RIVIERA BEACH
COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)

Audited Financial Statements
Fiscal year ended September 30, 2018

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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Riviera Beach Community Redevelopment Agency (the Agency), a component unit of the City of Riviera Beach, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Agency as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–9 and 41–42 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of the Agency, a component unit of the City's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency, a component unit of the City's, internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 27, 2019

Management's Discussion and Analysis

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

The Riviera Beach Community Redevelopment Agency (Agency) Management's Discussion and Analysis (MD&A) is intended to provide the readers of the Agency's financial statements with a general overview of the financial activities during Fiscal Year (FY) 2018. This report and related financial statements include the consolidated financial position and result of activities of the Riviera Beach CDE, Inc., which is a controlled entity of the Agency. Refer to Note 1 of the *Notes to the Basic Financial Statements.* The information in this section should be read in conjunction with the financial statements and the notes.

HIGHLIGHTS

Financial Highlights

- For FY 2018, the Agency's total net position increased by $3.129 million, or 34.77%, which is a significant improvement from the prior year's deficit of $8.999 million.

- FY 2018 total revenues increased by $7.839 million, or 16.55%, over those reported in the prior year. This is due mainly to an increase of 9.74% for tax increment financing revenues.

- FY 2018 total expenditures decreased by $0.732 million, or 7.87%, over those reported in the prior year. This is due mainly to a reduction in expenditures for the redevelopment program and interest costs.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The government-wide financial statements include:

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

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

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

Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basis financial statements and accompanying notes, this report also presents required supplementary information concerning the Agency's budget to actual results for the General Fund. The Agency adopts an annual appropriated budget for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator over time of the Agency's financial position. Assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by $8.601 million as of September 30, 2018, an increase of $2.994 million, or 25.82%, over last fiscal year. The following is a condensed version of the Statement of Net Position presented in the basic financial statements section.

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Condensed Statement of Net Position

	Governmental		Business-type		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current and other assets	$ 16,445,347	$ 14,666,880	$ 5,571,930	$ 5,353,262	$ 22,017,277	$ 20,020,142
Capital assets	6,713,523	6,634,493	8,653,925	8,976,068	15,367,448	15,610,561
Total assets	23,158,870	21,301,373	14,225,855	14,329,330	37,384,725	35,630,703
Deferred outflows of resources	507,709	125,889	-	-	507,709	125,889
Current and other liabilities	3,861,493	2,589,972	90,390	67,469	3,951,883	2,657,441
Long-term liabilities	32,514,019	30,908,682	13,737,498	13,728,766	46,251,517	44,637,448
Total liabilities	36,375,512	33,498,654	13,827,888	13,796,235	50,203,400	47,294,889
Deferred inflows of resources	151,963	57,381	-	-	151,963	57,381
Net investment in capital assets	1,234,619	1,314,846	-	-	1,234,619	1,314,846
Restricted	1,799,868	2,487,060	8,331	8,329	1,808,199	2,495,389
Unrestricted	(12,033,889)	(15,930,679)	389,634	524,766	(11,644,255)	(15,405,913)
Total net position	**$ (8,999,403)**	**$ (12,128,773)**	**$ 397,965**	**$ 533,095**	**$ (8,601,438)**	**$ (11,595,678)**

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

Revenues of $9.497 million represent an increase of $0.558 million over last fiscal year. This is the result mainly of $0.750 million or 9.74% increase in tax increment financing revenues.

Expenses of $6.503 million for FY 2018 represent an increase of $14.976 million or 125% over last fiscal year which included a loss on the transfer of the Event Center to the City.

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

	Statement of Activities					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 379,355	$ 197,882	$ 310,456	$ 269,413	$ 689,811	$ 467,295
Operating grants	-	22,471	-	662,934	-	685,405
General revenues:						
Tax increment financing	8,456,849	7,706,541	-	-	8,456,849	7,706,541
Other revenues	299,823	11,625	50,626	67,868	350,449	79,493
Total revenues	9,136,027	7,938,519	361,082	1,000,215	9,497,109	8,938,734
Expenses:						
General government	2,667,358	3,311,429	450,730	-	3,118,088	3,311,429
Redevelopment program	2,188,382	3,401,622	-	-	2,188,382	3,401,622
RBCDE	-	-	-	415,123	-	415,123
Interest on long-term debt	793,389	1,013,762	45,481	84,017	838,870	1,097,779
Depreciation	357,528	190,431	-	-	357,528	190,431
Other expenses	-	12,504,173	-	-	-	12,504,173
Total expenses	6,006,657	20,421,417	496,211	499,140	6,502,868	20,920,557
Change in net position	3,129,370	(12,482,898)	(135,129)	501,075	2,994,241	(11,981,823)
Net position - Beginning	(12,128,773)	354,125	533,096	32,020	(11,595,677)	386,145
Net position - Ending	**$ (8,999,403)**	**$ (12,128,773)**	**$ 397,967**	**$ 533,095**	**$ (8,601,436)**	**$ (11,595,678)**

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Agency's governmental funds reported an ending fund balance of $4.705 million in comparison to the prior year's ending fund balance of $4.131 million.

BUDGETARY ANALYSIS FOR THE GENERAL FUND

For FY 2018, the original budget was not amended during the fiscal year. The General Fund's budget for FY 2018 was $11.771 million. Actual revenues was slightly above the budgeted revenues by $0.154 million due mainly to the lease and common area maintenance, and tax increment financing revenues were less than anticipated. Actual expenditures were below the budgeted amount by $3.209 million due mainly to a reduction of real estate and redevelopment program and capital expenditures.

ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the Agency's investment in capital assets (net of accumulated depreciation) amounted to $15.367 million. Capital assets include land, buildings, improvements, furniture, and equipment.

	Governmental Activities		Business-type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Land	$ 3,913,365	$ 3,913,365	$ -	$ -	$ 3,913,365	$ 3,913,365
Construction in progress	143,550	-	-	-	143,550	-
Buildings and improvements	3,164,033	2,916,717	$8,875,701	8,858,021	12,039,734	11,774,738
Furniture and equipment	309,756	264,063	518,451	524,576	828,207	788,639
Total capital assets	7,530,704	7,094,145	9,394,152	9,382,597	16,924,856	16,476,742
Accumulated deprecation	(817,181)	(459,652)	(740,228)	(406,529)	(1,557,409)	(866,181)
Total capital assets, net	**$ 6,713,523**	**$ 6,634,493**	**$ 8,653,924**	**$ 8,976,068**	$ **15,367,447**	**$ 15,610,561**

Long-term Debt

As of September 30, 2018, total long-term debt amounted to $44.780 million, a reduction of $2.163 million, or 4.83% from prior fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Redevelopment Project Notes, Series 2006	$ 2,899,231	$ 3,398,934	$ -	$ -	$ 2,899,231	$ 3,398,934
Redevelopment Revenue Notes, Series 2011	8,785,000	9,685,000	-	-	8,785,000	9,685,000
Redevelopment Revenue Notes, Series 2013A	2,480,000	2,760,000	-	-	2,480,000	2,760,000
Redevelopment Revenue Notes, Series 2013B	5,615,000	6,235,000	-	-	5,615,000	6,235,000
Advance from City	10,194,621	10,194,621	-	-	10,194,621	10,194,621
Recoverable grant	-	-	7,298,000	7,298,000	7,298,000	7,298,000
Loans payable	-	-	6,430,766	6,430,766	6,430,766	6,430,766
Total bonds and loans	29,973,852	32,273,555	13,728,766	13,728,766	43,702,618	46,002,321
Capital lease obligation	3,532	9,695	-	-	3,532	9,695
Compensated absences	109,818	111,622	-	-	109,818	111,622
Net pension liability	963,544	819,603	-	-	963,544	819,603
Total long-term debt	**$31,050,746**	**$ 33,214,475**	**$ 13,728,766**	**$ 13,728,766**	**$ 44,779,512**	**$ 46,943,241**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Agency's budget for FY 2019 includes an increase in tax increment revenues of 0.8%% due to an increase in real estate values. Focus will continue to be placed on redevelopment projects which include promoting development of the Broadway Corridor, provision of parking to facilitate and promote new growth in the City, expansion of the neighborhood programs that will enhance the quality of life of the community, improving residential property values, and to provide residents with improved neighborhoods. The Agency will continue to focus on developing and implementing the second phase of the private development opportunities within the Marina Village and encourage real estate development and related new jobs and business opportunities within the CRA District.

The Agency primarily relies on tax increment financing from property taxes to assist with the operations of the Agency and its subsidiaries. For FY 2019, total budgeted expenditures are $12.552 million. The following table shows the composition of the expenditures:

Core operations	$ 2,404,268
Development programs and projects	6,121,484
Capital projects (new)	820,000
Debt service payments	3,206,305
Total expenditures	**$ 12,552,057**

REQUEST FOR INFORMATION

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

Basic Financial Statements

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Current assets			
Cash and cash equivalents	$ 6,990,061	$ 505,607	$ 7,495,668
Cash and cash equivalents - restricted	1,799,868	227,307	2,027,175
Accounts receivable, net	-	77,615	77,615
Due from other funds	241,772	-	241,772
Prepaid expenses	6,253	-	6,253
Deposits held with others	9,393	-	9,393
Investments - restricted	100,000	-	100,000
Total current assets	9,147,347	810,529	9,957,877
Non-current assets			
Due from Riviera Beach CDE	368,000	-	368,000
Loans receivable	6,930,000	4,761,400	11,691,400
Capital assets, not being depreciated	4,056,915	8,353,616	12,410,531
Capital assets, being depreciated, net	2,656,608	300,309	2,956,916
Total non-current assets	14,011,523	13,415,325	27,426,848
Total assets	**23,158,870**	**14,225,854**	**37,384,724**
Deferred outflows of resources			
Deferred outflows for FRS Pension	507,709	-	507,709
Total deferred inflows of resources	**507,709**	**-**	**507,709**
LIABILITIES			
Current liabilities			
Accounts payable	249,209	-	249,209
Accrued liabilities	8,254	-	8,254
Deposits and other liabilities	7,939	-	7,939
Due to City of Riviera Beach	1,026,461	-	1,026,461
Due to other funds	171,411	90,390	261,801
Capital leases, current	3,532	-	3,532
Bonds and notes payable, current	2,394,688	-	2,394,688
Total current liabilities	3,861,493	90,390	3,951,883

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Riviera Beach, Florida)
STATEMENT OF NET POSITION (continued)
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Non-current liabilities			
Recoverable grant	-	7,298,000	7,298,000
Advance from City of Riviera Beach	10,194,621	-	10,194,621
Compensated absences	109,818	-	109,818
Net FRS pension liability	963,544	-	963,544
Bonds and notes payable, long term	17,384,543	6,439,498	23,824,041
Total non-current liabilities	28,652,526	13,737,498	42,390,024
Total liabilities	**32,514,019**	**13,827,888**	**46,341,907**
Deferred inflows of resources			
Deferred inflows for deferred rents	82,469	-	82,469
Deferred inflows for FRS Pension	69,494	-	69,494
Total deferred inflows of resources	**151,963**	**-**	**151,963**
NET POSITION			
Net investment in capital assets	1,234,619	-	1,234,619
Restricted	1,799,868	8,331	1,808,199
Unrestricted	(12,033,889)	389,634	(11,644,255)
Total net position	**$ (8,999,403)**	**$ 397,965**	**$ (8,601,438)**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018

Function / program	Expenses	Program Revenues		Net (Expenses) / Revenues and Changes in Net Position		
		Charges for services	Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:						
General government	$ 2,667,358	$ 379,355	$ -	$ (2,288,003)	$ -	$ (2,288,003)
Real estate development	2,188,382	-	-	(2,188,382)	-	(2,188,382)
Interest and debt service costs	793,389	-	-	(793,389)	-	(793,389)
Depreciation	357,529	-	-	(357,529)	-	(357,529)
Total government activities	6,006,658	379,355	-	(5,627,303)	-	(5,627,303)
Business-type activities:						
RBCDE	450,732	310,456	-	-	(140,276)	(140,276)
Interest and debt service costs	45,481	-	-	-	(45,481)	(45,481)
Total business-type activities	496,213	310,456	-	-	(185,757)	(185,757)
Total primary government	6,502,871	689,811	-	(5,627,303)	(185,757)	(5,813,060)
General revenues:						
Tax increment financing				8,456,849	-	8,456,849
Interest				11,182	50,626	61,808
Miscellaneous				288,642	-	288,642
Total general revenues				8,756,673	50,626	8,807,299
Change in net position				3,129,370	(135,131)	2,994,239
Net position - Beginning				(12,128,773)	533,096	(11,595,677)
Net position - Ending				**$ (8,999,403)**	**$ 397,965**	**$ (8,601,438)**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Assets	
Cash and cash equivalents	$ 6,990,061
Cash and cash equivalents - restricted	1,799,868
Investments - restricted	100,000
Accounts receivable, net	7,298,000
Due from RB CDE	241,772
Prepaid expenses	6,253
Deposits held with others	9,393
Total assets	**16,445,347**
Liabilities, deferred inflows of resources, and fund balances	
Liabilities	
Accounts payable	249,210
Accrued liabilities	8,254
Other liabilities	7,939
Due to City of Riviera Beach	1,026,461
Due to other funds	171,411
Advance from City	10,194,621
Total liabilities	**11,657,896**
Deferred inflows of resources	
Deferred inflows for deferred rents	82,469
Total deferred inflows of resources	**82,469**
Fund balances	
Assigned to:	
Redevelopment	4,704,982
Total fund balances	**4,704,982**
Total liabilities, deferred inflows of resources, and fund balances	**$ 16,445,347**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Ending fund balance - governmental funds		$ 4,704,982
Amounts reported in the governmental activities in the Statement of Net Position are different because:		
Capital and other long term assets used in the governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Governmental capital assets	7,530,704	
Less: accumulated depreciation	(817,181)	6,713,523
Long-term liabilities are not due and payable in the current period and are therefore not reported in the governmental funds:		
Deferred outflows for pension	507,710	
Deferred inflows for pension	(69,494)	
Capital leases	(3,532)	
Compensated absences	(109,818)	
Net pension liability	(963,544)	
Bonds and notes payable	(19,779,229)	(20,417,908)
Net position of governmental activities		**$ (8,999,403)**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues		
Tax increment financing	$	8,456,849
Investment earnings		11,182
Lease and common area maintenance charges		379,355
Miscellaneous		288,643
Total revenues		9,136,029
Expenditures		
General government		2,865,663
Real estate development		2,188,382
Capital outlay		408,447
Debt service:		
Principal		2,305,866
Interest and debt service costs		793,389
Total expenditures		8,561,747
Net change in fund balance		574,282
Fund balance - Beginning		4,130,700
Fund balance - Ending	**$**	**4,704,982**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component Unit of the City of Riviera Beach, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - governmental funds		$ 574,282
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	408,447	
Current year depreciation	(357,529)	50,918
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		2,305,866
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	(1,804)	
FRS pension expense	200,108	198,304
Change in net position of governmental activities		**$ 3,129,370**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Riviera Beach CDE, Inc.
Assets	
Current assets	
Cash and cash equivalents	$ 505,607
Cash and cash equivalents - restricted	227,307
Accounts receivable, net	77,615
Total current assets	$810,529
Non-current assets	
Loans receivable	4,761,400
Capital assets, being depreciated, net	8,653,925
Total non-current assets	13,415,325
Total assets	**14,225,854**
Liabilities	
Current liabilities	
Due to affiliates	90,390
Total current liabilities	90,390
Non-current liabilities	
Recoverable grant	368,000
Loans payable, long term portion	13,369,499
Total non-current liabilities	13,737,499
Total liabilities	**13,827,889**
Net assets	
Temporarily restricted	8,331
Unrestricted	389,634
Total net position	**397,965**
Total liabilities and net assets	**$ 14,225,854**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Riviera Beach CDE, Inc.
Revenues	
Interest	$ 50,626
Lease	310,456
Total revenues	361,082
Expenses	
Asset management fees	26,600
Accounting	35,583
Legal	2,173
Bank charges	278
Interest and debt service costs	45,481
Depreciation	333,697
Management service fee	50,000
Loan servicing fee	500
Miscellaneous	1,901
Total expenses	496,213
Change in net assets	(135,131)
Net assets - Beginning	533,096
Net assets - Ending	**$ 397,965**

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

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2018

	Riviera Beach CDE, Inc.
Cash flows from operating activities	
Change in net assets	$ (135,131)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation expense	333,697
Amortization expense	11,201
Decrease (increase) in assets	
Prepaid expenses	47
Accounts receivable	(1,653)
Interest receivable	17,059
Increase (decrease) in liabilities	
Accounts payable	(50,257)
Interest payable	(17,211)
Net cash provided by (used in) operating activities	157,752
Cash flows from investing activities	
Investment in real estate	(17,679)
Change in restricted cash	44,498
Net cash used in investing activities	26,819
Cash flows from financing activities	
(Repayments to) advances from affiliate	94,044
Net cash provided by (used in) financing activities	94,044
Net (decrease) increase in cash	278,615
Cash - Beginning	226,992
Cash - Ending	**$ 505,607**

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

Notes to the Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying basic financial statements are presented in conformity with generally accepted accounting principles (GAAP) for governments in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the Agency's significant accounting policies and reporting practices.

Reporting Entity

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

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

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

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

The RBCDE is the sole member of the Riviera Beach Event Center, LLC (RBEC) which was formed in September 2013 pursuant to the laws of the State of Florida as a limited liability company. The RBEC is also recognized by the Internal Revenue Service as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code. The purpose of the RBCDE is to facilitate the redevelopment and improvement of areas of blight

and deterioration within the municipal limits of the City and to own and operate a community facility open to the public. These entities are part of a combined New Markets Tax Credit financing redevelopment of the Marina and to provide a community event center for the residents, businesses and visitors of the City.

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

Principles of Consolidation - The RBCDE and RBEC are consolidated and all material intercompany transactions and balances have been eliminated in consolidation. In accordance with standards prescribed by the Financial Accounting Standards Board (FASB), the RBCDE evaluated its interests and determined that based on the rights afforded to it in the agreements, the RBCDE controls the RBEC and both entities have been consolidated in its statements. The financial statements for the RBCDE and RBEC are included in the Agency's financial statements for fiscal year ended September 30, 2018.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period, or soon thereafter, to pay for liabilities of the current period.

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

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

Capital Assets

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

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

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

Restricted Assets

Restricted assets represent developer deposits held in escrow and cash restricted for capital improvements. Proceeds of revenue bonds are set aside in accordance with bond covenants or by ordinance are classified as restricted assets. Restricted long-term assets are not required to be presented on the balance sheets of governmental funds under the modified accrual basis of accounting; however, certain assets are restricted as to their use. Such assets include debt proceeds and amounts held for debt service.

Compensated Absences

Regular full-time employees may accumulate, within certain limits, sick leave annually. A liability is accrued for unused vacation leave at year end. Sick leave is accrued as a liability as the benefits are earned by the employee only to the extent that it is probable that the employee will be compensated for the benefits upon termination or retirement. Compensated absences are accrued when earned in the government-wide and enterprise fund financial statements. Compensated absences liability is calculated based on the salary rate in effect at year end. In the government-wide financial statements, compensated absences liability is classified into two components - amounts due within one year (current portion) and amounts due in more than one year (non-current portion).

Long-Term Obligations

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

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

Fund Balance Policies

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

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

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

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

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

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

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

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

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

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

Use of Estimates

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

Budgets

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

Tax Increment Financing

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

Income Taxes

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

NOTE 2 – DEPOSITS

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

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NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance Oct 1, 2017	Additions	Deletions	Ending Balance Sep 30, 2018
Governmental activities				
Capital assets not being depreciated:				
Land	$3,913,365	$ -	$ -	$3,913,365
Construction work in progress	-	143,550	-	143,550
Total capital assets not being depreciated	3,913,365	143,550	-	4,056,915
Capital assets being depreciated:				
Buildings and improvements	2,916,717	247,316	-	3,164,033
Furniture and equipment	264,063	45,693	-	309,756
Total capital assets being depreciated	3,180,780	293,009	-	3,473,789
Total capital assets	7,094,145	436,559	-	7,530,704
Less accumulated depreciation for:				
Buildings and improvements	(310,601)	(254,062)	-	(564,663)
Furniture and equipment	(149,051)	(103,467)	-	(252,518)
Total accumulated depreciation	(459,652)	(357,529)	-	(817,181)
Governmental activities – net	**$6,634,493**	**$ 79,030**	**-**	**$6,713,523**
Business-type activities				
Capital assets being depreciated:				
Building	8,858,022	17,679	-	8,875,701
Furniture and equipment	524,576	-	(6,125)	518,451
Total capital assets	9,382,598	17,679	(6,125)	9,394,152
Less accumulated depreciation for:				
Buildings	(299,750)	(222,335)	-	(522,085)
Furniture and equipment	(106,781)	(111,362)	-	(218,143)
Total accumulated depreciation	(406,531)	(333,697)	-	(740,228)
Business-type activities – net	**$8,976,067**	**$ (316,018)**	**$ (6,125)**	**$8,653,924**

NOTE 4 – LONG-TERM LIABILITY

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

	Beginning Balance Oct 1, 2017	Additions	Deletions	Ending Balance Sep 30, 2018	Due within one year
Governmental activities					
Community Redevelopment Project Notes, Series 2006	$ 3,398,934	$ -	$ (499,703)	$ 2,899,231	$ 524,688
Redevelopment Revenue Notes, Series 2011	9,685,000	-	(900,000)	8,785,000	935,000
Redevelopment Revenue Notes, Series 2013A	2,760,000	-	(280,000)	2,480,000	290,000
Redevelopment Revenue Notes, Series 2013B	6,235,000	-	(620,000)	5,615,000	645,000
Advance from City	10,194,621	-	-	10,194,621	-
Total bonds and notes payable	32,273,555	-	(2,299,703)	29,973,852	2,394,688
Capital lease obligation	9,695	-	(6,163)	3,532	3,532
Compensated absences	111,622	-	(1,804)	109,818	-
Net pension liability	819,603	143,941	-	963,544	-
Total governmental activities	**33,214,475**	**143,941**	**(2,307,670)**	**31,050,746**	**2,398,220**
Business-type activities					
Recoverable grant	7,298,000	-	-	7,298,000	-
Loans payable, net of debt issuance costs	6,430,766	-	-	6,430,766	-
Total business-type activities	**13,728,766**	**-**	**-**	**13,728,766**	**-**
Total long-term liabilities	**$46,943,241**	**$ 143,941**	**$ (2,307,670)**	**$44,779,512**	**$ 2,398,220**

Community Redevelopment Projects Note, Series 2006

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

Future debt service requirements to maturity are as follows:

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

Redevelopment Revenue Note, Series 2011

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

Future debt service requirements to maturity are as follows:

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

Redevelopment Notes, Series 2013A and 2013B

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

Future debt service requirements to maturity are as follows:

Redevelopment Note, Series 2013A

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

Redevelopment Note, Series 2013B

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

Capital lease obligations

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

Future minimum lease obligations are as follows:

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

Loans payable

Riviera Beach Event Center – NDC Loan A

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

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

Year Ending September 30,	Principal	Interest	Total
2019	$ -	$ 48,275	$ 48,275
2020	-	48,408	48,408
2021	-	48,275	48,275
2022	-	48,275	48,275
2023	111,988	47,990	159,978
Thereafter	4,649,412	671,764	5,321,176
Total	**$ 4,761,400**	**$ 912,987**	**$ 5,674,387**

Riviera Beach Event Center – NDC Loan B

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

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

Year Ending September 30,	Principal	Interest	Total
2019	$ -	$ 20,568	$ 20,568
2020	-	20,624	20,624
2021	105,000	20,442	125,442
2022	-	19,503	19,503
2023	45,244	19,388	64,632
Thereafter	1,878,356	271,395	2,149,751
Total	**$ 2,028,600**	**$ 371,920**	**$ 2,400,520**

Debt issuance costs, net of accumulated amortization totaled $350,501 as of September 30, 2018. Amortization of debt issuance costs on the above loans payable is being amortized under the effective interest method using an imputed interest rate of 1.31%.

NOTE 5 – OPERATING LEASE

The Agency occupies space at an office building located at 2001 Broadway in Riviera Beach, Florida. In April 2018, the Agency amended its building lease agreement to extend the current lease through September 30, 2019. Pursuant to this agreement, the Agency paid rents of $112,264.60 during FY 2018.

NOTE 6 – RETIREMENT PLAN

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

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

All other employees and new employees, whether full time or part time, are required to participate in the FRS system. FRS requires employees to contribute 3% of their salary to the plan. The employer contribution rates for the period from October 1, 2017 to June 30, 2018 and July 1, 2018 to September 30, 2018, respectively, were as follows: Regular - 7.92% and 8.26% and Senior Management – 22.71% and 24.06%. Employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2017 through September 30, 2018. Vesting and benefits are determined by the plan.

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

For FY 2018, the Agency contributed $67,875 to FRS. The related net pension liability at September 30, 2018 was $963,544. Prior to fiscal year 2016, the participation of the Agency employees was included in the City's FRS liability and expense.

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

NOTE 7 – RELATED PARTY TRANSACTIONS

2006 Note

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

Ocean Mall Redevelopment (OMRD) Loan

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

In April 2011, the City agreed to modify the loan agreement by offering more flexible terms to the Agency. The loan agreement was further modified in February 2016, in order to enhance the Agency's cash flow to meet ongoing operational needs. The Agency's Board approved the Second Modification to the Loan Agreement. The terms of the Second Modification reduced the interest rate to zero percent for the remainder of the term of the loan and the Agency will pay the City fifteen equal installments of $679,641 each October 1st, commencing October 1, 2023 until the loan is paid in full.

RBCDE Recoverable grant

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

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

RBCDE Note payable

During 2013, the Agency over funded the recoverable grant by $368,000. The amount over funded is to be repaid by the RBCDE out of available cash flow. As of September 30, 2018, the amount remained payable as there was no available cash flow for repayment.

RBCDE Management services fee

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

RBEC Facility lease

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

RBEC Ground lease

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

NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through March 27, 2019, the date that the financial statements were issued.

In November 2018, the Agency issued *Redevelopment Revenue Note, Series 2018* notes in the amount of $8,807,000.00 to fund various community redevelopment projects with the Riviera Beach CRA including the acquisition and renovation of certain property within the Agency, marina infrastructure, street improvements, and affordable housing projects to include grants to low income homeowners, rehabilitation and improvement of existing properties, and infrastructure improvements and other projects.

In December 2018, the Agency received the results of arbitrage rebate and yield restriction calculations on the Series 2013A bonds. The calculation period for the 2013A bonds covered the period August 30, 2013 to August 30, 2018. The finding was that the gross proceeds of the bonds have not accrued liability during this period. Consequently, there were no arbitrage rebate or yield restriction liability as of the end of the calculation period.

Required Supplementary Information

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive / (Negative)
Revenues				
Tax increment financing	$ 8,464,532	$ 8,464,532	$ 8,456,849	$ (7,683)
Investment earnings	10,000	10,000	11,182	1,182
Lease and common area maintenance	456,005	456,005	379,355	(76,650)
Miscellaneous	51,000	51,000	288,643	237,643
Total revenues	8,981,537	8,981,537	9,136,029	154,492
Expenditures				
General government	3,248,525	3,248,525	2,865,663	382,862
Real estate and redevelopment program	4,312,521	4,312,521	2,188,382	2,124,139
Capital outlay	1,000,000	1,000,000	408,447	591,553
Debt service:				
Principal	2,305,703	2,305,703	2,305,866	(163)
Interest and debt service costs	904,651	904,651	793,389	111,262
Total expenditures	11,771,400	11,771,400	8,561,747	3,209,654
Excess (deficiency) of revenues over (under) expenditures	(2,789,863)	(2,789,863)	574,282	(3,364,145)
Other financing sources (uses)				
Transfers in	200,000	200,000	486,477	(286,477)
Transfers out	(810,000)	(810,000)	(486,477)	(323,523)
Use of reserves	3,399,863	3,399,863	-	3,399,863
Total other financing sources (uses)	2,789,863	2,789,863	-	2,789,863
Net change in fund balance			574,282	
Fund balance - Beginning			4,130,700	
Fund balance – Ending			**$ 4,704,982**	

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Riviera Beach, Florida)
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2018

NOTE 1 –BUDGETARY ACCOUNTING

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

- Approximately July 1, the Executive Director submits to the Agency Board a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

- Prior to October 1, the budget is legally enacted through the passage of a resolution.

- Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations.

- For the year ended September 30, 2018, expenditures did not exceed appropriations. Budgetary appropriations for capital outlay were higher than actual expenditures.

Compliance Section

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

To the Board of Directors
Riviera Beach Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund information of the Riviera Beach Community Redevelopment Agency (the 'Agency'), a component unit of the City of Riviera Beach, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 27, 2019.

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
March 27, 2019

RIVERIA BEACH COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018

No federal expenditures in fiscal year 2018.

See Notes to the Schedule of Expenditures of Federal Awards.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Riviera Beach Community Redevelopment Agency (the RBCRA) under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the CRA , it is not intended to and does not present the financial position, changes in Net Position, or cash flows of the CRA .

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the CRA.

2. No material weaknesses disclosed during the audit of the financial statements were reported in the report on internal control over financial reporting and on compliance.

3. No instances of noncompliance material to the financial statements of the CRA were disclosed during the audit.

4. No uniform guidance procedures were performed as required by OMB Circular A-133 due to the expenditure threshold not being met for fiscal year ended September 30, 2018.

5. There is no auditor's report on compliance for the major federal award programs for the CRA as required by OMB Circular A-133 due to the expenditure threshold not being met for fiscal year ended September 30, 2018.

6. There are no audit findings due to be reported in accordance with Section 510(a) of OMB Circular A-133 in this schedule due to the expenditure threshold not being met for fiscal year ended September 30, 2018.

7. The programs tested as major programs were:

   Due to the expenditure threshold not being met for fiscal year ended September 30, 2018 no programs were tested as major programs.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The CRA did not have OMB Circular A-133 nor State of Florida Single Audit Act audit procedures performed due to the expenditure threshold not being met for fiscal year ended September 30, 2018.

II – FINDINGS FINANCIAL STATEMENT AUDIT

Prior year

NONE.

Current year

NONE.

III – FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

Prior Year

NONE

Current year

The CRA did not have OMB Circular A-133 nor State of Florida Single Audit Act audit procedures performed due to the expenditure threshold not being met for fiscal year ended September 30, 2018.

MANAGEMENT LETTER

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

Report on the Financial Statements
We have audited the financial statements of the Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach); (the "Agency") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 27, 2019.

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

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standard*; and the Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 27, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There have been no such findings or recommendations made in the current annual financial audit report nor in the preceding.

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 and Management
Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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

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

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

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 27, 2019

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

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

We have audited the financial statements of the Riviera Beach Community Redevelopment Agency (a component unit of the City of Riviera Beach) (the Agency) as of and for the year ended September 30, 2018, and have issued our report thereon dated March 27, 2019.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Schedule of Findings and Questioned Costs; the Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General, and the management letter in accordance with the rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated March 27, 2019, 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, 2018. 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, 2018. This report is intended solely for the information and use of

management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 27, 2019