

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

**Audited Financial Statements
For the Year Ended September 30, 2015**



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(A Component Unit of the City of Riviera Beach, Florida)

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Independent Auditors' Report

INDEPENDENT AUDITORS' 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 Redevelopment Agency, a component unit of the City of Riviera Beach, Florida (the "Agency") as of and for the year ended September 30, 2015, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the Agency, as of September 30, 2015, 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 on pages 3 to 10 and the budgetary comparison information on pages 31 to 32 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 August 09, 2016 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

August 09, 2016

Management's Discussion & Analysis

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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 "Agency"). 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

General Fund

- Tax increment revenues increased by \$0.453M to \$6.446M, or 7.6% in FY 2015 from FY 2014 level of \$5.993M, resulting from an increase in commercial and other real property taxable values in the redevelopment district.
- Expenditures of \$14.932M exceeded total revenues of \$6.640M by \$8.292M, which was expected. In FY 2015, the Agency continued major construction projects mainly in the Marina District and Riviera Beach Heights.

Government Wide

- In FY 2014, the City transferred the management of the Marina Uplands to the Agency through a Master Ground Lease Agreement. In anticipation of this major new responsibility, the Agency increased staff from six to seventeen full-time equivalent employees, with the most significant increase in personnel and equipment costs associated with the introduction of the Ambassador Program, a "Clean and Safety" initiative.
- Governmental activities expenses were \$5.944M and were covered by Working Capital Reserves and Project Fund balances.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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 Position* (balance sheet) presents information on the Agency's assets and liabilities, with the difference between the two reported as net position.

The *Statement of Activities* (income statement) presents information showing how the Agency's net position changed during the fiscal year. All changes in revenues are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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.

The government-wide financial statements are found beginning on page 11 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. For fiscal year ended September 30, 2015, the Agency utilized one Governmental fund, General Fund, to account for the operating activities of the Agency.

Included in General Fund are three redevelopment programs funded by restricted debt:

1. Redevelopment Revenue Notes, Series 2011, which is funding redevelopment programs in the City of Riviera Beach and the Marina;
2. Redevelopment Revenue Notes, Series 2013A, which will bury utility lines along Broadway and improve Marina south-end docks and bulkhead; and
3. Redevelopment Revenue Notes, Series 2013B, which has been used to acquire property and to increase parking capacity at the Marina and Singer Island.

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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 page following the respective statements to facilitate the comparison between the *governmental funds* and *governmental activities*.

The governmental fund financial statements can be found beginning on page 13 of this report.

Additionally, it is useful to compare the information and amounts presented for governmental funds with its corresponding project budget to ensure that sources and uses balances since these projects may span over several fiscal years. 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 on page 31 to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The notes to the basic 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 17 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 31 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets by \$5.4M as of September 30, 2015. This deficiency is due to the fact that the Agency funded capital improvements that are not owned by the Agency, which have instead transferred to the City of Riviera Beach. (See Note 8 to the financial statements.) The improvements are related to capital assets owned by the City of Riviera Beach, largely made on city-owned land.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Governmental Assets and Liabilities

	<u>2015</u>	<u>2014</u>	<u>\$ increase / (decrease)</u>	<u>% increase / (decrease)</u>
Current and other assets	\$21,190,816	\$21,193,130	(\$2,314)	-0.01%
Capital assets	12,745,367	6,406,519	6,338,848	98.94%
Total assets	<u>33,936,183</u>	<u>27,599,649</u>	<u>6,336,534</u>	<u>22.96%</u>
Current and other liabilities	4,671,327	3,216,868	1,454,459	45.21%
Long-term liabilities outstanding	34,664,411	36,908,766	(2,244,355)	-6.08%
Total liabilities	<u>39,335,738</u>	<u>40,125,634</u>	<u>(789,896)</u>	<u>-1.97%</u>
Invested in capital assets, net of related debt	(12,058,831)	6,406,519	(18,465,350)	-288.23%
Restricted	9,223,768	-	9,223,768	100.00%
Unrestricted	(2,564,492)	(12,502,505)	9,938,013	-79.49%
Total net position	<u>(\$5,399,555)</u>	<u>(\$6,095,986)</u>	<u>\$696,431</u>	<u>11.42%</u>

Governmental Activities

	<u>2015</u>	<u>2014</u>	<u>\$ increase / (decrease)</u>	<u>\$ increase / (decrease)</u>
Revenues:				
Program revenues:				
Operating grants	\$150,000	-	\$150,000	100.00%
General revenues:				
Tax increment financing	6,445,947	5,992,858	453,089	7.56%
Other revenues	44,124	56,945	(12,821)	-22.51%
Total revenues	<u>6,640,071</u>	<u>6,049,803</u>	<u>590,268</u>	<u>9.76%</u>
Expenditures:				
General government	3,166,429	1,940,312	1,226,117	63.19%
Redevelopment Program	1,231,237	215,015	1,016,222	472.63%
Interest on long-term debt	1,545,974	1,637,485	(91,511)	-5.59%
Total expenditures	<u>5,943,640</u>	<u>3,792,812</u>	<u>2,150,828</u>	<u>56.71%</u>
Change in net position	696,431	2,256,992	(1,560,561)	-69.14%
Net position - Beginning	(6,095,986)	(8,352,978)	2,256,992	27.02%
Net position - Ending	<u>(\$5,399,555)</u>	<u>(\$6,095,986)</u>	<u>\$696,431</u>	<u>11.42%</u>

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Governmental activities decreased the Agency's net position by \$0.696M. Key elements of the decrease are as follows:

Total expenditures of \$5.944M for FY 2015 represent an increase of \$2.151M over FY 2014 expenditures of \$3.792M resulting primarily from improvements of the City-owned Marina and construction of the Event Center.

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, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Agency's governmental funds reported an ending fund balance of \$1.739M, when compared to prior year total of \$10.495M.

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

Revenues

Projected tax increment revenues for FY 2015 did not materially change from the original adopted budget to the amended final budget. The final property values reduced property tax revenues by \$11,754 from the City of Riviera Beach and by \$7,322 from the County, for a total reduction of \$19,076.

Expenditures

There was a positive variance in the General Fund total expenditures. For FY 2015 actual expenditures were \$14.932M as compared to the final budgeted expenditures of \$37.892M indicating a decrease in projected spending of \$22.960M. Actual expenditures were below budgeted amounts resulting mainly due to the redevelopment budget is a roll-forward budget. The Marina project is scheduled to be completed in FY 2017.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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, 2015 amounts to \$12.745M. Capital assets include land, construction in progress, buildings, improvements and equipment.

	<u>2015</u>	<u>2014</u>
Land	\$1,626,952	\$1,788,749
Construction in progress	9,909,353	3,426,606
Buildings and improvements	2,856,022	2,758,013
Equipment	321,054	218,677
Total capital assets	<u>14,713,381</u>	<u>8,192,045</u>
Less accumulated depreciation	<u>(1,968,014)</u>	<u>(1,785,526)</u>
Total capital assets, net	<u>\$12,745,367</u>	<u>\$6,406,519</u>

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

Long-term Debt

	<u>2015</u>	<u>2014</u>
Community Redevelopment Project Notes, Series 2006	\$4,328,086	\$4,759,748
Redevelopment Revenue Notes, Series 2011	11,830,000	13,060,000
Redevelopment Revenue Notes, Series 2013A	3,205,000	3,375,000
Redevelopment Revenue Notes, Series 2013B	7,230,000	7,610,000
Advance from City	10,194,621	10,194,621
Total bonds and notes payable	<u>36,787,707</u>	<u>38,999,369</u>
Capital lease obligation	33,255	44,359
Compensated absences	163,457	118,775
Total long-term debt	<u>\$36,984,419</u>	<u>\$39,162,503</u>

As of September 30, 2015, the Agency had a total debt and capital leases outstanding of 26.790M.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ended September 30, 2015, Tax Increment revenue received was \$6.446M and for fiscal year ending September 30, 2016, \$7.123M is projected for TIF, which is subject to change based on the final taxable values provided by the Palm Beach County Property Appraiser.

REQUEST 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 the Executive Director, 2001 Broadway, Suite 300, Riviera Beach, Florida 33404.

Basic Financial Statements

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$3,756,838
Cash and cash equivalents - restricted	8,643,625
Accounts receivable, net	1,137,910
Due from City of Riviera Beach	616,444
Prepaid	23,452
Deposits in escrow	723
Deposits held with others	4,000
Investment in Neighborhood Lending Partners (NLP)	100,000
Long term grant receivable	6,907,824
Capital assets, not being depreciated	11,536,305
Capital assets, being depreciated, net	1,209,062
Total assets	33,936,183
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable	731,309
Accrued liabilities	406,433
Contingent and other liabilities	77,011
Due to City of Riviera Beach	1,136,566
Capital leases, current portion	11,101
Bonds and notes payable, current portion	2,308,907
Non-current liabilities:	
Advance from City of Riviera Beach	10,194,621
Compensated absences	163,457
Capital leases, long term portion	22,154
Bonds and notes payable, long term portion	24,284,179
Total Liabilities	39,335,738
 <u>Net Position</u>	
Invested in capital assets, net of related debt	(1,864,210)
Restricted for:	
Capital projects	9,223,768
Unrestricted	(12,759,113)
Total net position	(\$5,399,555)

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
Governmental activities:			
General government	\$3,166,429	\$150,000	(\$3,016,429)
Redevelopment program	807,460	-	(807,460)
Real estate development	423,777	-	(423,777)
Interest and debt service charges	1,545,974	-	(1,545,974)
Total government activities	<u>5,943,640</u>	<u>150,000</u>	<u>(5,793,640)</u>
General Revenues:			
Tax increment revenues			6,445,947
Unrestricted investment earnings			26,903
Miscellaneous revenues			17,221
Total general revenues			<u>6,490,071</u>
Change in net position			696,431
Net position - Beginning			<u>(6,095,986)</u>
Net position - Ending			<u>(\$5,399,555)</u>

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

<u>Assets</u>	<u>Governmental Funds</u>
Cash and cash equivalents	\$3,756,838
Cash and cash equivalents - restricted	8,643,625
Accounts receivable, net	1,137,911
Due from City of Riviera Beach	616,444
Prepaid	23,452
Deposits in escrow	723
Deposits held with others	4,000
Investment in Neighborhood Lending Partners (NLP)	100,000
Total assets	14,282,993
<u>Liabilities</u>	
Accounts payable	731,309
Accrued liabilities	406,433
Contingent and other liabilities	75,096
Due to City of Riviera Beach	1,136,567
Advance from City of Riviera Beach	10,194,621
Total Liabilities	12,544,026
<u>Fund Balances</u>	
Unrestricted	1,738,967
Total Fund Balances	1,738,967
Total Liabilities and Fund Balances	\$14,282,993

RIVIERA BEACH COMMUNITY REDEVELOPMENT 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, 2015

Ending Fund Balance - Governmental Funds (Page 13) \$1,738,967

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

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

Governmental capital assets (Note 3)	14,713,381	
Less accumulated depreciation	(1,968,014)	
Miscellaneous	(1,895)	
Long term receivables	6,907,824	19,651,296

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

Community Redevelopment Projects Note, Series 2006	(4,328,086)	
Redevelopment Revenue Notes, Series 2011	(11,830,000)	
Redevelopment Revenue Notes, Series 2013A	(3,205,000)	
Redevelopment Revenue Notes, Series 2013B	(7,230,000)	
Capital leases	(33,255)	
Compensated absences	(163,477)	(26,789,818)

Net Position of Governmental Activities (Page 11) (\$5,399,555)

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Revenues</u>	<u>Governmental Funds</u>
Tax increment revenues	\$6,445,947
Investment earnings - restricted	26,903
Grants	150,000
Miscellaneous	17,221
Total revenues	6,640,071
<u>Expenditures</u>	
Current:	
General government	3,166,429
Redevelopment Program	7,584,083
Real estate development	423,777
Debt service:	
Principal	2,211,662
Interest and debt service costs	1,545,974
Total expenditures	14,931,925
Excess (deficiency) of revenues over expenditures	(8,291,854)
<u>Other financing sources</u>	
Transfers in / (out)	(464,601)
Total other financing sources	(464,601)
Net change in fund balance	(8,756,455)
Fund balance - beginning	10,495,422
Fund balance - ending	\$1,738,967

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances - governmental funds (Page 15) (\$8,756,455)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are depreciated over their useful lives and reported as depreciation expense.

Expenditures for capital outlay	6,688,626	
Less current year depreciation	(182,488)	6,506,138

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repayments	2,211,662
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds:

Change in long-term compensated absences	(44,702)
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Internal service funds are used by management to charge the costs of redevelopment management and project management to individual funds. The net revenues of certain activities of the the internal service fund is reported with governmental activities

779,788

Change in net position of governmental activities (Page 12)	\$696,431
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RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 a defined 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.

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. 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. There were no organizations that met the criteria to be included as a component unit of the Agency.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

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SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, *Fund Balance Reporting Governmental Fund Type Definitions*, 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).

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 balances are available unless there are legal agreements that prohibit doing this, such as in grant and loan agreements requiring dollar for dollar spending. The executive director has created assigned fund balances for major program expenses associated with the marina and the Clean & Safe Program.

h. 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.

i. 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.

j. Tax Increment Revenue

By January of every year the Palm Beach County Property Appraiser's Office and the City of Riviera Beach send to the Agency the estimated Tax Increment Revenue. Once the Final Tax Roll Valuations for the year are issued the Office of Financial Management and Budget sends the Agency a notification reconciling the actual and. 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 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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – DEPOSITS (continued)

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 the fiscal year ended September 30, 2015 is as follows:

	10/1/2014			9/30/2015
	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$1,788,749	\$4,344	(\$166,141)	\$1,626,952
Construction work in progress	3,426,605	6,482,748	-	9,909,353
Total capital assets not being depreciated	5,215,354	6,487,092	(166,141)	11,536,305
Capital assets being depreciated:				
Buildings	2,749,083	88,459		2,837,542
Improvement other than buildings	8,930	9,550		18,480
Furniture, fixtures, machinery and equipment	218,678	103,525	(1,149)	321,054
Total capital assets being depreciated	2,976,691	201,534	(1,149)	3,177,076
Total capital assets	8,192,045	6,688,626	(167,290)	14,713,381
Less accumulated depreciation for:				
Buildings	(1,683,335)	(140,402)	-	(1,823,737)
Improvement other than buildings	(99)	(729)	-	(828)
Furniture, fixtures, machinery and equipment	(102,092)	(41,587)	230	(143,449)
Total accumulated depreciation	(1,785,526)	(182,718)	230	(1,968,014)
Total capital assets, net of depreciation	\$6,406,519	\$6,505,908	(\$167,060)	\$12,745,367

NOTE 4 – ADVANCE FROM CITY

The City advanced an amount of \$10,194,621 to the Agency in October 2009; no such advances were noted as of September 30, 2015.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2015:

	10/1/2014			9/30/2015	
	Beginning	Additions	Deletions	Ending	Due within
	Balance			Balance	One Year
Community Redevelopment Project Notes, Series 2006	\$4,759,748	-	(\$431,662)	\$4,328,086	\$453,907
Redevelopment Revenue Notes, Series 2011	13,060,000	-	(1,230,000)	11,830,000	1,280,000
Redevelopment Revenue Notes, Series 2013A	3,375,000	-	(170,000)	3,205,000	180,000
Redevelopment Revenue Notes, Series 2013B	7,610,000	-	(380,000)	7,230,000	395,000
Advance from City	10,194,621	-	-	10,194,621	-
Total bonds and notes payable	<u>38,999,369</u>	<u>-</u>	<u>(2,211,662)</u>	<u>36,787,707</u>	<u>2,308,907</u>
Capital lease obligation	44,359	-	(11,104)	33,255	11,101
Compensated absences	118,755	44,702	-	163,457	-
Total Long-term Debt	<u>\$39,162,483</u>	<u>\$44,702</u>	<u>(\$2,222,766)</u>	<u>\$36,984,419</u>	<u>\$2,320,008</u>

Community Redevelopment Projects Note, Series 2006

On July 5, 2006, the City issued the Community Redevelopment Projects Note, Series 2006 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.

Annual debt service requirements are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$453,245	\$171,851	\$625,096
2017	475,907	152,386	628,293
2018	499,703	131,947	631,650
2019	524,688	110,486	635,174
2020	550,922	87,952	638,874
2021-2023	1,823,621	117,098	1,940,719
Total	<u>\$4,328,086</u>	<u>\$771,720</u>	<u>\$5,099,806</u>

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – LONG-TERM DEBT (continued)

Redevelopment Revenue Notes, Series 2011

On April 28, 2011, the Agency issued Redevelopment Revenue Notes, Series 2011 in the amount of \$25,570,000. The proceeds of the Notes were 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 2014, 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, 2015, the total amount owed on the BB&T series notes was \$25,790,000.

Annual debt service requirements are as follows:

Year Ending September 30,	Principal	Interest	Total
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	935,000	390,054	1,325,054
2020	975,000	348,540	1,323,540
2021-2025	6,875,000	997,890	7,872,890
Total	\$11,830,000	\$3,160,170	\$14,990,170

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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SEPTEMBER 30, 2015

NOTE 5 – LONG-TERM DEBT (continued)

Redevelopment Revenue Notes, Series 2013A

Year Ending September 30,	Principal	Interest	Total
2016	\$180,000	\$96,471	\$276,471
2017	265,000	91,053	356,053
2018	280,000	83,076	363,076
2019	290,000	74,648	364,648
2020	295,000	65,919	360,919
2021-2025	1,895,000	182,105	2,077,105
Total	\$3,205,000	\$593,272	\$3,798,272

Redevelopment Revenue Notes, Series 2013B

Year Ending September 30,	Principal	Interest	Total
2016	\$395,000	\$325,350	\$720,350
2017	600,000	307,575	907,575
2018	620,000	280,575	900,575
2019	645,000	252,675	897,675
2020	675,000	223,650	898,650
2021-2025	4,295,000	617,175	4,912,175
Total	\$7,230,000	\$2,007,000	\$9,237,000

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – LONG-TERM DEBT (continued)

Capital Lease Obligations

US Bank

In May 2014, the Agency entered into a five-year leasing arrangement with US Bank to acquire a sidewalk sweeper to sweep the sidewalks. The lease contract is repaid over a period of five years of 60 equal payments of \$518 totaling \$31,090 over five years, with the first payment being due 30 days after the Agreement start date. Future minimum lease obligations are as follows:

Year Ending September 30,	Total
2016	\$6,218
2017	6,218
2018	6,218
2019	5,182
Total	\$23,836

John Deere Financial

In August 2014, the Agency entered into a three-year capital leasing arrangement with John Deere Financial to acquire a Gator utility vehicle to transport equipment and personnel as part of the ‘Clean and Safe’ program to maintain the property within the CRA district. The purchase price is \$15,730 and will be repaid over 36 months at an annual interest rate of 7.509%. Future minimum lease obligations are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$4,883	\$232	\$5,115
Total	\$4,883	\$232	\$5,115

NOTE 6 – OPERATING LEASE

The Agency’s existing, extended lease agreement was to expire on November 30, 2014. Due to the need for additional space the Agency entered into a new amendment to the lease agreement to include additional square footage in the same building and to extend the lease through September 2017. The monthly lease payments for the fiscal year ended September 30, 2015 were \$9,355. The Agency is also responsible for shared operating costs. During the fiscal year ended September 30, 2015 the Agency made payments of \$112,265 pursuant to the lease agreements. The lease annual required payments total \$112,265 each for the fiscal years ending September 30, 2016 through 2017.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7 – RETIREMENT PLAN

The Agency has a defined contribution plan in which all eligible full-time employees participate. Employer contributions for the year ended September 30, 2015 were equal to approximately 6% of the qualified employee's annual compensation. Contributions are immediately 100% vested. Employees are not required to contribute. For fiscal year ended September 30, 2015, the CRA contributed \$28,768 to the retirement plan.

Effective June 1, 2015, those Agency's employees who were eligible to participate in the Florida Retirement System (FRS) became participants in FRS jointly with the City. As provided by Florida Statutes, Chapters 112 and 121, the FRS provides two cost sharing, multiple employer defined benefits plans administered by the Florida Department of Management Services, Division of Retirement. As a general rule, membership in the FRS is compulsory for all employees in regularly established position for a state agency, county government, or a participating city or special district within the State of Florida.

NOTE 8 – RELATED PARTY TRANSACTIONS

2006 Note

On July 5, 2006, the City issued the Community Redevelopment Projects Note, Series 2006, in the amount of \$7,175,876 to refund the Series 2002A and Series 2003A Community Redevelopment Bond Anticipation Notes. Through an interlocal agreement, the Agency pledged its tax incremental revenues to the City for the payment of the amounts due by the City pursuant to the Series 2006 Note.

Ocean Mall Redevelopment (OMRD) Loan

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.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 – RELATED PARTY TRANSACTIONS (continued)

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.

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.

Marina District Master Ground Lease

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

Marina Uplands Funding Loan to the Agency

On September 30, 2014, the City issued its Public Improvement Revenue Bonds, Series 2014 in the aggregate principal amount of \$22,000,000 of which the City loaned \$8,228,734 from the proceeds to the Agency to provide gap financing for the City's Marina District development. The Agency has entered into an agreement to reimburse the City for a proportional share, 37.48%, of the annual debt service on the Series 2014 Bonds.

Riviera Beach CDE

The Agency entered into a recoverable grant agreement on December 11, 2013 with Riviera Beach CDE, Inc. (CDE), a non-profit company registered in Florida, for the funding of the Riviera Beach Event Center (RBEC). The CDE and the Agency are under common control having the

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 – RELATED PARTY TRANSACTIONS (continued)

same executive management and the CDE is substantially dependent on funding from the Agency. The CDE has entered into a management agreement with the Agency. The CDE is the sole member for the RBEC and the Agency's Executive Director has been named as the uncompensated non-member manager of RBEC. The RBEC has received funds from the CDE as a capital contribution. An additional loan was made to RBEC under the federal New Markets Tax Credit (NMTC) Program for the construction of the RBEC's facility.

The following is the unaudited summary financial information as of September 30, 2015 for both related parties:

	Riviera Beach CDE, Inc.	Event Center, LLC	Elimination Entries	Net Total
Total Assets	\$7,274,494	\$10,415,397	(\$2,389,747)	\$15,300,144
Total Liabilities	7,364,766	8,113,827	-	15,478,593
Net Assets (Deficit)	(90,272)	2,301,570	(2,389,747)	(178,449)
Total Support and Revenues	67,931	2,325	-	70,256
Total Expenses	171,008	117,770	(115,445)	173,333
Net Revenues	(\$103,077)	(\$115,445)	115,445	(\$103,077)

The CDE made a leverage loan to a subsidiary of Key Bank in the amount of \$4,761,400 and made a capital contribution to the RBEC in the amount of \$2,146,224. The capital contribution has been eliminated in the table shown above. The total of these funds, \$6,907,824, is included in the total assets of CDE and was used as security under the NMTC Program described as follows. The RBEC was the recipient of the debt proceeds obtained under the NMTC program. That debt totals \$6,907,824 and is included as long term debt in the total liabilities of RBEC. These funds are restricted to be used only for the construction and other directly related costs for the Facility.

Under the terms of the recoverable grant, once the Facility is completed and fully operational, it will be transferred to the City of Riviera Beach, Florida and a portion of the debt will be forgiven following the end of the NMTC compliance period. The Agency master leases the Facility at a market rate and will manage its day to day activities. As of September 30, 2015, the Agency has \$6,907,824 of long term notes receivables and \$368,000 of accounts receivables due from the CDE which is included in the total liabilities of the CDE.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 9 –IMPROVEMENT FUNDS

The Agency entered into an agreement with the City during the year ended September 30, 2013, whereby accrued payables from prior years to the City in the amount \$1,000,000 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, 2015, the Agency repaid \$1,000,000 to the City and there is no remaining balance.

NOTE 10 – RISK MANAGEMENT

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

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

NOTE 11 – SUBSEQUENT EVENTS

Restructure of OMRD Loan

On February 26, 2016, the City agreed to modify the loan agreement with the Agency for the OMRD loan for \$10,194,621. The restructure of the loan is necessary to enhance the Agency's cash flow to meet ongoing operational needs. The Agency's 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 Agency will pay fifteen equal installments of \$679,641 each October 1st, commencing October 1, 2023 until the loan is paid in full. Details of the original and first modification of the loan agreement are included in Note 8 – Related Party Transactions.

Budgetary Information

(Required Supplementary Information)

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget - positive / (negative)
	Original	Final	Actual	
<u>Revenues</u>				
Tax increment revenues	\$6,464,746	\$6,464,746	\$6,445,947	(\$18,799)
Investment earnings - restricted	-	-	26,903	26,903
Grants	808,142	3,811,902	150,000	(3,661,902)
Miscellaneous	(687,577)	(687,577)	17,221	704,798
Total revenues	<u>6,585,311</u>	<u>9,589,071</u>	<u>6,640,071</u>	<u>(2,949,000)</u>
<u>Expenditures</u>				
Current:				
General government	4,624,545	4,658,043	3,166,429	1,491,614
Redevelopment Program	25,622,286	28,626,046	7,584,083	21,041,963
Real estate development	961,522	961,522	423,777	537,745
Debt service:				
Principal	2,233,245	2,233,245	2,211,662	21,583
Interest and debt service costs	1,413,249	1,413,249	1,545,974	(132,725)
Total expenditures	<u>34,854,847</u>	<u>37,892,105</u>	<u>14,931,925</u>	<u>22,960,180</u>
Excess (deficiency) of revenues over expenditures	<u>(28,269,536)</u>	<u>(28,303,034)</u>	<u>(8,291,854)</u>	<u>(20,011,180)</u>
<u>Other financing sources</u>				
Carry forward from BB&T Project Loan	12,515,802	12,515,802	-	12,515,802
BB&T Notes, 2013A & 2013B	4,206,484	4,206,484	-	4,206,484
Advance from City	8,091,858	8,091,858	-	8,091,858
Transfers In / (Out)	-	-	(464,601)	464,601
Carry forward from General Fund	7,524,949	7,524,949	-	7,524,949
Total other financing sources	<u>32,339,093</u>	<u>32,339,093</u>	<u>(464,601)</u>	<u>32,803,694</u>
Net change in fund balance	<u>4,069,557</u>	<u>4,036,059</u>	<u>(8,756,455)</u>	<u>12,792,514</u>
Fund balance - beginning			<u>10,495,422</u>	
Fund balance - ending			<u>\$1,738,967</u>	

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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.
- For the year ended September 30, 2015, 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 as has been carried over to a subsequent period.

Compliance

INDEPENDENT AUDITORS' 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 Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach) (the Agency) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise of the Agency's basic financial statements and have issued our report thereon dated August 09, 2016.

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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies as finding numbers 2015-2 and 2015-03.

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* and which are described in the accompanying schedule of findings and questioned costs as finding number 2015-001.

Riviera Beach Community Redevelopment Agency's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

August 09, 2016

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL STATEMENT FINDINGS
YEAR ENDED SEPTEMBER 30, 2015**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

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

None

Matters that are not repeated

Finding #2014-001: Lack of approval on journal entries

We recommend oversight from management and/or board members for all journal entries being posted in the accounting records

Status: Implemented

Finding #2014-002: Lack of supporting documentation for adjusting journal entries

We recommend that each adjusting journal entry contain proper supporting documentation authorized by a management staffer.

Status: Implemented

Finding #2014-003: Lack of staff training with the accounting/finance employees

We recommend that each finance staffer receive proper training on the normal and reoccurring transactions of the RBCRA. Finance staff should also be trained on non-routine transactions and year end closing processes.

Status: Implemented

Finding #2014-004: Interest is not separated from the principal amount for capital leases

We recommend that the capital lease transactions are posted immediately with all elements of the assets, expense and liability.

Status: Implemented

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL STATEMENT FINDINGS
YEAR ENDED SEPTEMBER 30, 2015**

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

Finding #2015-001:

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

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

Criteria: Marina Uplands Agreement (Resolution No. 2014-45)

“Reimbursement to City” shall mean the Capital Costs attributable to Marine Way, Avenue C, 12th Street, 13th Street and 14th Street, including all below ground and storm water costs, plus the costs for Building #1, Building #2, the water feature and soft costs allocated to Bicentennial Park. Marina Debt shall not exceed Eight Million Ninety One Thousand Eight Hundred Fifty Eight Dollars (\$8,091,858.).

b) The City shall on or before October 3, 2014, provide evidence to the Agency of the availability of funding in an amount not to exceed Ten Million Nine Hundred Twenty Eight Thousand Dollars (\$10,928,000) to acquire, construct and equip a portion of the Capital Projects.

Effect: The CRA recognized the \$2,836,142 in city costs as first in/first out, however the City did not.

Recommendation: We recommend the CRA post the auditor's adjustment to agree the CRA and City loan amounts. We recommend the CRA regularly reconcile with the City all amounts owed to and from the City and CRA on a monthly basis. Also, we recommend the CRA amend the contract agreements to specify the accounting for the city costs included in the Marina Uplands Agreement.

View of Responsible Officials and Planned Corrective Actions: The Interlocal agreement was silent on the issue of whether the first funds flowing from the City to the CRA were loan proceeds or those funds included in the agreement that would not have to be repaid. The City chose to recognize the fund transfers in a different way than the CRA. Subsequent to the end of the year, it was agreed between the parties to recognize the funds in a common way.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL STATEMENT FINDINGS
YEAR ENDED SEPTEMBER 30, 2015**

CURRENT YEAR FINANCIAL STATEMENT FINDINGS (continued)

Finding #2015-002 – Significant Deficiency:

Condition: Cash amounts are overstated on the trial balance.

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

Criteria: Trial Balance account #1011.200 Unrestricted Cash BB&T Operating II amount reported as \$34,894. However, the bank reconciliation amount reported \$30,647.

Effect: The overstatement results in an adjusting journal entry of \$4,247 to cash.

Recommendation: We recommended the CRA adjust cash amounts on their trial balance to amounts reported on their bank reconciliations on a monthly basis.

View of Responsible Officials and Planned Corrective Actions: The QuickBooks system entries were adjusted to address this.

**RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL STATEMENT FINDINGS
YEAR ENDED SEPTEMBER 30, 2015**

CURRENT YEAR FINANCIAL STATEMENT FINDINGS (continued)

Finding #2015-003 – Significant Deficiency:

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

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

Criteria: SAS 115 AU §325.04.15 Indicators or material weaknesses in internal control

Ineffective oversight of the entity's financial reporting and internal control by those charged with governance.

Effect: When all three entities are combined duplication errors may occur and not be eliminated or combined correctly.

Recommendation: We recommend the CRA use fund accounting rather than three different QuickBooks entities to prepare their financial statements.

View of Responsible Officials and Planned Corrective Actions: The CRA revamped our financial reporting system by the creation of three distinct "QuickBooks Companies." Previously there had been two QuickBooks Companies - CRA and Marina Village. The addition of the "Construction Disbursement Account," aka "Project Fund" QuickBooks Company allowed the Executive Director to monitor financial performance by entity and assess details given the limitations in the QuickBooks software. The CRA may concede that the growth and complexity of the organization may exceed the capabilities of QuickBooks. To address this, the CRA hired a consultant from QuickBooks to implement new account creation and reporting formats, who was able to create bookkeeping standards for construction projects and the marina enterprise operations. The CRA records show inter-fund transfers to these distinct entities.

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

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

Report on the Financial Statements

We have audited the financial statements of the Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach); (the “Agency”) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated August 09, 2016.

Auditor’s Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standard*; and Report on Internal Control over Compliance; Schedule of Financial Statement Findings; and the Independent Accountant’s Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 09, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were findings or corrective actions that are required to be addressed that were made in the preceding annual financial audit report.

Prior Year Management Letter	Status
Finding #2014-001	Implemented
Finding #2014-002	Implemented
Finding #2014-003	Implemented
Finding #2014-004	Implemented

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Agency for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did have any such recommendations. See the stated recommendations.

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

Purpose of this Letter

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

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
August 09, 2016

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

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

We have audited the financial statements of the Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach) (the Agency) as of and for the year ended September 30, 2015, and have issued our report thereon dated August 09, 2016.

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, (as applicable) Schedule of Findings and Questioned Costs; the Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General and the management letter in accordance with the rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated August 09, 2016, should be considered in conjunction with this report.

Local Government Investment Policies

We have examined the Agency's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015. 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

August 09, 2016