

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

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**Audited Financial Statements  
For the Year Ended September 30, 2013**



Harvey, Covington & Thomas of South Florida, LLC  
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# **Independent Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Commissioners of  
The Riviera Beach Community Redevelopment Agency  
Riviera Beach, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund, of Riviera Beach Community Development Agency (a component unit of the city of Riviera Beach) (the Agency) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Agency as of September 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 26–27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2014 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
April 16, 2014

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# **Management's Discussion & Analysis**

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**MANAGEMENT’S DISCUSSION & ANALYSIS**  
**SEPTEMBER 30, 2013**

The Management’s Discussion and Analysis (MD&A) of the Riviera Beach Community Redevelopment Agency (the “Agency”) is designed to provide an objective and easy to read analysis of the financial activities based on currently known facts, decisions, and conditions. The MD&A provides a broad overview and short- and long-term analysis of the Agency’s activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Agency’s financial activity and identify changes in the Agency’s financial position and its ability to address the next year’s challenges. Finally, the MD&A will identify any material deviations from the approved budget.

The Agency is an independent agency and a blended component unit of the City of Riviera Beach, Florida (the “City”). The Agency has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*.

The information contained in this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and required supplementary information provided.

**FINANCIAL HIGHLIGHTS**

- The Agency’s tax increment revenues increased by \$327,635 from a total of \$5,110,866 in fiscal year 2012 to \$5,438,501 during the fiscal year 2013. The change resulted from increased commercial and other real property taxable values in the redevelopment district.
- The Agency began the fiscal year with a deficit in their net position balance of \$(8,358,671) largely attributed to an infrastructure grant for the Ocean Mall (see Note 8).
- The Agency’s total revenues for the year ended September 30, 2013, were \$5,642,411 while total expenses for governmental activities were \$5,636,719 reducing the deficit in net position by \$5,692.
- The Agency’s total assets increased by approximately 3%, or \$915,203, from \$33,588,177 to \$34,503,380 at September 30, 2013

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Agency’s basic financial statements are comprised of the 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.



## **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. In addition, the government-wide statements are prepared using the accrual basis of accounting. The *Statement of Net Assets* (balance sheet) presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets.

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

The government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities and redevelopment projects. Thus, the Agency has no business-type activities.

The government-wide financial statements are found beginning on page 9 of this report.

## **Fund Financial Statements**

The governmental fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Agency utilized one Governmental fund for the fiscal year ending September 30, 2013: the *General Fund*, which accounts for the operating activities of the Agency.

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

The focus of governmental funds is narrower than government-wide financial statements, and it is therefore useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By comparing and contrasting, readers may better understand the long-term impact of the Agency's near term financing decisions. The "Balance Sheet – Governmental Funds" and "Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds" are reconciled as shown on the bottom of the respective statements to facilitate the comparison between the *governmental funds* and *governmental activities*.

The Agency adopts an annual appropriated budget for its General Fund. The budgetary comparison schedule, which constitute Required Supplementary Information pursuant to the Governmental Accounting Standards Board (the “GASB”), is provided to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found beginning on page 11 of this report. The reconciliations between the governmental funds and governmental activities are found at the bottom of each statement.

### Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the financial statements begin on page 15 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency’s budget to actual results for the General Fund for the current year. The required supplementary information can be found on page 25 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Agency, liabilities exceeded assets by (\$8,352,979) at the close of fiscal year 2013. This “deficiency” is due to the fact that the Agency funded capital improvements that are not owned by the Agency. (See Note 8 to the financial statements.) The improvements are included in capital assets owned by the City of Riviera Beach.

### Governmental Assets and Liabilities

	2013	2012	Dollar increase/ (decrease)	Percent increase/ (decrease)
Current and other assets	\$ 31,634,652	\$ 31,987,710	\$ (353,058)	-1%
Capital assets (Note 3)	<u>2,868,728</u>	<u>1,600,467</u>	<u>1,268,261</u>	79%
<b>Total assets</b>	<u>34,503,380</u>	<u>33,588,177</u>	<u>915,203</u>	3%
Accounts payable and other liabilities	11,838,287	12,499,463	(661,176)	-5%
Long-term liabilities outstanding (Note 5)	<u>31,018,070</u>	<u>29,447,385</u>	<u>1,570,685</u>	5%
<b>Total liabilities</b>	<u>42,856,357</u>	<u>41,946,848</u>	<u>909,509</u>	2%
Invested in capital assets, net of related debt	2,868,728	1,600,467	1,268,261	79%
Unrestricted net deficit	<u>(11,221,706)</u>	<u>(9,959,138)</u>	<u>(1,262,568)</u>	13%
<b>Total net position</b>	<u>\$ (8,352,978)</u>	<u>\$ (8,358,671)</u>	<u>\$ 5,693</u>	0%

## Governmental Activities

Governmental activities decreased the Agency's deficit in net assets by \$5,692. Key elements of the decrease are as follows:

	<u>2013</u>	<u>2012</u>	<u>Dollar increase/ (decrease)</u>	<u>Percent increase/ (decrease)</u>
<b>Revenues:</b>				
Program revenues:				
Operating Grants	\$ 10,000	\$ -	\$ 10,000	100%
General revenues:				
Property taxes	5,438,501	5,110,866	327,635	6%
Other revenues	193,911	144,592	49,319	34%
Total revenues	<u>5,642,412</u>	<u>5,255,458</u>	<u>386,954</u>	7%
<b>Expenses:</b>				
General government	1,883,525	1,688,578	194,947	12%
Redevelopment program	2,268,172	1,116,686	1,151,486	103%
Interest on long-term debt	1,485,022	1,588,585	(103,563)	-7%
Total expenses	<u>5,636,719</u>	<u>4,393,849</u>	<u>1,242,870</u>	28%
Decrease/increase in net position	5,693	861,609	(855,916)	-99%
Net position beginning of year	<u>(8,358,671)</u>	<u>(9,220,280)</u>	<u>861,609</u>	-9%
Net position end of year	<u><u>\$ (8,352,978)</u></u>	<u><u>\$ (8,358,671)</u></u>	<u><u>\$ 5,693</u></u>	0%

Total expenses of \$5,636,719 in fiscal year 2013 represent an increase of \$1,242,870 from fiscal year 2012 expenses of \$4,393,849. The increase in expenses is due primarily to the increase in the redevelopment program expenses, particularly the Broadway underground utilities.

## FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2013, the Agency's governmental funds reported an ending fund balance of \$20,106,600 an increase of \$207,808 when compared to prior year total of \$19,898,792.

## GENERAL BUDGETARY HIGHLIGHTS

The following information is presented to assist the reader in comparing the original/final budget (Adopted) and the actual results. There were no material deviations from the approved budget.

### General Fund

#### General Fund Revenues

- The projected revenue for FY 2013 increased by 7% between the original adopted budget and the amended final budget.

#### General Fund Expenditures

- There was a positive variance in the general fund total expenditures. Actual FY 2013 expenditures were \$16,984,603 as compared to the final budgeted expenditures of \$20,196,323 indicating a decrease in projected spending of \$3,211,720 (16%). The reason for this was due to significantly higher budgeted expenditures for the redevelopment program offset by the refinancing of debt and pay off of principal.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Agency investment in capital assets (net of accumulated depreciation) for its governmental activities as of September 30, 2013 totals \$2,868,728 This investment in capital assets includes land, buildings, improvements and equipment.

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
Land	\$1,633,761	\$ 975,858
Building	2,745,901	2,046,129
Equipment	126,587	97,959
Total capital assets	<u>4,506,249</u>	<u>3,119,946</u>
Less accumulated depreciation	<u>(1,637,521)</u>	<u>(1,519,479)</u>
Total capital assets, net	<u><u>\$2,868,728</u></u>	<u><u>\$1,600,467</u></u>

Additional information on the Agency's capital assets can be found in Note 3 to the financial statements.

## Long-term Debt

At the end of the current fiscal year, the Agency had a total debt outstanding of \$30,960,855 and related accrued interest of \$310,234.

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
BB&T project Notes	\$ 25,790,000	\$ 23,885,000
2006 CRA note	5,170,854	5,562,385
Total notes	<u>30,960,854</u>	<u>29,447,385</u>
Compensated absences	<u>57,217</u>	<u>68,531</u>
Total Long-term debt	<u>\$ 31,018,071</u>	<u>\$ 29,515,916</u>

Additional information on the Agency's long-term liabilities can be found in Notes 4, 5 and 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the fiscal year ended September 30, 2013 the TIF revenue received was \$5,438,501 and for the fiscal year ending September 30, 2014 the estimated TIF is \$6,009,945. The annual TIF amount for the fiscal year ending September 30, 2014 may change subject to the final taxable values to be issued by the Palm Beach County Property Appraiser.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Tony T. Brown, Executive Director, at 2001 Broadway, Suite 300, Riviera Beach, Florida 33404.

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# **Basic Financial Statements**

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**RIVIERA BEACH COMMUNITY DEVELOPMENT AGENCY**  
**(A Component Unit of the City of Riviera Beach, Florida)**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 4,890,546
Cash and cash equivalents - restricted	26,215,274
Accounts receivable, net	15,880
Prepaid	7,952
Deposits in escrow	505,000
Capital assets, not being depreciated	1,633,761
Capital assets, being depreciated, net	<u>1,234,967</u>
<b>Total assets</b>	<b><u><u>34,503,380</u></u></b>
<u>Liabilities</u>	
Accounts payable	225,874
Accrued liabilities	40,645
Accrued interest payable	310,234
Advance from city	10,194,621
Due to City of Riviera Beach	1,033,163
Contingent liabilities	33,750
Long-term liabilities:	
Due within one year	2,156,106
Due in more than one year	<u>28,861,965</u>
<b>Total liabilities</b>	<b><u><u>42,856,358</u></u></b>
<u>Net Position</u>	
Invested in capital assets, net of related debt	2,868,728
Unrestricted net position	<u>(11,221,706)</u>
<b>Total net position</b>	<b><u><u>\$ (8,352,978)</u></u></b>

*See notes to the basic financial statements.*

**RIVIERA BEACH COMMUNITY DEVELOPMENT AGENCY**  
**(A Component Unit of the City of Riviera Beach, Florida)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating</u> <u>Grants</u>	<u>Net (Expense)</u> <u>Revenues and</u> <u>Changes in Net</u> <u>Assets</u>
<b>Governmental Activities:</b>			
General government	\$ 2,130,576	\$ -	\$ (2,130,576)
Redevelopment program	2,021,121	10,000	(2,011,121)
Interest and fiscal agent charges	1,485,022	-	(1,485,022)
Total	<u>\$ 5,636,719</u>	<u>\$ 10,000</u>	<u>(5,626,719)</u>
<b>General Revenues:</b>			
Tax increment revenue			5,438,501
Restricted investment earnings			72,291
Unrestricted investment earnings			30,848
Rent revenue			34,381
Miscellaneous revenue			56,391
Total general revenues			<u>5,632,412</u>
<b>Change in net position</b>			5,693
<b>Net position - beginning of year</b>			<u>(8,358,671)</u>
<b>Net position - end of year</b>			<u><u>\$ (8,352,978)</u></u>

*See notes to the basic financial statements.*



**RIVIERA BEACH COMMUNITY DEVELOPMENT AGENCY**  
**(A Component Unit of the City of Riviera Beach, Florida)**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<b>General</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 4,890,546	\$ 4,890,546
Cash and cash equivalents - restricted	26,215,274	26,215,274
Accounts receivable, net	15,880	15,880
Deposits in escrow	505,000	505,000
Prepaid	7,952	7,952
	<b>\$ 31,634,652</b>	<b>\$ 31,634,652</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b><u>Liabilities:</u></b>		
Accounts payable	\$ 225,874	\$ 225,874
Accrued liabilities	40,644	40,644
Due to City of Riviera Beach	1,033,163	1,033,163
Advance from city	10,194,621	10,194,621
Contingent liabilities	33,750	33,750
Total liabilities	11,528,052	11,528,052
<b><u>Fund Balances:</u></b>		
Restricted	20,106,600	20,106,600
Total fund balances	20,106,600	20,106,600
<b>Total liabilities and fund balance</b>	<b>\$ 31,634,652</b>	<b>\$ 31,634,652</b>

*See notes to the basic financial statements.*

**RIVIERA BEACH COMMUNITY DEVELOPMENT AGENCY**  
**(A Component Unit of the City of Riviera Beach, Florida)**  
**RECONCILIATION OF BALANCE SHEET -GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

Fund Balance- Total Governmental Fund (page 11) \$ 20,106,600

Amounts reported in the governmental activities in the Statement of Net Position are different because:

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

Governmental capital assets (Note 3)	4,506,249	
Less accumulated depreciation	<u>(1,637,521)</u>	2,868,728

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds (Note 5)

2006 CRA Note	(5,170,855)	
BB&T Project Loan	(14,240,000)	
Note 2013 A	(3,550,000)	
Note 2013 B	(8,000,000)	
Accrued interest	(310,234)	
Compensated absences	<u>(57,217)</u>	<u>(31,328,306)</u>

Net Position of Governmental Activities (page 9) \$ (8,352,978)

**RIVIERA BEACH COMMUNITY DEVELOPMENT AGENCY**  
**(A Component Unit of the City of Riviera Beach, Florida)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<b>General</b>	<b>Total Governmental Funds</b>
<b><u>Revenues:</u></b>		
Tax increment revenue	\$ 5,438,501	\$ 5,438,501
Restricted investment earnings	72,291	72,291
Unrestricted investment earnings	30,847	30,847
Grant revenue	10,000	10,000
Rent revenue	34,381	34,381
Miscellaneous	56,391	56,391
	<b>5,642,411</b>	<b>5,642,412</b>
 <b><u>Expenditures:</u></b>		
Current:		
General Government	1,776,797	1,776,797
Redevelopment program	2,268,172	2,268,172
Capital outlay	1,386,302	1,386,302
Debt service:		
Principal payments	10,036,530	10,036,530
Interest and fiscal agent charges	1,516,802	1,516,802
	<b>16,984,603</b>	<b>16,984,603</b>
Total expenditures	<b>16,984,603</b>	<b>16,984,603</b>
Revenues over expenditures	<b>(11,342,192)</b>	<b>(11,342,192)</b>
 <b><u>Other financing sources</u></b>		
Loan proceeds	11,550,000	11,550,000
Total other financing sources	<b>11,550,000</b>	<b>11,550,000</b>
Net change in fund balance	207,808	207,808
<b>Fund balances - beginning</b>	<b>19,898,792</b>	<b>19,898,792</b>
<b>Fund balances - ending</b>	<b>\$ 20,106,600</b>	<b>\$ 20,106,600</b>

*See notes to the basic financial statements.*

**RIVIERA BEACH COMMUNITY DEVELOPMENT AGENCY**  
**(A Component Unit of the City of Riviera Beach, Florida)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Net Change in Fund Balance	
Total Governmental Funds (page 13)	\$ 207,808
Amounts reported in the governmental activities in the Statement of Net Assets are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets (Note 3)	1,386,302
Less current year depreciation	<u>(118,042)</u> 1,268,260
The net effect of various transactions involving capital assets is to decrease net assets.	
Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the Statement of Net Assets.	
	10,036,531
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds	
	(11,550,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in accrued interest	31,780
Change in long-term compensated absences	<u>11,314</u>
Change in Net Position of Governmental Activities (page 10)	<u><u>\$ 5,693</u></u>

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

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

The basic financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency’s accounting policies are described below.

**a. Financial Reporting Entity**

The Riviera Beach Community Redevelopment Agency was established by a special act in 1969 of the Florida Legislature under Chapter 163 to develop and revitalize the blighted areas of the City of Riviera Beach (the City). The Agency’s services are rendered wholly within the boundaries of the City, and its activities and transactions are intended to benefit the City by returning improved property to the City’s tax rolls to enhance the business and cultural environment of the Agency area and to provide employment to its citizens. The Agency was created by City Resolution No. 130-84, dated August 7, 1984.

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

The Agency is dependent upon the City to fund deficits, meet debt service requirements and pay other expenditures in the event that the revenues of the Agency are insufficient.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Pursuant to the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Agency is considered a blended component unit of the City of Riviera Beach, Florida (the “City”). The Agency has therefore been reported in the City’s basic financial statements, as required. The Board of Commissioners of the Agency is comprised of the members of the City Council and the Mayor. There were no organizations that met the criteria to be included as a component unit of the Agency.

**b. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the Agency’s activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. The Agency does not have any business-type activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus and Basis of Accounting**

*Government-Wide Financial Statements*

The Agency’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Agency.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Governmental Fund Financial Statements*

The 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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Incremental property taxes, interest income, and certain loan repayments are susceptible to accrual. Other revenues that are generally not measurable until actually received are not accrued. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payments are due. The Agency reports its only fund as a major governmental fund.

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

**d. Capital Assets**

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

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

Buildings and Improvements	20 years
Equipment	3 – 10 years

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Restricted Assets**

Restricted assets represent developer deposits held in escrow and restricted cash for capital improvements.

**f. Compensated Absences**

It is the Agency's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from service. All vacation and sick leave pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement.

**g. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

**h. Fund Balance**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Non-spendable Fund Balance**—includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance**—includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Committed Fund Balance**—includes amounts that can only be used for the specific purposes determined by a formal action of the Agency’s highest level of decision-making authority, the CRA Board of Commissioners. Commitments may be changed or lifted only by the Agency taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).



**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Fund Balance (continued)**

**Assigned Fund Balance**—includes amounts intended to be used by the Agency for specific purposes that are neither restricted nor committed. Intent is expressed by (a) CRA Board of Commissioners or (b) a body (a budget, finance committee, or executive director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

**Unassigned Fund Balance**—this residual classification is used for all negative fund balances. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The CRA uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as in grant agreements requiring dollar for dollar spending.

Net position in the government-wide financial statements are categorized as investments in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets net of related debt represents net position related to property and equipment, net of any related debt.

**i. Use of Estimates**

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**j. Budgetary Data**

The Agency's Board annually adopts a balanced operating budget and appropriates funds for the general fund. Appropriations are legally controlled at the object code level and expenditures may not legally exceed budget appropriations.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Tax Increment Financing**

By January of every year the Palm Beach County and the City of Riviera Beach send to the Agency the estimated Tax Increment Financing. Once the Final Tax Roll Valuations for the year are issued the Office of Financial Management and Budget send the Agency a notification reconciling the actual vs. payment previously issued. Any shortage is forwarded or a refund requested.

**NOTE 2 – DEPOSITS**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for property and equipment for the fiscal year ended September 30, 2013 is as follows:

<u>Capital assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 975,858	\$ 673,028	\$ 15,125	\$ 1,633,761
Total capital assets, not being depreciated	<u>975,858</u>	<u>673,028</u>	<u>15,125</u>	<u>1,633,761</u>
Capital assets, being depreciated:				
Building	2,046,129	699,772	-	2,745,901
Equipment	97,960	28,627	-	126,587
Total capital assets, being depreciated	<u>2,144,089</u>	<u>728,399</u>	<u>-</u>	<u>2,872,488</u>
Total capital assets	<u>3,119,947</u>	<u>1,401,427</u>	<u>15,125</u>	<u>4,506,249</u>
Less accumulated depreciation for:				
Building	1,437,430	108,610	-	1,546,040
Equipment	82,049	9,432	-	91,481
Total accumulated depreciation	<u>1,519,479</u>	<u>118,042</u>	<u>-</u>	<u>1,637,521</u>
Total capital assets, being depreciated, net	<u>624,610</u>	<u>610,357</u>	<u>-</u>	<u>1,234,967</u>
Total capital assets, net	<u>\$ 1,600,468</u>	<u>\$ 1,283,385</u>	<u>\$ 15,125</u>	<u>\$ 2,868,728</u>

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 3 – CAPITAL ASSETS (continued)**

Depreciation expense was all charged to general government in the amount of \$118,042.

**NOTE 4 – ADVANCE FROM CITY**

The City advanced the Agency \$10,194,621 in a prior year; no such advances were noted as of September 30, 2013 (See Note 8).

**NOTE 5 – LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities of the Agency for governmental activities for the year ended September 30, 2013:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
2006 CRA Note	\$ 5,562,385	\$ -	\$ 391,531	\$ 5,170,854	\$ 411,107
Series 2011 Note	23,885,000	-	9,645,000	14,240,000	1,180,000
Note 2013 A	-	3,550,000	-	3,550,000	175,000
Note 2013 B	-	8,000,000	-	8,000,000	390,000
Total for Notes	29,447,385	11,550,000	10,036,531	30,960,854	2,156,107
Compensated absences	68,531	-	11,314	57,217	-
Total Long-term debt	<u>\$ 29,515,916</u>	<u>\$ 11,550,000</u>	<u>\$ 10,047,845</u>	<u>\$ 31,018,071</u>	<u>\$ 2,156,107</u>

**2006 CRA Note**

On July 5, 2006, the City issued the Series 2006 Refinancing Note in the amount \$7,175,876 to repay the Series 2002A and Series 2003 Notes. Although the Series 2006 Note was issued by the City, the proceeds were used to refinance Agency debt and the Agency is making the debt service payments. The Series 2006 Note bears interest at a rate equal to 67% of the one month LIBOR rate plus 108 basis points, adjusted monthly as of the first day of each calendar month until September 30, 2007. Effective October 1, 2007, the interest rate adjusted to a fixed rate of 4.19%. The principal and interest is 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 Note.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5 – LONG-TERM DEBT (Continued)**

The annual debt service requirements for the 2006 CRA Note is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 411,107	\$ 208,046	\$ 619,153
2015	431,662	190,391	622,053
2016	453,245	171,851	625,096
2017	475,907	152,386	628,293
2018	499,703	131,946	631,649
2019-2022	<u>2,899,231</u>	<u>315,537</u>	<u>3,214,768</u>
Total	<u>\$ 5,170,855</u>	<u>\$ 1,170,157</u>	<u>\$ 6,341,012</u>

*Series 2011 Redevelopment Revenue Note*

On April 28, 2011, the Agency issued Redevelopment Revenue Note Series 2011 in the amount \$25,570,000. The proceeds of the Note were to be used to pay the costs to acquire, construct and equip certain capital improvements consistent with and in furtherance of the Agency's Redevelopment Plan including the engineering, design, construction and acquisition of certain water, sewer and storm-water utilities, community facilities, public parking facilities, streetscape, landscape and access improvements, grants for landscape and facade upgrades, bulkhead and dock repair, marina upland improvements and such other projects as may be approved by the Agency from time to time, in accordance with and in furtherance of the Redevelopment Plan. The Series 2011 Note had a fixed interest rate of 4.44% paid semi-annually each February 1 and August 1 commencing August 1, 2011. Principal payments were payable annually commencing August 1, 2012 until the note matures on August 1, 2025.

In August 2013, the Agency repaid \$7,855,000 of the BB&T Series 2011 Note by refinancing the debt and issuing two new tax-exempt notes: Series 2013A in the amount of \$3,550,000 and 2013 B in the amount of \$8,000,000. The funds were used to pay down the original debt and be used for the purposes as stated above. The 2013A note bears interest at 3.01% per annum and will mature on August 1, 2025. Principal is due annually on August 1, each year and interest is due semi-annually on August and February 1. The 2013B note bears interest at a rate of 4.50% per annum with annual principal due on August 1, each year and semi-annual payments of interest due on February 1 and August 1 each year. As of September 30, 2013, the total amount owed on the BB&T series notes was \$25,790,000.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5 – LONG-TERM DEBT (Continued)**

The annual debt service requirement for the Series 2011 Redevelopment Revenue Note is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,180,000	\$ 632,256	\$ 1,812,256
2015	1,230,000	579,864	1,809,864
2016	1,280,000	525,252	1,805,252
2017	865,000	468,420	1,333,420
2018	900,000	430,014	1,330,014
2019-2023	5,515,000	1,517,148	7,032,148
2024-2025	<u>3,270,000</u>	<u>219,336</u>	<u>3,489,336</u>
Total	<u>\$ 14,240,000</u>	<u>\$ 4,372,290</u>	<u>\$ 18,612,290</u>

Annual Debt Services Requirements - Series Note 2013 A is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 175,000	\$ 98,247	\$ 273,247
2015	170,000	101,588	271,588
2016	180,000	96,471	276,471
2017	265,000	91,053	356,053
2018	280,000	83,076	363,076
2019-2023	1,620,000	283,541	1,903,541
2024-2025	<u>860,000</u>	<u>39,130</u>	<u>899,130</u>
Total	<u>\$ 3,550,000</u>	<u>\$ 793,106</u>	<u>\$ 4,343,106</u>

Annual Debt Services Requirements - Series Note 2013 B is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 390,000	\$ 331,000	\$ 721,000
2015	380,000	342,450	722,450
2016	395,000	325,350	720,350
2017	600,000	307,575	907,575
2018	620,000	280,575	900,575
2019-2023	3,660,000	960,750	4,620,750
2024-2024	<u>1,955,000</u>	<u>132,750</u>	<u>2,087,750</u>
Total	<u>\$ 8,000,000</u>	<u>\$ 2,680,450</u>	<u>\$ 10,680,450</u>

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6 – DUE TO CITY OF RIVIERA BEACH**

At the end of the fiscal year the Agency owed the City of Riviera Beach \$1,033,163 (see Note 10) of which \$33,163 were services contracted during fiscal 2013 by the Agency and administered by the City to assist the Agency in implementation of the CRA plan. Total services paid during the fiscal year 2013 were \$530,014.

**NOTE 7 – PENSION PLAN**

The Agency has a defined contribution plan in which all employees participate. Employer contributions for the year ended September 30, 2013 were equal to 6% of the qualified employee's annual compensation. Contributions are immediately 100% vested. Employees are not required to contribute. Employer contributions totaled approximately \$33,645 for the fiscal year ended September 30, 2013.

**NOTE 8 – INTER-LOCAL AGREEMENT**

On October 21, 2009 through the City's Resolution No. 135-09, the City of Riviera Beach and the Agency entered into a loan agreement where the City agreed to loan the Agency an amount not to exceed \$10,400,000. Restrictions were placed on the funds limiting their use to the construction and infrastructure improvements to the Ocean Mall and Municipal Beach properties as agreed to in an agreement between, the City, the Agency, and the Ocean Mall Redevelopment, LLC (OMRD). The Agency in turn agreed to provide a grant up to \$10,400,000 to the developer (OMRD) to make required infrastructure, parking and beach improvements in support of the project. On behalf of the Agency, the City advanced the loan proceeds to OMRD based on draw requests from OMRD for construction of the improvements based on inspection and approval of the requests by the City. The Ocean Mall and the Municipal Beach are owned by the City of Riviera Beach. The Ocean Mall/Municipal Marina project was catalytic in the development of other commercial properties in the area, including the Ritz Carlton, the largest tax-assessed property (\$234 million) in the CRA area.

On April 27, 2011 through the City's Resolution No. 52-11, the City agreed to modify the loan agreement with the Agency by offering more flexible terms to the Agency. The modifications to the loan repayment terms of the original agreement included three repayment phases; the construction period, principal deferment period of five years, and principal and interest repayment period over a period of ten years.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 8 – INTER-LOCAL AGREEMENT**

The Agency agreed to repay the City principal and interest as follows:

1. Commencing on October 15, 2009 and continuing through June 30, 2011, all accrued and unpaid interest at 4.75% per annum on the principal amount paid to OMRD.
2. The City agreed to defer the principal payment for a period of five years commencing July 1, 2011 through June 30, 2016.
3. Commencing on July 1, 2011 through June 30, 2016, the interest on the principal amount paid to OMRD will be reduced to 2% per annum.
4. From July 1, 2016 and continuing annually through July 1, 2026, a payment of principal and interest, based on an interest of 4.75% per annum, is due and payable each July 1, commencing on July 1, 2016 until July 1, 2025 based on a fifteen year amortization.

**NOTE 9 – OPERATING LEASE**

The Agency's lease agreement expired on November 30, 2011 and was extended for an additional three year period from December 1, 2011 to November 30, 2014. The monthly lease payments are \$4,669 for the first year and \$4,857 for the second year and \$5,051 for the third year. The Agency is also responsible for shared operating costs. During the fiscal year ended September 30, 2013 the Agency made payments of \$66,640 pursuant to the lease agreements.

**NOTE 10 – IMPROVEMENT FUNDS**

The Agency entered into an agreement with the City during the year ended September 30, 2012, whereby accrued payables from prior years to the City in the amount of \$1,530,014 would be deferred and used for improvements to the Riviera Beach Municipal Marina. The improvements made will be a joint effort between the Agency and the City. As of September 30, 2013 the Agency owed the city \$1,000,000 which was repaid during fiscal year 2014.

**NOTE 11 – RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases insurance through the Florida Municipal Insurance Trust.

There have been no settlements that exceeded insurance coverage during the fiscal year.

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# **Budgetary Information**

**(Required Supplementary Information )**

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**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL –GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with final budget - positive (negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(negative)</u>
<b><u>Revenues:</u></b>				
Tax increment revenue	\$ 5,091,083	\$ 5,460,026	\$ 5,438,501	\$ (21,525)
Grant revenue	-	-	10,000	\$ 10,000
Investment earnings	-	-	103,137	103,137
Miscellaneous income	145,000	145,000	90,773	(54,227)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	5,236,083	5,605,026	5,642,411	37,385
<b><u>Expenditures:</u></b>				
Current:				
General government	2,656,160	2,631,160	1,776,797	854,363
Redevelopment program	11,972,210	12,463,535	2,268,172	10,195,363
Capital outlay	1,010,000	1,453,943	1,386,302	67,641
Debt service:				
Principal retirement	2,151,530	2,151,530	10,036,530	(7,885,000)
Interest and fiscal charges	1,496,155	1,496,155	1,516,802	(20,647)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	19,286,055	20,196,323	16,984,603	3,211,720
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<hr/>	<hr/>	<hr/>	<hr/>
	(14,049,972)	(14,591,297)	(11,342,192)	3,249,105
<b><u>Other Financing Sources:</u></b>				
Carryforward from BB&T Project Loan	24,799,616	17,704,769	-	17,704,769
Loan proceeds	-	11,550,000	11,550,000	-
Carryforward from General Fund	6,362,827	6,498,397	-	6,498,397
	<hr/>	<hr/>	<hr/>	<hr/>
	31,162,443	35,753,166	11,550,000	24,203,166
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in fund balances</b>	\$ 17,112,471	\$ 21,161,869	\$ 207,808	\$ 20,954,061
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balance Beginning</b>			19,898,792	
			<hr/>	
<b>Fund Balance Ending</b>			<u>\$ 20,106,600</u>	

See notes to the schedule.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Riviera Beach, Florida)  
**NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL –GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 –BUDGETARY ACCOUNTING**

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

- Approximately July 1, the Executive Director submits to the Agency Board a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through the passage of a resolution.
- Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations.
- The Agency amended its budget resulting in an increase in revenues of \$368,943 and an increase in appropriations of \$910,268.
- For the year ended September 30, 2013, expenditures did not exceed appropriations. Budgetary appropriations were higher than actual expenditures as it was expected that more money would be spent on the redevelopment program.

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# **Compliance**

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

To the Board of Commissioners of  
The Riviera Beach Community Redevelopment Agency  
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, and the major fund, of the Riviera Beach Community Development Agency, Florida (a component unit of the City of Riviera Beach) (the Agency) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements, and have issued our report thereon dated April 16, 2014.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
April 16, 2014