,554	10,761,131
Public safety	1,650,316	2,141,498	2,315,019	1,379,328	1,250,448	1,454,827	-	-	-	-
Culture and recreation	262,682	187,243	157,607	248,278	188,556	254,456	-	-	-	-
Transportation	-	13,535	5,087	132,242	17,109	8,063	-	-	-	-
Human services	-	-	-	-	1,710	500	-	-	-	-
Physical and economic environment	144,938	-	163,771	-	253,372	360,889	-	-	-	-
Redevelopment program	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	825,363	2,108,641	8,323,293	3,932,071	1,551,571	1,078,287	1,856,503	4,624,844	4,053,333	2,027,460
Capital grants and contributions	644,356	-	-	6,311,037	1,261,838	647,408	344,150	400,357	24,436	303,889
Total governmental activities program revenues	8,396,541	11,260,827	17,932,261	17,277,810	11,090,078	15,945,982	11,823,479	14,075,512	14,100,323	13,092,480

Continued on next page.

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (continued)
(ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Water and sewer	12,774,404	17,135,737	17,483,171	21,147,885	20,832,321	20,102,058	21,499,314	22,547,279	24,091,971	26,928,706
Marina	2,069,216	1,946,582	1,701,677	1,392,703	1,216,138	4,323,779	855,209	1,265,758	2,049,760	2,403,770
Solid waste and stormwater	6,386,253	6,375,843	5,480,849	5,357,116	5,859,101	5,670,814	5,770,787	7,059,583	6,637,525	7,401,556
Community development	-	-	-	-	-	-	-	149,685	269,413	310,456
Operating grants and contributions	150,000	1,114,717	1,462,139	4,100,844	-	-	566,603	568,670	437,934	48,950
Capital grants and contributions	405,136	-	-	-	2,328,640	-	217,744	21,075	-	-
Total business-type activities program revenues	21,785,009	26,572,879	26,127,836	31,998,548	30,236,200	30,096,651	28,909,657	31,612,050	33,486,603	37,093,438
Total program revenues	30,181,550	37,833,706	44,060,097	49,276,358	41,326,278	46,042,633	40,733,136	45,687,562	47,586,926	50,185,918
Net (expenses) revenues:										
Governmental activities	(50,688,315)	(42,785,648)	(37,335,560)	(39,435,447)	(47,051,854)	(47,211,778)	(110,224,360)	(49,599,920)	(57,263,688)	(43,473,554)
Business-type activities	(1,202,967)	5,012,881	3,863,328	5,629,071	5,954,559	7,739,978	14,632,358	5,369,550	8,465,875	7,708,515
Total net (expenses) revenues	(51,891,282)	(37,772,767)	(33,472,232)	(33,806,376)	(41,097,295)	(39,471,800)	(95,592,002)	(44,230,370)	(48,797,813)	(35,765,039)
General revenues:										
Governmental activities:										
Property taxes	36,672,033	33,451,452	33,722,134	31,225,716	31,558,773	33,986,648	43,810,392	44,624,615	48,088,215	50,026,956
Utility taxes	6,470,590	5,140,557	4,996,255	4,985,199	4,060,124	4,316,158	4,275,034	4,633,809	4,762,948	4,886,000
Franchise fees	2,377,371	1,505,458	2,552,850	2,482,954	2,507,601	2,721,401	2,679,740	2,586,398	2,774,685	2,765,329
Other permits and fees	415,683	-	-	-	-	-	-	4,590,329	4,249,135	5,262,265
Impact Fees	-	-	-	-	-	-	-	-	-	-
Sales and use taxes	447,563	-	-	-	-	-	-	-	-	-
Intergov't and shared revenues	3,213,844	4,373,394	4,311,664	4,909,182	6,757,906	6,631,201	5,315,152	5,568,857	8,831,364	10,498,718
Investment earnings	235,784	(33,443)	238,381	86,523	673,917	(1,209,881)	(50,986)	205,147	562,381	618,982
Loan proceeds	-	-	-	-	-	-	-	-	-	1,646,906
Net pension plan asset	-	-	-	-	-	-	(5,995,735)	19,268,841	-	-
Gain (loss) on disposals	(291,254)	-	-	-	-	-	-	-	(12,504,173)	-
Miscellaneous	1,599,853	1,121,951	593,381	246,655	2,436,162	1,151,114	300,791	3,783,692	2,480,551	1,428,113
Transfers	500,000	-	-	-	270,119	(1,901,014)	-	499,031	709,403	890,280
Total governmental activities	51,641,467	45,559,369	46,414,665	43,936,229	48,264,602	45,695,627	50,334,388	85,760,719	59,954,509	78,023,549
Business-type activities:										
Investment earnings	367,586	526,730	198,727	294,938	121,163	(63,547)	1,409,192	483,568	1,070,054	1,185,237
Miscellaneous	423,006	676,762	770,690	1,113,175	232,500	(9,459)	22,759	-	1,264,750	422,371
Transfers in (out)	(500,000)	-	-	-	(270,119)	1,901,014	-	(499,031)	(709,403)	(754,280)
Total business-type activities	290,592	1,203,492	969,417	1,408,113	83,544	1,828,008	1,431,951	(15,463)	1,625,401	853,328
Total general revenues	51,932,059	46,762,861	47,384,082	45,344,342	48,348,146	47,523,635	51,766,339	85,745,256	61,579,910	78,876,877
Change in net position:										
Governmental activities	953,152	2,773,721	9,079,105	4,500,782	1,212,748	(1,516,151)	(59,889,972)	36,160,799	2,690,821	34,549,995
Business-type activities	(912,375)	6,216,373	4,832,745	7,037,184	6,038,103	9,567,986	16,064,309	5,354,087	10,091,276	8,561,843
Total change in net position (restated)	\$40,777	\$8,990,094	\$13,911,850	\$11,537,966	\$7,250,851	\$8,051,835	\$(43,825,663)	\$41,514,886	\$12,782,097	\$43,111,838

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

Financial Trends

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Reserved for:										
Encumbrances	\$254,909	\$100,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory and prepaids	219,398	231,729	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Long term advance	759,399	486,913	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Unrealized gain/(loss) investment	(96,256)	-	-	-	-	-	-	-	-	-
Nonspendable ⁽¹⁾ :										
Inventories	-	-	1,797,560	1,524,928	1,475,943	942,298	391,881	368,759	398,772	353,729
Prepaid items	-	-	498,612	576,423	-	15,000	-	-	-	-
Unreserved, undesignated Unassigned ⁽¹⁾ :	15,302,817	11,069,332	-	-	-	-	-	-	-	-
Other special revenue funds	-	-	-	-	-	-	-	-	-	-
General fund	-	-	13,458,237	11,939,205	15,321,358	17,400,596	19,080,752	22,284,354	26,114,573	29,983,521
Total general fund	16,440,267	11,888,638	15,754,409	14,040,556	16,797,301	18,357,894	19,472,633	22,653,113	26,513,345	30,337,250
All other governmental funds:										
Reserved for:										
Encumbrances	3,470,716	741,116	-	-	-	-	-	-	-	-
Inventory and prepaids	1,702,071	2,080,747	-	-	-	-	-	-	-	-
Debt service	383,138	384,640	-	-	-	-	-	-	-	-
Nonspendable ⁽¹⁾ :										
Inventories	-	-	716,085	716,085	716,085	128,175	-	-	-	-
Prepaid items	-	-	4,412	4,110	-	11,740	-	-	-	-
Restricted ⁽¹⁾ :										
Community redevelopment	-	-	20,967,466	19,894,682	20,106,600	10,116,221	1,738,967	3,960,890	3,705,864	4,704,982
Capital projects	-	-	16,633,167	19,289,469	16,627,681	36,630,393	29,131,722	25,715,486	26,737,073	24,199,889
Debt service	-	-	386,505	387,129	388,545	252,724	-	32,169	-	2,540
Special revenue	-	-	558,663	2,986,167	3,003,922	1,203,282	2,100,628	1,824,524	1,555,474	2,120,412
Committed ⁽¹⁾ :										
Emergency reserves	-	-	2,280,502	2,679,826	3,062,374	3,468,375	3,469,985	4,030,318	3,943,610	4,592,233
Assigned ⁽¹⁾ :										
Special revenue	-	-	-	-	-	-	-	-	-	-
Unreserved / Undesignated reported in:										
Special revenue funds	544,638	1,728,862	-	-	-	-	-	-	-	-
Capital projects funds	4,255,074	4,172,992	-	-	-	-	-	-	-	-
Unreserved / Undesignated	17,015,750	10,502,868	-	-	-	-	-	-	-	-
Total all other governmental funds	27,371,387	19,611,225	41,546,800	45,957,468	43,905,207	51,810,910	36,441,302	35,563,387	35,942,021	35,620,056
Total governmental funds	\$43,811,654	\$31,499,863	\$57,301,209	\$59,998,024	\$60,702,508	\$70,168,804	\$55,913,935	\$58,216,500	\$62,455,366	\$65,957,306

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

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

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$45,967,556	\$40,097,467	\$41,271,239	\$31,448,287	\$39,122,872	\$41,467,611	\$43,182,086	\$52,451,049	\$57,501,944	\$60,692,092
Licenses and permits	415,683	1,037,569	1,256,129	1,231,233	1,241,983	1,658,174	4,924,658	4,590,329	5,537,836	8,027,594
Intergovernmental	4,683,563	7,144,404	13,297,326	15,031,555	6,231,962	6,466,606	4,099,977	4,577,768	5,666,567	4,719,582
Charges for services	6,926,822	7,156,327	7,394,474	12,521,851	6,469,086	8,056,137	9,622,826	9,050,311	10,022,554	10,761,131
Fines and forfeitures	263,787	295,921	295,996	276,665	436,058	369,536	628,307	571,744	786,763	474,136
Loan and lease proceeds	-	-	-	614,868	-	-	-	-	-	-
Rent	-	-	-	-	34,381	-	-	-	-	-
Investment Earnings	235,784	(33,442)	238,381	101,678	155,511	138,139	295,945	205,147	508,340	618,982
Miscellaneous	1,422,216	1,121,950	593,380	617,926	1,370,405	(307,600)	714,520	3,211,948	1,632,182	953,977
Grant and contributions	-	-	-	-	3,404,560	1,889,669	2,205,288	5,025,201	793,063	2,331,349
Total revenues	59,915,411	56,820,196	64,346,925	61,844,063	58,466,818	59,738,272	65,673,607	79,683,497	82,449,249	88,578,843
Expenditures:										
Current										
General government	16,639,695	16,118,660	17,111,819	16,705,691	17,617,869	24,429,023	21,502,285	22,738,925	22,853,939	22,062,032
Public safety	30,721,921	30,251,599	28,284,372	26,635,641	25,743,021	28,283,246	30,099,943	28,415,825	29,391,831	32,734,624
Transportation	1,468,824	1,272,828	1,816,708	1,296,846	1,003,004	1,348,693	1,408,908	1,355,625	1,260,487	1,372,730
Human services	766,887	233,592	148,566	724,838	584,090	694,523	762,196	853,234	1,191,792	1,105,586
Culture and recreation	4,397,119	4,383,388	4,487,922	3,858,531	3,532,554	4,366,977	4,392,302	4,348,511	5,233,868	5,910,276
Economic environment	2,584,439	10,360,211	3,573,182	1,248,817	2,396,058	223,679	8,598,381	1,978,163	3,437,981	2,215,216
Physical environment	562,947	1,359,429	741,746	-	-	-	-	-	404,471	-
Capital outlay	5,481,157	4,466,848	6,470,525	8,402,517	7,772,369	8,502,269	8,878,525	14,922,489	7,826,178	13,252,268
Debt service:										
Principal	522,007	544,339	571,968	2,283,729	10,352,067	2,675,126	2,280,812	5,822,226	4,558,268	4,769,290
Interest and fiscal charges	361,715	490,733	908,777	1,629,841	1,573,816	1,627,881	2,791,712	3,985,148	4,288,353	4,025,241
Total expenditures	63,506,711	69,481,627	64,115,585	62,786,451	70,574,848	72,151,417	80,715,064	84,420,146	80,447,168	87,447,263
Excess (deficiency) of revenues over expenditures	(3,591,300)	(12,661,431)	231,340	(942,388)	(12,108,030)	(12,413,145)	(15,041,457)	(4,736,649)	2,002,081	1,131,580
Other financing sources (uses)										
Loan proceeds	-	-	25,570,000	-	11,550,000	23,780,455	56,973,253	-	-	1,646,906
Payment to pension plans	-	-	-	-	-	-	(56,090,063)	-	-	-
Transfers in	7,202,787	729,016	861,553	829,608	2,874,219	1,723,322	1,104,633	10,116,666	11,886,612	11,754,932
Transfers out	(5,202,787)	(729,016)	(861,553)	(829,608)	(1,611,704)	(3,624,336)	(1,569,234)	(9,617,635)	(11,177,209)	(10,864,652)
Loss on investments	(14,706)	-	-	-	-	-	-	-	-	-
Loss on value of land	(94,560)	-	-	-	-	-	-	-	-	-
Proceeds from sale of surplus	23,116	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,913,850	-	25,570,000	-	12,812,515	21,879,441	418,589	499,031	709,403	2,537,186
Net change in fund balances	(1,677,450)	(12,661,431)	25,801,340	(942,388)	704,485	9,466,296	(14,622,868)	(4,237,618)	2,711,484	3,668,766
Fund balance—beginning (restated)	45,489,104	44,161,294	31,499,867	60,940,411	59,998,023	60,702,508	70,536,803	62,454,118	59,743,882	59,743,882
Fund balance—ending (restated)	\$43,811,654	\$31,499,863	\$57,301,207	\$59,998,023	\$60,702,508	\$70,168,804	\$55,913,935	\$58,216,500	\$62,455,366	\$63,412,648
Debt service as a percentage of non-capital expenditures	0.91%	0.85%	1.02%	4.52%	5.17%	4.51%	3.02%	8.38%	13.87%	13.45%

Revenue Capacity

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year Ended Sep 30	Tax Year	Real Property	Personal Property	Centrally Assessed	Total Property	Exemptions & Adjustments	Gross Assessed Value	Total Direct Tax Rate
2009	2008	\$3,681,580,819	\$336,072,996	\$8,881,910	\$4,026,535,725	\$25,127,340	\$4,001,408,385	8.426
2010	2009	3,351,772,451	308,308,269	8,804,706	3,668,885,426	78,132,343	3,590,753,083	8.426
2011	2010	2,854,182,893	304,388,248	4,542,328	3,163,113,469	(7,147,834)	3,170,261,303	8.998
2012	2011	3,437,386,175	302,134,311	4,855,627	3,744,376,113	720,587,888	3,023,788,225	8.998
2013	2012	3,423,577,683	280,218,177	5,108,721	3,708,904,581	716,488,332	2,992,416,249	8.998
2014	2013	3,826,250,140	301,145,150	4,657,362	4,132,052,652	750,387,922	3,381,664,730	8.998
2015	2014	3,821,801,946	306,390,283	5,268,669	4,133,460,898	754,569,514	3,378,891,384	8.952
2016	2015	4,123,057,541	1,202,591,653	6,020,005	5,331,669,199	773,060,380	4,558,608,819	8.452
2017	2016	4,783,269,638	1,193,288,575	6,849,751	5,983,407,964	887,453,232	5,095,954,732	8.452
2018	2017	4,780,339,123	1,192,830,648	6,849,751	5,980,019,522	887,777,363	5,092,242,159	8.452

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

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year Ended	Tax Roll Year	Direct			Overlapping						Total Direct and Overlapping Rates
		City of Riviera Beach General Operations	Palm Beach County	Palm Beach County School Board	South Florida Water Mgt District	South Florida Water Mgt District - Everglades Construction	Florida Inland Navigation District (F.I.N.D.)	Children's Services Council	Palm Beach County Health Care District		
2009	2008	8.4260	4.5614	7.983	0.5346	0.0894	0.0345	0.6009	0.9975	23.2273	
2010	2009	8.4260	4.5614	7.983	0.5346	0.0894	0.0345	0.6898	1.1451	23.4638	
2011	2010	8.9980	4.9925	8.180	0.5346	0.0894	0.0345	0.7475	1.1250	24.7015	
2012	2011	8.9980	4.9902	7.778	0.3676	0.0613	0.0345	0.7300	1.1220	24.0816	
2013	2012	8.9980	4.9852	7.586	0.3523	0.0587	0.0345	0.7025	1.0800	23.7972	
2014	2013	8.9980	4.9729	7.594	0.3294	0.0548	0.0345	0.6745	1.0800	23.7381	
2015	2014	8.9520	4.9277	7.594	0.3045	0.0506	0.0320	0.6677	1.0426	23.5711	
2016	2015	8.4520	4.9142	7.070	0.2836	0.0471	0.0320	0.6833	0.8993	22.3815	
2017	2016	8.4520	4.9023	6.769	0.2659	0.0441	0.0320	0.6590	0.7808	21.9051	
2018	2017	8.4520	4.9023	6.769	0.2659	0.0441	0.0320	0.6590	0.7808	21.9051	

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

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

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Tax Year 2017			Tax Year 2008		
	Assessed Value ⁽¹⁾	Rank	Percentage of Total Assessed Valuation	Assessed Value ⁽²⁾	Rank	Percentage of Total Assessed Valuation
Florida Power & Light	\$1,020,964,390	1	20.03%	\$45,945,556	1	1.15%
Marriott Ownership Resorts Inc.	114,858,032	2	2.25%	28,000,000	6	0.70%
Morguard Woodbine LLC	44,476,117	3	0.87%	38,088,041	4	0.95%
AR Northlake LLC	24,749,469	4	0.49%			
HHR Singer Island Ltd. Partnership	33,677,761	5	0.66%			
Sysco Food Services	18,842,435	6	0.37%	20,744,401	10	0.52%
Ask Florida LLC	22,022,000	7	0.43%			
Tropical Shipping USA LLC	17,107,987	8	0.34%			
Port of Palm Beach District Lessor	16,621,193	9	0.33%	45,103,671	2	1.13%
SSB Manufacturing	13,581,955	10	0.27%			
Randolph Cornerstone Joint Venture				32,872,650	5	0.82%
Marina Grande Associates Ltd				39,817,350	3	1.00%
Keller Fred Trust				23,871,939	7	0.60%
SAF Park Lake LLC				23,000,000	8	0.58%
Sysco Food Services						
Resort at Singer Island Properties				21,427,990	9	0.54%
Total Assessed Taxable Value for Top 10	1,326,901,339		26.04%	318,871,598		7.96%
Total Assessed Taxable Value for City	\$5,095,954,732			\$4,006,571,545		

Sources: (1) Palm Beach County Tax Collector, values as of January 1, 2017
(2) Palm Beach County Tax Collector, values as of January 1, 2008

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sep. 30	Tax Roll Year	Total Collections to Date					
		Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2009	2008	\$33,927,590	\$32,332,320	89.41%	\$512,816	\$32,845,136	96.81%
2010	2009	30,999,758	27,715,818	99.28%	387,193	28,103,011	90.66%
2011	2010	28,461,695	28,257,434	95.06%	351,497	28,608,931	100.52%
2012	2011	27,217,043	25,871,229	95.17%	243,621	26,114,850	95.95%
2013	2012	27,020,224	25,713,920	98.42%	406,352	26,120,272	96.67%
2014	2013	27,693,990	27,257,403	101.39%	736,387	27,993,790	101.08%
2015	2014	28,901,318	29,304,127	101.38%	213,593	29,517,720	102.13%
2016	2015	36,554,341	37,057,072	101.19%	449,897	37,506,969	102.61%
2017	2016	39,692,520	40,166,337	101.29%	215,337	40,381,674	101.74%
2018	2017	40,933,873	41,461,168	101.29%	108,939	41,570,107	101.55%

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

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

Revenue Capacity

GENERAL REVENUES BY SOURCE LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended Sep 30	Total Revenues	Taxes	Licenses and Permits	Intergovernmental	Charges for Service	Fines and Forfeitures	Interest	Payment in Lieu of Taxes	Miscellaneous
2009	\$53,078,929	\$41,910,952	\$411,022	\$3,196,857	\$5,935,447	\$263,787	\$90,036	\$715,943	\$554,885
2010	48,377,649	34,749,027	1,037,569	4,905,478	6,149,617	295,921	59,892	715,943	464,202
2011	50,320,673	36,158,036	1,256,129	4,758,236	6,452,185	295,996	165,847	715,943	518,301
2012	45,639,219	26,114,850	1,231,234	4,780,363	11,374,799	276,665	(182,481)	715,943	1,327,846
2013	49,289,002	33,464,465	1,212,131	6,231,962	5,753,143	299,852	28,095	715,943	1,583,411
2014	51,932,988	35,246,989	1,642,699	6,466,606	7,060,624	286,888	33,297	995,513	200,372
2015	55,930,112	36,497,116	4,796,158	4,030,264	7,481,921	600,609	178,301	1,340,905	1,004,838
2016	66,472,505	45,089,743	4,252,502	4,235,815	7,484,108	542,393	108,288	1,566,203	3,193,453
2017	70,669,291	48,214,773	5,489,225	4,173,986	8,406,082	782,623	289,961	1,616,472	1,696,169
2018	73,100,092	49,558,438	7,360,181	4,387,012	9,109,336	474,136	392,247	1,615,795	202,947

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

Note: Information includes General Fund only.

TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended Sep 30	Total Tax Revenues	General Property Tax	Use and Fuel	Public Service Tax	Communications Service Tax	Business Tax	Insurance Premium Tax
2009	\$41,910,952	\$32,845,136	\$484,036	\$3,144,646	\$1,872,006	\$2,824,954	\$740,174
2010	34,749,027	28,103,012	488,168	3,486,534	1,654,023	474,073	543,217
2011	36,158,036	28,608,931	470,924	3,467,981	1,528,274	1,532,346	549,580
2012	32,755,944	26,114,850	473,444	3,551,369	1,433,830	606,659	575,792
2013	33,464,465	26,120,272	471,241	4,060,124	1,369,752	875,909	567,167
2014	35,246,989	27,993,790	477,499	4,316,158	1,222,571	1,014,930	222,041
2015	36,497,116	29,304,127	510,525	4,275,034	1,215,175	1,192,255	-
2016	45,089,741	37,506,969	523,141	4,633,810	991,089	1,434,732	-
2017	48,214,773	40,381,674	542,643	4,762,948	1,041,524	1,485,984	-
2018	49,558,438	41,570,107	497,870	4,886,000	1,081,552	1,522,909	-

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

Note: Information for General Fund only

During FY 2015, the City authorized the State of Florida, Department of Retirement, to remit the insurance premium taxes directly to Firefighters' and Police pension trust funds.

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year Endedv Sep 30	Total Expenditures	General Government	Public Safety	Physical & Economic Environment	Transportation	Human Services	Culture and Recreation	Capital Outlay	Other Use
2009	\$53,240,701	\$16,586,493	\$29,776,175	\$534,990	\$1,429,666	\$222,630	\$4,211,616	\$479,131	\$ -
2010	51,120,497	16,092,060	29,463,970	-	1,083,672	233,592	3,793,904	453,299	-
2011	47,385,166	14,874,275	27,108,414	185,349	1,010,134	148,566	3,916,768	141,660	-
2012	46,863,033	15,131,531	25,706,435	37,531	1,012,555	180,386	3,831,948	962,647	-
2013	47,775,617	15,836,787	25,184,466	18,003	1,049,076	146,583	3,509,547	2,031,155	-
2014	50,340,791	15,190,226	27,968,913	208,090	1,325,789	212,058	4,183,259	1,252,456	-
2015	54,603,976	17,868,821	29,334,074	590,809	1,404,272	245,367	4,325,676	684,704	150,253
2016	54,173,421	20,203,528	27,496,238	10,646	1,341,075	235,698	4,298,070	537,646	50,520
2017	56,341,253	19,566,003	29,020,742	30,224	1,241,397	605,491	5,131,019	746,377	-
2018	60,817,895	18,912,245	32,022,646	-	1,362,205	646,684	5,879,944	1,994,171	-

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

Note: Information includes General Fund only.

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Debt Capacity

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended Sep 30	Capital Projects Note	Public Improvement Revenue Bonds	CRA Projects Note	CRA Redevelopment Revenue Note	Capital Leases	Water & Sewer Consolidated Utility Obligation	Water & Sewer Revenue Bonds	Sales Tax Revenue Refunding Bonds	Stormwater Revenue Bonds	Total Primary Government	Percent of Personal Income	Per Capita
2009	\$1,652,093	\$ -	\$6,628,619	\$ -	\$ -	\$362,146	\$28,460,000	\$1,510,000	\$ -	\$38,612,858	4.85	1,051
2010	1,445,973	-	6,290,400	-	-	334,289	27,795,000	1,025,000	-	36,890,662	5.23	1,136
2011	1,229,134	-	5,935,271	25,570,000	-	306,432	27,110,000	520,000	-	60,670,837	8.60	1,867
2012	1,003,291	-	5,562,385	23,885,000	614,868	951,580	26,400,000	-	-	58,417,124	7.94	1,778
2013	768,071	-	5,170,855	25,790,000	534,551	886,823	25,665,000	-	-	58,815,300	7.93	1,775
2014	523,084	22,000,000	4,759,748	24,045,000	1,454,173	816,691	25,385,871	-	-	78,984,567	10.22	2,367
2015	265,755	79,360,000	4,328,086	22,265,000	3,162,417	740,738	25,370,853	-	-	135,492,849	17.63	4,171
2016	-	77,885,000	3,874,841	20,410,000	3,652,366	658,480	55,110,000	-	10,000,000	171,590,687	21.30	5,046
2017	-	76,780,000	3,398,934	18,680,000	2,332,606	569,396	54,360,000	-	9,815,000	165,935,936	15.50	4,880
2018	-	75,415,000	2,899,231	16,880,000	1,237,714	472,917	52,720,000	-	9,465,000	159,089,862	19.37	4,588

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

Note: The Notes to the Basic Financial Statements provide specific details regarding the City's outstanding debt.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to City of Riviera Beach ⁽⁴⁾</u>	<u>Amount Applicable to City of Riviera Beach</u>
Direct Debt:			
City of Riviera Beach Direct Debt ⁽¹⁾	\$79,548,413	100.00 %	\$79,548,413
Overlapping Debt:			
Palm Beach County School Board ⁽²⁾	1,535,730,000	3.01%	46,281,154
Palm Beach County ⁽³⁾	1,010,556,160	1.98%	20,039,891
		Total Overlapping Debt	66,321,044
		Total Direct and Overlapping Debt	\$145,869,457

Sources: City of Riviera Beach, Finance and Administrative Services Department
Palm Beach County School Board, CAFR June 30, 2018
Palm Beach County, Office of Financial Management and Budget
Palm Beach County Property Appraiser's Office

Notes: (1) City of Riviera Beach's net outstanding debt includes revenue bonds and notes payable less Water and Sewer revenue bonds and obligations. Details of the debt are available in the City's Notes to the Financial Statements for fiscal year ended September 30, 2018

(2) Details regarding Palm Beach County School Board's outstanding debt are available in the School Board's Notes to the Financial Statements for fiscal year ended June 30, 2018

(3) Details regarding Palm Beach County's outstanding debt for fiscal year ended September 30, 2018 are available from PBC, Office of Financial Management and Budget.

(4) Estimated percentage applicable to the City of Riviera Beach is computed based on the ratio of Palm Beach County and Palm Beach County School Board's total taxable assessed value to that within the City of Riviera Beach.

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

Debt Capacity

SCHEDULE OF GENERAL GOVERNMENT PLEDGED REVENUE COVERAGE LAST TEN YEARS

Fiscal Year Ended Sep 30	Gas Tax	Franchise Fees	Public Service Tax	Business Tax	Sales Tax	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
							Principal	Interest	Total	
2009	\$484,036	\$2,377,371	\$5,016,652	\$447,563	\$3,163,697	\$11,489,319	\$199,893	\$74,079	\$273,972	41.94
2010	488,168	1,505,458	3,486,534	463,486	2,154,172	8,097,818	216,839	57,135	273,974	29.56
2011	470,924	2,552,850	3,467,981	643,632	2,193,715	9,329,102	225,843	48,131	273,974	34.05
2012	473,444	2,482,954	3,551,369	606,659	2,125,149	9,239,575	315,537	57,016	372,553	24.80
2013	471,241	2,507,601	4,060,124	875,908	2,236,508	10,151,382	327,690	44,863	372,553	27.25
2014	506,435	2,721,401	4,316,158	976,696	2,396,237	10,916,927	340,319	32,234	372,553	29.30
2015	510,525	2,704,479	4,275,034	1,192,255	2,583,803	11,266,096	3,201,228	2,067,852	5,269,080	2.14
2016	523,141	2,586,398	4,633,809	1,434,733	2,678,737	11,856,818	2,607,198	2,273,181	4,880,379	2.43
2017	542,643	2,774,685	4,762,948	1,485,984	2,676,005	12,242,265	2,971,500	3,355,427	6,326,927	1.93
2018	497,870	2,765,329	4,886,000	1,502,909	2,752,320	12,404,428	4,077,013	3,395,638	7,472,651	1.66

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

SCHEDULE OF COMMUNITY REDEVELOPMENT AGENCY PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Operating Revenues	Operating Expenditures	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
				Principal	Interest	Total	
2009	\$3,874,372	\$1,702,492	\$2,171,880	\$338,219	\$277,739	\$615,958	3.53
2010	5,429,873	2,943,999	2,485,874	355,129	263,568	618,697	4.02
2011	5,251,843	4,794,835	457,008	2,057,886	1,383,996	3,441,882	0.13
2012	6,782,567	4,390,944	2,391,623	2,151,530	1,293,558	3,445,088	0.69
2013	5,642,411	5,431,271	211,140	1,745,000	1,061,503	2,806,503	0.08
2014	6,049,804	8,805,321	(2,755,517)	2,211,662	1,223,335	3,434,997	(0.80)
2015	6,640,071	14,931,925	(8,291,854)	1,875,592	1,271,072	3,146,664	(2.64)
2016	10,871,420	15,189,689	(4,318,269)	1,730,000	867,048	2,597,048	(1.66)
2017	7,935,519	6,061,499	1,874,020	1,800,000	793,665	2,593,665	0.72
2018	9,136,029	8,561,747	574,282	1,873,532	717,398	2,590,930	0.22

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

SCHEDULE OF WATER AND SEWER PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Gross Revenues	Cost of Operations and Maintenance	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
				Principal	Interest	Total	
2009	\$13,833,204	\$10,603,830	\$3,229,374	\$625,000	\$1,362,331	\$1,987,331	1.62
2010	18,028,983	9,800,047	8,228,936	645,000	1,345,144	1,990,144	4.13
2011	18,154,046	11,284,394	6,869,652	665,000	1,325,794	1,990,794	3.45
2012	17,430,619	11,400,144	6,030,475	685,000	1,304,181	1,989,181	3.03
2013	20,935,035	14,580,576	6,354,459	710,000	1,280,206	1,990,206	3.19
2014	19,965,256	12,184,146	7,781,110	760,000	1,226,019	1,986,019	3.92
2015	22,252,898	12,920,215	9,332,683	740,000	1,050,925	1,790,925	5.21
2016	22,673,701	14,282,235	8,391,466	839,084	1,907,706	2,746,790	3.06
2017	24,357,793	11,835,779	12,522,014	1,640,000	2,621,525	4,261,525	2.94
2018	26,828,559	17,669,028	9,159,531	1,824,486	2,579,457	4,403,943	2.08

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

SCHEDULE OF STORMWATER PLEDGED REVENUE COVERAGE

Fiscal Year Ended September 30	Gross Revenues	Cost of Operations and Maintenance	Net Revenues Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
				Principal	Interest	Total	
2016	\$3,229,206	\$1,485,458	\$1,743,748	\$185,000	\$369,685	\$554,685	3.14
2017	2,829,588	1,837,627	991,961	350,000	339,431	689,431	1.44
2018	3,432,915	1,876,691	1,556,224	365,000	321,556	686,556	2.27

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

Debt Capacity

DEBT COMPLIANCE

Description	Estimated Percentage Applicable to City of Riviera Beach ⁽⁴⁾	Amount Applicable to City of Riviera Beach
General Government		
Debt service as a percentage of General Government Expenditures		
Debt limit	20% maximum	
Goal / Target	10% maximum	10.08%
Weighted Average Maturity of Debt Program(s)	10-year maximum	11 years
Variable rate debt as a percentage of Total Debt	25% maximum	0%
Pay-as-you-go funding for Renewal and Replacement:		
Fleet and minor equipment	\$0.5 million annually (min)	\$500,000
Technology equipment	\$0.1 million annually (min)	1,949,552
Buildings / structures maintenance	\$0.1 million annually (min)	14,474,987
Roads, curbs, and sidewalks	\$0.5 million annually (min)	3,169,633
General Fund Emergency Reserve as a percentage of Operating Revenues		
Goal / Target	20% minimum	41.00%
Enterprise Funds		
Water and Sewer		
Debt Service Coverage		
Test #1 (as a percentage of Maximum Annual Debt Service)		
Goal / Target	120% minimum	208.00%
Test #2 (Required Transfers)		
Goal / Target	100% minimum	220.00%
Weighted Average Maturity of Debt Program(s)	25-year maximum	13 years
Variable Rate Debt as a percentage of Total Debt	25% maximum	0%
Stormwater		
Debt Service Coverage		
Test #1 (as a percentage of Maximum Annual Debt Service)		
Goal / Target	120% minimum	227.00%
Test #2 (Required Transfers)		
Goal / Target	100% minimum	226.00%
Weighted Average Maturity of Debt Program(s)	25-year maximum	11 years
Variable Rate Debt as a percentage of Total Debt	25% maximum	0%
Pay-as-you-go for Renewal and Replacement funding as a percentage of Operating Revenues:		
Water and Sewer	10% minimum	45.80%
Stormwater	10% minimum	263.69%
Emergency Reserve as a percentage of Operating Revenues:		
Water and Sewer	20% minimum	209.00%
Stormwater	20% minimum	27.00%

Source: City of Riviera Beach's Debt Management Policy

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Palm Beach County Population ⁽²⁾	City of Riviera Beach Population ⁽³⁾	Palm Beach County per Capita Personal Income ⁽⁴⁾	City of Riviera Beach per Capita Personal Income ⁽⁵⁾	City of Riviera Beach Unemployment Rate ⁽¹⁾
2009	1,287,344	36,722	\$51,910	\$21,694	11.4
2010	1,320,134	32,488	52,526	21,702	12.8
2011	1,325,758	32,496	53,871	21,702	11.8
2012	1,335,415	32,861	55,628	22,399	10.4
2013	1,345,652	33,129	57,985	22,399	7.9
2014	1,360,248	33,369	66,914	23,159	6.1
2015	1,378,417	33,649	68,743	23,652	6.0
2016	1,391,741	34,005	71,946	23,685	6.0
2017	1,414,144	34,674	74,754	24,181	5.0
2018	1,433,417	n/a	n/a	n/a	3.6

Sources: (1) U.S. Bureau of Labor Statistics (Sep 2018)
 (2) U.S. Census Bureau
 (3) U.S. Census Bureau
 City of Riviera Beach, Community Development Department
 (4) Palm Beach County, CAFR 09/30/2018
 (5) U.S. Census Bureau

Demographic and Economic Information

PRINCIPAL EMPLOYERS CURRENT YEAR, 2018

Employer	Type of Business	Approximate Number of Employees
Veterans Affairs Medical Center	Health care	2,727
Palm Beach County School Board	Education	1,950
Cheney Brothers	Food distribution	970
Tropical Shipping	Food distribution	500
City of Riviera Beach	City government	495
Pepsi Cola Bottling Co.	Bottled soft drinks	450
Lockheed Martin Corp.	Aerospace engineering	335
SYSCO Food Services	Food distribution	340
Serta Mattress	Mattress manufacturing	164
Farmer & Irwin Corp.	Mechanical construction	173
Sancilio & Company, Inc.	Bio Medical	175
RGF Environmental Group, Inc.	Manufacturing	130

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

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	107	96	94	96	92	103	105	115	109	112
Police	180	161	163	157	153	160	159	160	162	168
Fire	78	76	71	70	72	65	74	68	73	87
Culture and recreation	48	52	42	49	50	52	48	47	58	49
Transportation	22	20	12	8	8	7	8	13	14	6
Human Services	4	4	4	4	3	6	5	5	5	13
Marina	17	15	9	9	9	9	9	-	-	-
Water and sewer	50	49	55	55	56	49	48	42	44	52
Stormwater	8	9	12	10	10	10	9	7	7	9
Total number of employees	514	482	462	458	453	461	465	457	472	495

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

**OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire										
Emergency responses	6,204	6,077	6,490	6,604	6,750	7,172	6,577	8,090	8,101	7,982
Fires reported	161	120	118	105	100	84	124	128	233	162
Streets										
Potholes repaired	267	N/A	135	300	375	180	300	350	218	n/a
Streets swept (miles)	240	240	3,100	4,800	3,200	3,200	4,500	4,500	4,500	4,500
Planning and development										
Building permits issued	2,305	2,401	2,497	2,444	2,601	2,535	2,952	2,825	2,528	3,338
Building inspections conducted	3,862	5,848	3,772	4,131	4,937	5,419	7,082	7,662	6,648	2,111
Parks and recreation										
Number of participants:										
Barracuda Bay	28,164	19,568	22,155	20,086	4,509	6,710	6,100	8,396	7,565	6,556
Swim lessons	262	497	530	675	558	175	600	466	35	681
Junior lifeguard	31	38	30	26	34	58	60	28	10	5
Football and cheerleading	334	260	250	270	210	250	250	219	400	475
Summer program	86	71	60	65	75	250	250	192	300	300
Seniors program	100	85	80	80	80	80	100	100	150	175
Youth basketball	200	190	215	190	130	130	600	191	250	100
Tee ball / Baseball / Tennis	175	195	100	100	125	125	250	56	80	-
Utility system										
Active accounts - water	13,656	13,559	13,929	13,175	13,366	12,975	12,686	12,665	12,555	12,566
Active accounts - sewer	13,193	13,114	13,475	13,127	13,315	13,010	13,052	12,616	12,511	12,521
Active accounts - trash	10,839	10,769	10,832	10,746	10,827	10,663	10,540	10,538	10,535	10,514
Water treated (gallons in millions)	2,079	2,380	2,450	2,472	2,500	2,647	2,762	2,800	2,919	2,806
Wastewater treated (gallons in millions)	1,455	1,666	1,715	1,759	1,836	1,778	1,796	1,799	1,323	1,443

Sources: Various departments of the City of Riviera Beach

N/A = Not Available

**CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Government buildings	1	1	1	1	1	1	2	2	2	2
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol cars	95	110	110	110	110	120	132	135	135	135
Fire stations	4	4	4	4	4	4	4	4	4	4
Culture and recreation										
Parks	12	12	12	12	12	12	12	12	12	12
Parks acreage	55	55	55	55	55	55	55	55	55	55
Recreation centers	2	2	2	2	2	2	2	2	2	3
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Playgrounds	10	10	10	10	10	10	10	10	10	10
Tennis courts	6	6	6	6	6	6	6	6	6	6
Basketball courts	5	5	5	5	5	5	5	5	5	5
Baseball/softball/soccer fields	7	7	7	7	7	7	7	7	7	7
Libraries	1	1	1	1	1	1	1	1	1	1
Transportation:										
Miles of streets	82	82	82	82	82	82	82	82	84	84
Number of street lights	3,500	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Miles of sidewalks	57	57	57	57	57	57	57	57	135	135
Utility systems:										
Water mains (miles)	175	175	188	188	187	187	187	187	187	188.3
Sewer mains (miles)	156.3	156.3	157.4	157.4	157.3	157.3	157.3	157.3	157.3	157.3
Water treatment capacity (MGD)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Storage tank & repump stations	4	4	4	4	4	4	4	4	4	4
Lift stations	51	51	51	51	51	51	51	51	53	51
Fire hydrants	1,089	1,089	1,100	1,100	1,109	1,109	1,125	1,125	1,136	1,143

Sources: Various departments of the City of Riviera Beach

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SECTION IV:
COMPLIANCE SECTION

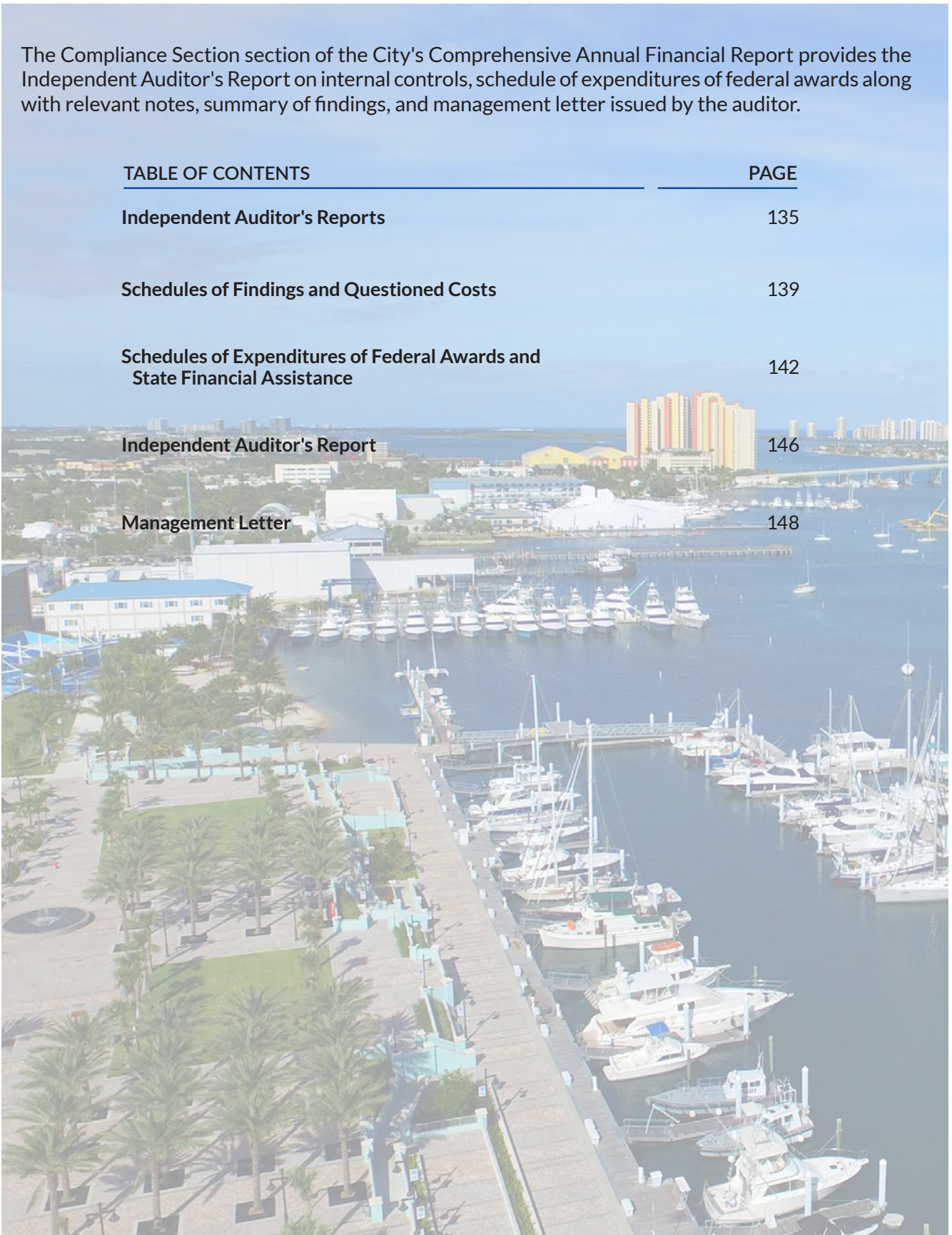


COMPLIANCE SECTION

Overview

The Compliance Section section of the City's Comprehensive Annual Financial Report provides the Independent Auditor's Report on internal controls, schedule of expenditures of federal awards along with relevant notes, summary of findings, and management letter issued by the auditor.

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HCT Certified Public Accountants & Consultants, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Riviera Beach, Florida (the ‘City’), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 17, 2019. Our report includes a reference to other auditors who audited the financial statements of the Fiduciary Funds, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 17, 2019

HCT Certified Public Accountants & Consultants, LLC

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Riviera Beach, Florida’s (the ‘City’) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the year ended September 30, 2018. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs and state projects based our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

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Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 17, 2019

**City of Riviera Beach, Florida
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2018**

I. Summary of Independent Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno
- Significant Deficiency(s) ___yes Xnone reported

Noncompliance material to financial statements noted? ___yes Xno

Feder Awards

Internal control over major programs:

- Material weakness(es) identified? ___yes Xno
- Significant Deficiency(s) identified ___yes Xnone reported

Type of auditor’s report issued on compliance for major programs: **Unmodified.**

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ___yes Xno

Identification of major programs:

CFDA No(s).	Names of Federal Programs or Cluster
16.710	COPS Hiring
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ___yes Xno

**City of Riviera Beach, Florida
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2018**

II. Prior Year Findings

Finding 2017 – 01

SIGNIFICANT DEFICIENCY

Reporting

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

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

Current Year Status: Condition has been resolved in 2018.

III. Financial Statement Findings

None Noted

IV. Federal Award Findings and Questioned Costs

None Noted

V. State Award Findings and Questioned Costs

None Noted



SINGLE AUDIT



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Identification Number	Federal Expenditures
U.S. Department of Justice:			
Edward Byrne Memorial JAG 2015	16.738	2015-DJ-BX-0438	\$29,801
Edward Byrne Memorial JAG 2016	16.738	2016-DJ-BX-0897	30,365
Edward Byrne Memorial JAG 2017	16.738	2017-DJ-BX-0344	29,306
Bulletproof Vest Partnership Program	16.607	2014-BUBX-140-73372	2,797
COPS Hiring	16.710	2014UMWX0156	164,202
Passed through State of Florida Department of Legal Affairs, Office of the Florida Attorney General			
Victims of Crime Act (VOCA) Grant	16.575	VOCA-2017-CITY OF RIVIERA BEACH POL-00296	98,287
Passed through Palm Beach County Public Safety			
Edward Byrne Memorial JAG Ex-Offender			
Adult Reentry Services	16.738	R2017-1388	14,500
Total U.S. Department of Justice			369,258
U.S. Department of Housing and Urban Development:			
Passed through Palm Beach County Housing and Community Development			
FY 2017 Community Development Block Grant	14.218	B-16-UC-12-0004	154,063
Total U.S. Department of Housing and Urban Development			154,063
U.S. Department of Homeland Security:			
Passed through Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2016-FH-00645	303,889
Total U.S. Department of Homeland Security			303,889
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$827,211

See accompanying notes to Schedule of Expenditures of Federal, State, Local and Other Awards.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Identification Number	State Expenditures
Florida Department of Corrections:			
Passed through Palm Beach County Public Safety			
Transitional Services Post Release	70.011	R2017-1388	\$141,711
Total Florida Department of Corrections			141,711
Florida Department of Health:			
Passed through Palm Beach County Public Safety, Bureau of Emergency Medical Services			
EMS County Grant	64.005	R2017-1849	9,350
Total Florida Department of Health			9,350
Florida Department of State:			
Division of Library and Information Services			
State Libraries and Archives of Florida	45.03	18-ST-63	30,331
Total Florida Department of State			30,331
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$181,392

See accompanying notes to Schedule of Expenditures of Federal, State, Local and Other Awards.

SCHEDULE OF EXPENDITURES OF LOCAL AND OTHER AWARDS

Grantor/Pass-Through Grantor/Program Title	Contract/ Grant Number	Identification Number	Local and Other Expenditures
Florida Inland Navigational District:			
FIND		PB-RB-16-189	\$20,340
FIND		PB-RB-17-196	28,250
Total Florida Inland Navigational District			48,590
Palm Beach County Sheriff's Office:			
Manatee Protection Law Enforcement		R2015-0325	13,037
Total Palm Beach County Sheriff's Office			13,037
Palm Beach County:			
Ex-Offender Adult Reentry Services		R2017-1388	53,662
Youth Violence Prevention Project		R2017-1392	122,699
Civil Drug Court Contract Services		R2016-0280	126,328
Total Florida Department of State			302,689
TOTAL EXPENDITURES OF LOCAL AND OTHER AWARDS			\$364,316

See accompanying notes to Schedule of Expenditures of Federal, State, Local and Other Awards.

NOTE 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedules) includes the Federal award activity of the City of Riviera Beach, Florida under programs of the federal government for the fiscal year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). The Schedule presents only a selected portion of the operation of the City, it is not intended to and does not present the financial position, changes in net position, or cashflows of the City.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are not limited as to reimbursement.

NOTE 3 - Indirect Cost Rate

The City has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

NOTE 4 - Contingency

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

HCT Certified Public Accountants & Consultants, LLC

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

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

We have audited the financial statements of the City Riviera Beach, Florida (the "City") as of and for the year ended September 30, 2018, and have issued our report thereon dated April 17, 2019.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Schedule of Findings and Questioned Costs; the Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General, and the management letter in accordance with the rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated April 17, 2019, should be considered in conjunction with this report.

Local Government Investment Policies

We have examined the City's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018. This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 17, 2019

HCT Certified Public Accountants & Consultants, LLC

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Riviera Beach, Florida (the 'City'), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 17, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 17, 2019, 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 take to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

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Financial Condition and Management

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

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

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

Special District Component Units

Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did 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 Mayor and City Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 17, 2019







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