

**CITY OF RIVIERA BEACH CITY COUNCIL
AGENDA ITEM SUMMARY**

MEETING DATE: November 2, 2011

AGENDA ITEM SUMMARY NO. K11-111-1

- AWARDS / PRESENTATIONS / PETITIONS
- CONSENT
- PUBLIC HEARING
 - ORDINANCE ON SECOND READING
 - PUBLIC HEARING
- ORDINANCE ON FIRST READING

- REGULAR
- RESOLUTION
- DISCUSSION & DELIBERATION
- BOARD APPOINTMENT
- WORKSHOP

SUBJECT: Presentation of the 2009-2010 fiscal year audit for the City of Riviera Beach.

RECOMMENDATION / MOTION: N/A

DEPARTMENTAL APPROVAL REVIEW & DATE

• Assistant City Manager	Library
• City Attorney <i>PHL 10/13/11</i>	Marina
• City Clerk <i>CW 10/13/11</i>	Police
Community Development	Public Works
• Finance <i>KH</i>	Purchasing
Fire	Recreation & Parks
Human Resources	Water & Sewer
Information Technology	Other

APPROVED BY CITY MANAGER: *[Signature]*

DATE: 10-25-11

Originating Dept. Finance <i>[Signature]</i>	Costs: n/a Current FY: 2011-2012 Funding Source: <input type="checkbox"/> Capital Improvement <input type="checkbox"/> Operating <input type="checkbox"/> Other: Budget Account Number:	City Council Actions: <input type="checkbox"/> Approved <input type="checkbox"/> Approved w/conditions <input type="checkbox"/> Denied _____ <input type="checkbox"/> Tabled to _____ <input type="checkbox"/> Referred to Staff _____
User Dept. All		
Advertised: Not required Date: Paper: <input type="checkbox"/> Not Required Affected Parties <input type="checkbox"/> Notified <input checked="" type="checkbox"/> Not Required		Attachments: 1. 2009-2010 Audited Financial Statements for the City of Riviera Beach

BACKGROUND/SUMMARY: The City's independent external auditors Harvey, Covington, Thomas, LLC have completed the city's audit for fiscal year 2009-2010. They will present the Audit Report and Financial Statements and be available to answer any related questions.

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



**CITY OF RIVIERA BEACH
Florida**

For the Year Ended September 30, 2010

City of Riviera Beach, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended September 30, 2010

HCT

HARVEY, COVINGTON & THOMAS, LLC

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Suite 203

Hollywood, Florida 333021

Telephone: (954) 966-4435

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CITY OF RIVIERA BEACH
Comprehensive Annual Financial Report
Fiscal Year Ending September 30, 2010



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**CITY OF RIVIERA BEACH
Comprehensive Annual Financial Report
Fiscal Year Ending September 30, 2010**



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Mission Statement

*The Mission of the City of Riviera Beach is to
provide efficient service to the public
For the benefit of all.*

INTRODUCTORY SECTION



CITY OF RIVIERA BEACH, FLORIDA
September 30, 2010



Letter of Transmittal

September 28, 2011

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

The Comprehensive Annual Financial Report (the "CAFR") of the City of Riviera Beach, Florida (the "City"), for the Fiscal Year ended September 30, 2010, is hereby submitted as mandated by local ordinances and State of Florida Statutes. The CAFR has been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States (GAAP), and other reporting standards as mandated by financial governing authorities. The audit was conducted by a firm of licensed certified public accountants in accordance with generally accepted auditing standards (GAAS), governmental auditing standards as issued by the Comptroller General of the United States, OMB Circular A-133 and state Single Audit requirements, and the Rules of the Auditor General of the State of Florida.

Management Responsibility

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

Internal Controls

Internal controls have been designed to provide reasonable, but not absolute, assurance about the achievement of the City's objectives in reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Audit

The City's financial statements have been audited by Harvey, Covington & Thomas, LLC. The goal of the auditor was to provide reasonable assurance that the financial statements are free of material misstatements. The auditor examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management. In addition, the audit was designed to meet the federally and state mandated "Single Audit" Act which is designed to meet the special needs of the federal and state agencies. The single audit reports are included in the report's "Compliance Section".

CITY OF RIVIERA BEACH, FLORIDA
September 30, 2010



Annual Budget

The annual budget is the foundation of the City's financial planning and control. Public workshops and hearings are held throughout the entire budget process to obtain input from the residents. The City Manager gives directives to Department Directors to develop and submit proposed departmental budgets within the appropriate annual guidelines. Budgetary control is maintained at the departmental and fund level, with the Finance Department providing support to departments with their budget. The City Manager reviews each proposal with the Directors and assembles a proposed budget that is delivered to the Council. The Council holds budget workshops to discuss and amend the proposed budget. During the first required Public Hearing the Council adopts a proposed budget and approves the proposed millage rates. A second required Public Hearing is then necessary to adopt a final budget and approve final millage rates.

Local Economy

The City of Riviera Beach has been a catalyst for on-going community development and redevelopment. Riviera Beach strives continually to improve and enhance the livability and quality of life in the community. As a result, Riviera Beach has experienced a steady growth in population in addition to expanding its economic base. The business community is comprised of businesses catering to a variety of needs. The City of Riviera Beach's Community Redevelopment Agency is continuing to explore areas for further redevelopment in Riviera Beach.

Future Capital Projects

The City has an adopted five-year plan that is adjusted and updated annually to meet the needs of the City and its citizens. Various funding sources are used to fund these projects.

Cash Management

All monies received are deposited daily. Short-term funds are invested in the Florida State Board of Administration's pooled cash fund and the City's locally authorized financial institution. Excess funds may be invested in certificates of deposits and securities. The City's investment policy emphasizes safety of principal and liquidity over yield.

Risk Management

The City is exposed to the normal various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the City carries commercial insurance. Most of the major policies and coverage's such as Personal Property, Liability, Errors and Omissions, and Workers Compensation are provided under Public Entity Package provided by Lloyd's of London. There were no significant reductions in insurance coverage during this period.

CITY OF RIVIERA BEACH, FLORIDA
September 30, 2010



Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and members of various departments throughout the City. The Finance staff also recognizes the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

A handwritten signature in black ink, appearing to read "Karen Hoskins".

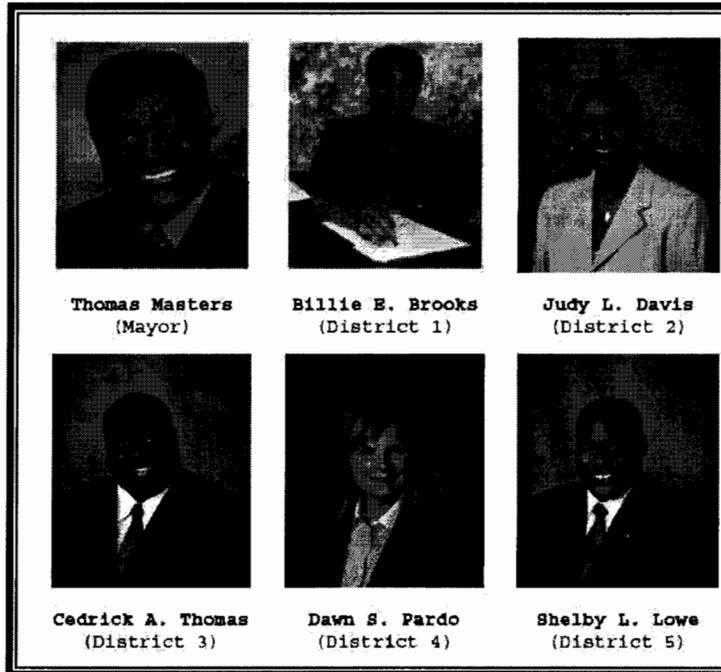
Karen Hoskins
Interim Director of Finance

CITY OF RIVIERA BEACH



City Governance

The following representatives were responsible for governance of the City of Riviera Beach, Florida as of September 30, 2010:



City Management

CITY MANAGER

RUTH C. JONES

CITY ATTORNEY

PAMALA H. RYAN

ASSISTANT CITY MANAGERS

GLORIA SHUTTLESWORTH

PAUL D. WHITE

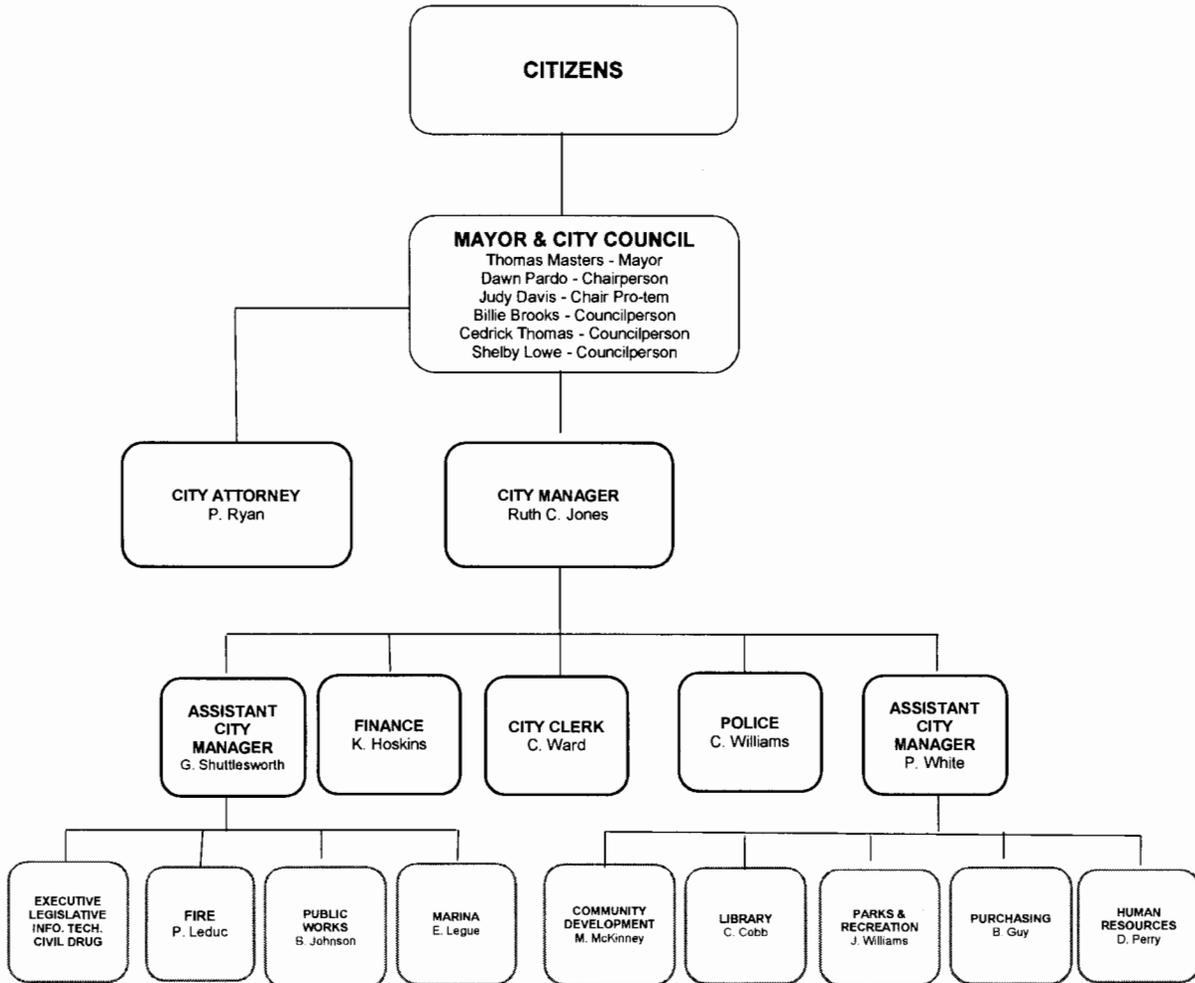
CITY CLERK

CARRIE E. WARD

DIRECTOR OF FINANCE (INTERIM)

KAREN L. HOSKINS

City of Riviera Beach Organization Chart



FINANCIAL SECTION



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC
ACCOUNTANTS**



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Riviera Beach, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Riviera Beach Police Pension Fund and Riviera Beach Municipal Firefighters' Pension Trust Fund, which represent 60 percent of the assets of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Fiduciary funds, are based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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 aggregate remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 11 and pages 63 through 66, be presented to supplement the basic financial statements. Such information, although not a required 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, and the other auditors, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules and the statistical section listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Hollywood, Florida
September 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



**CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2010**

The City of Riviera Beach (the 'City') offers the readers of its financial statements an overview and analysis of financial activities of the City for the fiscal year ended September 30, 2010. The information included in the MD&A should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City recorded net assets of \$138.410M an increase of 16.20% or \$19.300M. Net assets of Governmental Activities increased by 17.28% or \$13.084M and net assets of Business-type Activities increased by 14.33% or \$6.216M.
- The City's unrestricted net assets which may be used to meet the City's ongoing obligations to its citizens and creditors increased by 32% or \$3.9M. Amounts invested in capital assets, net of related debt increased by 62% or \$2.26M, as a result of an increase in infrastructure improvements.
- The General Fund's unreserved fund balance as of September 30, 2010 was \$11.069M or 21.65% of total General Fund expenditures. Also included in the General Fund's unreserved fund balance are compensated absences (vacation and sick time earned by employees, most of which will be paid beyond the next fiscal year) of \$4.335M and an advance of \$2.47M to the City's Marina.
- The total expenditures for all City activities for FY 2009/2010 were \$75.606M a reduction of 8.55% or \$6.467M over the prior year.
- Total debt decreased by \$1.743M resulting from scheduled repayments of debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) is an introduction, overview, and commentary on the City's financial situation.

The City's financial statements are presented in accordance with GASB34. The City's basic financial statements include three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition, this report also contains other supplementary information.

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

The '*Statement of Net Assets*' and '*Statement of Activities*' are presented in the first section of the basic financial statements and report on the City's activities which will assist the reader to determine the financial standing of the City. These reports divide the City based on two types of activities:

1. Governmental activities – The governmental activities of the City include, police, fire, public works, parks and recreation, library, and general administration and are principally supported by taxes and intergovernmental revenues.
2. Business-type activities – City services where fees and charges are intended to cover all or a significant portion of the related services. These services include water and sewer, stormwater, refuse, and the Marina.

The *'Statement of Net Assets'* presents information on all the City's assets and liabilities with the difference being the net assets. This format combines and consolidates the governmental funds current financial resources with capital assets and long-term obligations.

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

The *'Statement of Activities'* provides the gross and net cost of various functions which are supported by the government's general tax and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and / or subsidy to various business-type activities.

Fund financial statements – A *'fund'* is a grouping of related accounts that are used to maintain control over resources that are segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. The City's funds are divided into three main categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

1. **Governmental funds:** Governmental funds are used to account for mainly the same functions reported as governmental activities in the government-wide financial statements. The *'modified accrual'* method of accounting is used to report these funds and measures only current financial resources (mainly cash and other assets that can be readily be converted to cash). The governmental fund statements provide a short term view of the City's operations and the services it provides. These statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements and is also well suited for budgeting. The *'governmental fund balance sheet'* and the *'governmental fund statement of revenues, expenditures and changes in fund balances'* are included in this section and are accompanied by reconciliations to the government-wide statements to facilitate the comparison between the two presentations.

The City adopts an annual appropriated budget for most governmental funds. Included in this report, are budgetary comparison statements for the General Fund in order to demonstrate compliance.

2. **Proprietary funds:** The City maintains two different proprietary funds. Enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility system, stormwater, the Marina, and refuse collection. The internal service fund is also considered a proprietary fund which is used to accumulate and allocate costs internally among the City's various

departments. The City's uses an internal service fund to account for its general liability insurance program.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detailed information. The financial statements provide separate information for water and sewer, stormwater, Marina, and refuse collection. The internal service fund is presented separately with the proprietary fund financial statements.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a condensed version of the Statement of Net Assets presented in the basic financial statements of this report.

City of Riviera Beach Condensed Statement of Net Assets September 30, 2010 and 2009

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$56,287,254	\$50,375,405	\$48,969,640	\$44,057,762	\$105,256,894	\$94,433,167
Capital assets, net	55,263,020	44,515,296	34,271,225	33,385,478	89,534,245	77,900,774
Total assets	111,550,274	94,890,701	83,240,865	77,443,240	194,791,139	\$172,333,941
Current and other liabilities	11,807,800	5,674,557	4,851,452	3,080,099	16,659,252	8,754,656
Long-term debt outstanding	10,938,902	13,496,347	28,783,027	30,973,140	39,721,929	44,469,487
Total liabilities	22,746,702	19,170,904	33,634,479	34,053,239	56,381,181	\$53,224,143
Net assets:						
Invested in capital assets (net of related debt)	47,289,990	31,738,366	5,881,998	3,623,089	53,171,988	35,361,455
Restricted	21,336,521	25,960,389	27,176,794	27,515,990	48,513,315	53,476,379
Unrestricted (deficit)	20,177,061	18,021,042	16,547,594	12,250,922	36,724,655	30,271,964
Total net assets	\$88,803,572	\$75,719,797	\$49,606,386	\$43,390,001	\$138,409,958	\$119,109,798

Assets and liabilities – In the governmental activities, current and other assets increased by \$4.651M and capital assets, net of depreciation and disposals increased by \$10.748M as a result of an increase in the City’s capital spending on infrastructure improvements. Long term liabilities of the governmental funds decreased by \$1.606M as a result of scheduled principal repayments on existing debt and also the City did not issue any new debt during the fiscal year. Total liabilities increased by \$3.576M. In the business-type activities, current and other assets increased by \$4.425M and total liabilities decreased by \$0.856M due mainly from a reduction of \$1.404M in long term debt liabilities.

Net Assets – Net assets is the difference between the City’s assets and liabilities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Total net assets increased by \$19.3M. Capital assets less any related debt used to acquire capital assets represents \$52.550M or 37.97 % of total net assets. These assets are not available for future spending and payment of outstanding debt related to capital assets must be paid from other sources. Restricted net assets represent 137.64% of total net assets. These are resources that are subject to external restrictions that stipulate how these resources may be used. The remaining balance of net assets is unrestricted which is \$85.089M or 61.48% of total net assets which may be used for the City’s ongoing obligations to its citizens and creditors. As of September 30, 2010, the City has reported positive balances in all three components of net assets: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted for both governmental and business-type activities and as a whole for total government.

The ‘*Statement of Activities*’ as presented below shows changes in the City’s net assets for fiscal years ended September 30, 2010 and 2009. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. As such, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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City of Riviera Beach
Condensed Statement of Net Assets
September 30, 2010 and 2009

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	9,152,186	6,926,822	25,458,162	21,229,873	34,610,348	28,156,695
Grants and contributions	2,108,641	1,469,719	1,114,717	555,136	3,223,358	2,024,855
General revenues:						-
Property taxes	33,451,452	36,672,033	-	-	33,451,452	36,672,033
Utility taxes	5,140,556	5,016,653	-	-	5,140,556	5,016,653
Franchise fees	1,505,458	2,377,371	-	-	1,505,458	2,377,371
Intergov't and shared revenue	4,373,394	5,115,343	-	17,000	4,373,394	5,132,343
Impact fees	-	-	-	64,325	-	64,325
Investment earnings	(33,442)	235,784	526,730	367,587	493,288	603,371
Miscellaneous revenues	1,121,951	2,015,537	676,763	341,683	1,798,714	2,357,220
Gain/(Loss) on disposal assets	-	(291,254)	-	-	-	(291,254)
Transfers	-	500,000	-	(500,000)	-	-
Total revenues	56,820,196	60,038,008	27,776,372	22,075,604	84,596,568	82,113,612
Expenses:						
Governmental activities:						
General government	13,482,149	16,987,279	-	-	13,482,149	16,987,279
Public safety	29,181,691	31,374,513	-	-	29,181,691	31,374,513
Culture and recreation	4,862,154	4,493,520	-	-	4,862,154	4,493,520
Transportation	2,021,076	1,917,713	-	-	2,021,076	1,917,713
Human services	239,584	736,847	-	-	239,584	736,847
Physical & economic environ	3,769,088	3,213,269	-	-	3,769,088	3,213,269
Interest on long term debt	490,733	361,715	-	-	490,733	361,715
Business-type activities:						
Water and sewer special district	-	-	13,421,949	14,648,997	13,421,949	14,648,997
Marina	-	-	2,514,106	2,627,781	2,514,106	2,627,781
Stormwater & Refuse	-	-	5,623,942	5,711,201	5,623,942	5,711,201
Total expenses	54,046,475	59,084,856	21,559,997	22,987,979	75,606,472	82,072,835
Change in net assets	2,773,721	953,152	6,216,375	(912,375)	8,990,096	40,777
Net assets, beginning, as restated	86,029,851	74,766,645	43,390,012	44,302,376	129,419,863	119,069,021
Net assets, ending, as restated	\$88,803,572	75,719,797	\$49,606,387	\$43,390,001	\$138,409,959	\$119,109,798

Governmental Activities

Total revenues decreased by \$3.218M or 5.36%. Program revenues increased by \$2.864M and general revenues declined by \$6.082M.

Total expenditures decreased by \$5.038M, mainly as a result of reduction in expenditures for the general government, human service, and public safety functions.

Net assets for governmental activities increased by \$2.77M.

Business-type Activities

Total revenues increased by \$5.7M due mainly from the increase in water and sewer rates in November 2009.

Total expenditures decreased by \$1.428M with water and sewer and marina activities recording the largest reduction totaling \$1.34M.

Net assets for business-type activities increased by \$6.216M or 14.33%.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

Governmental funds – These financial statements include the balance sheet and results of operations of major funds. These statements are prepared using the modified accrual method of accounting which focuses on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information is useful in evaluating a government’s near-term financing requirements and is also well suited for budgeting.

The *General Fund* is the City’s primary operating fund used to account for all financial resources and related expenditures applicable to all general operations of the City, except those required to be accounted for in another fund. The major revenue sources are property taxes, franchise fees, sales taxes, imposed service charges, revenues from the State, fines, and investment income. Expenditures are made for general administration, public safety, road and street maintenance, planning and development, parks and recreation, library, and other City services.

General Fund total revenues declined by \$4.701M and total expenditures decreased by \$2.121M. The reduction in expenditures was primarily due to the implementation of cost savings measures and a reduction in staffing across all City departments. Included in general government expenditures is the payment of tax increment financing (TIF) that the City is required to pay to the CRA fund.

The following provides a comparative analysis of general fund revenues for FY 2009/2010 with FY 2008/2009:

General Fund Revenues Comparison of 2009 and 2010

Revenues	2010		2009		Increase (Decrease) \$	Increase (Decrease) %
	Amount	% of Total	Amount	% of Total		
Taxes	\$34,749,027	71.83%	\$41,910,952	78.96%	(\$7,161,925)	-17.09%
Licenses and permits	1,037,569	2.14%	411,022	0.77%	\$626,547	152.44%
Intergovernmental	4,905,478	10.14%	3,196,857	6.02%	\$1,708,621	53.45%
Charges for services	6,865,560	14.19%	6,651,390	12.53%	\$214,170	3.22%
Fines and forfeitures	295,921	0.61%	263,787	0.50%	\$32,134	12.18%
Investment earnings	59,892	0.12%	90,036	0.17%	(\$30,144)	-33.48%
Miscellaneous	464,202	0.96%	554,885	1.05%	(\$90,683)	-16.34%
Total Revenues	\$48,377,649	100.00%	\$53,078,929	100.00%	(\$4,701,280)	-8.86%

As a measure of the general fund, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. At September 30, 2010, the unreserved fund balance of the general fund was \$11.069M, which is 21.65% to total fund expenditures and total fund balance represents 23.26% of total fund expenditures.

The combined fund balances for all other governmental (major and non-major) funds decreased by \$12.312M.

Proprietary funds – The proprietary funds financial statements provide more detail on the same type of information presented in the government-wide financial statements.

Total net assets for the enterprise funds increased by \$5.86M in all four enterprise funds, Utility Special District (\$4.450), Refuse Collection (\$0.129M), Marina (\$0.658M), and Stormwater Utility (\$0.624M).

BUDGETARY ANALYSIS FOR THE GENERAL FUND

The difference between the original budget and the final amended appropriations for the general fund is \$28,564. The following summarizes the changes from the original budget to the final budget:

- Funds appropriated for the Library Co-op \$4,667
- Funds appropriated for the elections \$23,897

A detailed comparative analysis is provided in the *Required Supplementary Information* section which shows the variances between the final amended budget and actual revenues and expenditures of the General Fund. The major differences are as follows:

- Total operating revenues were \$115K above budget.
- Tax revenues were below budget by \$1.23M due to a lower than expected collection of property taxes and electricity franchise fees.
- Investment earnings were below budget by \$39K due to low interest rates being paid on City's investment portfolio.
- Total general fund expenditures were under budget by \$1.256M which is attributable to the cost reduction initiatives, such as controls on hiring and other spending, instituted by departments.

ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities amounts to \$89.534M an increase of \$11.633M over September 30, 2009. Infrastructure includes roadways and streets and related improvements such as sidewalks, curbs, gutters, and lights. Investment in capital assets also includes land, buildings, improvements, furniture, fixtures, machinery, and equipment. Major capital assets placed in service during this year include the following:

- Street improvement projects
- Park improvements
- Machinery and equipment acquisitions for police and fire
- Technology upgrades
- Municipal beach improvements
- Water and sewer improvements and infrastructure
- Stormwater (canal) improvements and infrastructure

Additional information on the City's capital assets is included in the *Notes to the Financial Statements* section.

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$6,369,111	\$6,369,111	\$1,331,512	\$1,331,512	\$7,700,622	\$7,700,623
Infrastructure	37,049,571	34,953,677	-	-	37,049,571	34,953,677
Buildings & Improvements	15,755,816	15,589,567	16,419,194	16,378,618	32,175,010	31,968,185
Waterside Improvements	-	51,250	2,979,132	2,979,132	2,979,132	3,030,382
Furniture, fixtures, machinery & equipment	14,277,141	13,267,177	7,006,094	6,534,057	21,283,235	19,801,234
Utility plant & systems	-	-	47,295,606	47,764,645	47,295,606	47,764,645
Total	73,451,639	70,230,782	575,031,536	74,987,964	148,483,176	145,218,746
Construction in progress	19,092,112	9,114,909	4,925,850	1,848,822	24,017,962	10,963,731
Accumulated depreciation	(37,280,733)	(34,830,395)	(45,686,160)	(43,451,307)	(82,966,892)	(78,281,702)
Total capital asset, net	\$55,263,019	\$44,515,296	\$34,271,227	\$33,385,479	\$89,534,245	\$77,900,775

Outstanding debt: As of September 30, 2010, the City had \$36.650M in notes and bonds outstanding. There are limitations placed upon the amount of debt the City may issue as described in the City's Charter. The City Charter limitation on bonded indebtedness is 25% of the assessed valuation of the taxable property within the corporate limit of the City.

Currently, the City has no outstanding General Obligation debt. General obligation bonds require a pledge to levy a property tax to meet debt service requirements and can only be issued with voter approval. The City can issue revenue supported bonds without voter approval. However, the current revenue sources support the City's general fund's operating budget and current outstanding debt, therefore, limited surplus is available to service additional debt. Additional information on the City's long-term liabilities can be found in the notes to the financial statements.

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Bonds and notes payables	\$7,414,261	\$7,958,599	\$29,236,057	29,970,000	\$36,650,318	37,928,599
Utilities purchase obligation	-	-	334,289	362,146	334,289	362,146
Compensated absences	4,335,387	5,566,133	467,259	640,993	\$4,802,646	6,207,126
Total	\$11,749,647	\$13,524,732	\$30,037,605	\$30,973,139	\$41,787,252	\$44,497,871

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City primarily relies on property taxes and other taxes levied by the state (sales and utilities services) and fees (franchise, business tax receipts) for their governmental activities. There is limited amount of state-shared revenues and recurring and non-recurring grants from local, state, and federal governments. For the business-type and certain governmental activities (recreational programs, permits), the user pays a related fee or charge associated with the service.

The recent events surrounding the slowdown of the real estate market, increased foreclosures, declining property values, the overall economic recession, and the financial market crisis have all affected and will continue to affect the City. With the continued uncertainty in the financial markets, the City is likely to continue to experience low interest earnings on its investment portfolio.

Governmental Activities: The total General Fund budget for FY 2010/2011 is \$48.512M which represents a reduction of 8.89% from FY 2009/2010 budget of \$53.244M. The FY 2011 budget was primarily balanced by increasing the millage rate by 0.572 mills, moving from 8.4260 mills to 8.9980. The assessed taxable property values for the City declined by 15.71%, moving from \$3.689B for FY 2009/2010 to \$3.109B for FY 2010/2011. The voluntary buyout program for employees was introduced in July 2010 and sixteen employees participated in the program. The FY 2011 budget reflects the elimination of twenty five full-time general fund positions, two part-time positions, changing three full-time positions to part-time, and funding one full-time position for six months.

Business-type Activities: An increase in water and sewer rate was approved in November 2009 which will result in total projected revenues of \$16.375 for FY 2011, an increase of \$1.043M total projected revenues for FY 2010. The projected deficit for the Marina is \$515K using the cash basis of accounting with the elimination of the dry storage operations. The Stormwater fund has budgeted revenues of \$4.246M for FY 2011. Employees included in the enterprise funds will also participate in furlough.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 600 West Blue Heron Boulevard, Riviera Beach, Florida, 33404. Budgets and other financial statements for prior years are also available on the City's web site at www.rivierabch.com under the link for the Finance Department.

BASIC FINANCIAL STATEMENTS

**CITY OF RIVIERA BEACH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 24,639,020	\$ 9,305,899	\$ 33,944,919
Investments	540,143	534,660	1,074,803
Receivables	6,457,601	6,201,826	12,659,427
Internal Balances	3,297,182	(3,297,182)	-
Inventory	231,729	109,759	341,489
Inventory - land held for resale	2,080,747	-	2,080,747
Prepaid expenses	486,913	-	486,913
Net pension assets	1,791,834	-	1,791,834
Restricted assets:			
Cash and cash equivalents	16,762,084	23,635,076	40,397,160
Investment in East Central Regional wastewater treatment plant	-	11,298,488	11,298,488
Capital assets, not being depreciated	25,461,225	6,257,361	31,718,586
Capital assets, being depreciated, net	29,801,795	28,013,864	57,815,659
Intangible assets	-	1,181,118	1,181,118
Total Assets	111,550,273	83,240,869	194,791,142
Liabilities			
Accounts payable	3,525,764	784,453	4,310,217
Accrued liabilities	1,447,334	196,108	1,643,442
Deposits	532,072	2,459,793	2,991,865
Due to other governments	1,326,055	-	1,326,055
Unearned revenue	3,356,769	-	3,356,769
Non-current liabilities:			
Due within one year	810,745	1,254,577	2,065,322
Due in more than one year	10,938,902	28,783,027	39,721,929
Net OPEB liability	809,060	156,521	965,581
Total liabilities	22,746,701	33,634,479	56,381,180
Net Assets			
Invested in capital assets (Net of related debt)	47,289,990	5,881,999	53,171,989
Restricted for,			
Capital projects	20,951,881	26,431,250	47,383,131
Debt Service	384,640	745,544	1,130,184
Unrestricted	20,177,061	16,547,591	36,724,652
Total net assets	\$ 88,803,572	\$ 49,606,384	\$ 138,409,956

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Function/ Program Activities	Program Revenues				Net (expense) Revenue and Changes in Net Assets		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
				Governmental Activities	Business-type Activities		
Governmental activities:							
General government	\$ 13,482,149	\$ 60,106	\$ -	\$ (6,612,133)	\$ -	\$ (6,612,133)	
Public safety	29,181,692	1,389,090	-	(25,651,104)	-	(25,651,104)	
Transportation	2,021,076	153,857	-	(1,853,684)	-	(1,853,684)	
Human Services	239,584	-	-	(239,584)	-	(239,584)	
Culture and recreation	4,862,154	-	-	(4,674,911)	-	(4,674,911)	
Physical and Economic Environment	3,769,087	505,588	-	(3,263,499)	-	(3,263,499)	
Interest on long term debt	490,733	-	-	(490,733)	-	(490,733)	
Total governmental activities	54,046,475	2,108,641	-	(42,785,648)	-	(42,785,648)	
Business-type activities:							
Water and sewer special district	\$ 13,421,949	-	-	-	3,713,788	3,713,788	
Marina	2,514,106	1,114,717	-	-	547,192	547,192	
Refuse Collection	4,569,304	-	-	-	58,477	58,477	
Stormwater	1,054,639	1,748,062	-	-	693,423	693,423	
Total business-type activities	21,559,998	1,114,717	-	-	5,012,880	5,012,880	
Total Primary Government	\$ 75,606,473	\$ 3,223,358	\$ -	\$ (42,785,648)	\$ 5,012,880	\$ (42,785,648)	
General revenues:							
Property taxes				\$ 28,103,012	-	\$ 28,103,012	
Property taxes incremental				5,348,440	-	5,348,440	
Utility taxes				3,486,534	-	3,486,534	
Franchise fees based on gross receipts				1,505,458	-	1,505,458	
Communication services tax				1,654,023	-	1,654,023	
Intergovernmental revenues				4,373,394	-	4,373,394	
Unrestricted investment earnings				(33,443)	526,730	493,287	
Miscellaneous				1,121,951	676,762	1,798,713	
Total general revenues				45,559,369	1,203,492	46,762,861	
Change in net assets				2,773,721	6,216,372	8,990,093	
Net assets, beginning, as previously reported				75,719,797	43,390,012	119,109,809	
Prior period adjustment				10,310,054	-	10,310,054	
Beginning net assets, as restated				86,029,851	43,390,012	129,419,863	
Net assets, end of year				\$ 88,803,572	\$ 49,606,384	\$ 138,409,956	

**CITY OF RIVIERA BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>Major Funds</u>				
	<u>General</u>	<u>Community Redevelopment (CRA)</u>	<u>Capital Acquisition 2004</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 2,146,471	\$ 6,366,201	\$ -	\$ 8,439,001	\$ 16,951,673
Cash and cash equivalents - restricted	-	50,158	16,711,926	-	16,762,084
Investments	140,829	-	-	-	140,829
Receivables, net					
Accounts	2,876,944	30,000	727	1,619,086	4,526,757
Special Assessments	-	-	-	58,208	58,208
Unbilled accounts	31,641	-	-	-	31,641
Prepays	486,913	-	-	-	486,913
Due from other funds	7,847,913	-	-	-	7,847,913
Due from other governments	619,756	-	-	18,357	638,113
Supplies inventory	231,729	-	-	-	231,729
Inventory - land held for resale (net)	-	-	-	2,080,747	2,080,747
Total Assets	\$ 14,382,196	\$ 6,446,359	\$ 16,712,653	\$ 12,215,399	\$ 49,756,606

Liabilities and Fund Balance

Liabilities

Accounts and contracts payable	\$ 712,072	\$ 56,328	\$ 114,262	\$ 240,333	\$ 1,122,995
Accrued liabilities	1,419,292	829	-	27,569	1,447,690
Deposits	290,712	49,958	-	191,402	532,072
Due to other funds	-	-	2,747,778	1,446,371	4,194,149
Advance from other funds	-	8,062,552	-	-	8,062,552
Due to other governments	-	1,323,896	-	2,159	1,326,055
Deferred revenue	71,482	-	-	1,499,747	1,571,229
Total liabilities	2,493,558	9,493,563	2,862,040	3,407,582	18,256,743

Fund Balances

Reserved for,					
Encumbrances	100,664	-	300,540	440,576	841,780
Inventory	231,729	-	-	2,080,747	2,312,476
Debt service	-	-	-	384,640	384,640
Prepays	486,913	-	-	-	486,913
Unreserved					
Reported in special revenue funds	-	-	-	1,728,862	1,728,862
Reported in capital projects funds	-	-	-	4,172,992	4,172,992
Undesignated	11,069,332	(3,047,205)	13,550,073	-	21,572,200
Total fund balances	11,888,638	(3,047,205)	13,850,613	8,807,817	31,499,863
Total Liabilities and Fund Balance	\$ 14,382,196	\$ 6,446,358	\$ 16,712,653	\$ 12,215,399	

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	55,263,020
Internal service funds are used by management to charge the costs of insurance, to individual funds for both self-funded and costs of insurance providers. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	12,807,215
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities (net of discounts/premiums and deferred amounts on refunding) at year-end consist of,	(11,749,300)
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.	1,791,834
Net OPEB obligation is not due and payable in the current period and therefore, not reported in the funds	(809,060)
Net assets of governmental activities:	\$ 88,803,572

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Major Funds				Total Governmental Funds
	General	Community Redevelopment (CRA)	Capital Acquisition 2004	Nonmajor Governmental Funds	
Revenues					
Taxes	\$ 34,749,027	\$ 5,348,440	\$ -	\$ -	\$ 40,097,467
Licenses and permits	1,037,569	-	-	-	1,037,569
Intergovernmental	4,905,478	-	-	2,238,926	7,144,404
Charges for services	6,865,560	47,031	-	243,736	7,156,327
Fines and forfeitures	295,921	-	-	-	295,921
Investment earnings	59,892	8,425	6,897	(108,657)	(33,443)
Miscellaneous	464,202	25,977	-	631,772	1,121,951
Total Revenues	48,377,649	5,429,873	6,897	3,005,777	56,820,196
Expenditures					
Current					
General government	16,092,060	-	1,900	24,700	16,118,660
Public safety	29,463,970	-	-	787,629	30,251,599
Transportation	1,083,672	-	-	189,156	1,272,828
Human services	233,592	-	-	-	233,592
Culture and recreation	3,793,904	-	-	589,484	4,383,388
Economic Environment	-	10,138,896	-	221,315	10,360,211
Physical Environment	-	-	-	1,359,429	1,359,429
Capital outlay	453,299	4,678	2,964,066	1,044,805	4,466,848
Debt service:					
Principal retirement	-	338,219	-	206,120	544,339
Interest and fiscal charges	-	422,882	-	67,851	490,733
Total Expenditures	51,120,496	10,904,675	2,965,966	4,490,488	69,481,626
Excess (deficiency) of revenues over expenditures	(2,742,847)	(5,474,802)	(2,959,070)	(1,484,712)	(12,661,430)
Other financing sources (uses)					
Transfers in	17	-	-	728,999	729,016
Transfers out	(728,999)	-	-	(17)	(729,016)
Total Other financing sources (uses)	(728,982)	-	-	728,982	-
Net change in fund balances	(3,471,829)	(5,474,802)	(2,959,070)	(755,729)	(12,661,430)
Fund balance - beginning, as previously reported	15,010,467	2,427,597	16,809,683	9,563,547	43,811,294
Prior period adjustment	350,000	-	-	-	350,000
Fund balance - beginning, as restated	15,360,467	2,427,597	16,809,683	9,563,547	44,161,294
Fund balance - ending	\$ 11,888,638	\$ (3,047,205)	\$ 13,850,613	\$ 8,807,817	\$ 31,499,864

CITY OF RIVIERA BEACH, FLORIDA
Reconciliation of the Statement of Revenue
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2010

Fund balances total governmental funds

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

Net change in fund balances - total governmental funds \$(12,661,430)

Governmental funds report capital outlays as expenditures. However, in the statement of activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

The details of the difference are as follows:

Expenditures for capital assets	13,589,531	
Less current year depreciation	(2,841,810)	
Net adjustment	10,747,721	10,747,721

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payment on debt 544,339

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The details of the difference are as follows:

Net pension asset	1,791,824	
Post employment benefits other than pension	(809,060)	
Compensated absences	1,202,361	
Net adjustment	2,185,125	2,185,125

Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds.

The net revenue of certain activities of internal service funds is reported with governmental activities.

Internal service fund payable to business-type activities	2,314,538	
Net adjustment	(356,572)	1,957,966

Change in net assets of governmental activities

\$ 2,773,721

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Utility Special District	Refuse Collection	Marina	Storm Water	Total Enterprise Funds	Internal Service Fund
Assets						
Current assets						
Cash and cash equivalents	\$ 3,854,121	\$ 1,917,319	\$ 376,366	\$ 3,158,093	\$ 9,305,899	\$ 7,687,347
Investments	534,660	-	-	-	534,660	399,314
Receivables (Net)						
Accounts	3,337,134	535,988	1,175,220	374,510	5,422,852	1,050,615
Unbilled accounts	602,047	120,807	-	56,120	778,974	-
Accrued interest	-	-	-	-	-	152,267
Advance from other funds	-	-	-	-	-	8,062,552
Inventory	58,654	-	51,105	-	109,759	-
Restricted assets						
Cash and cash equivalents	23,349,332	-	285,744	-	23,635,076	-
Total current assets	31,735,948	2,574,114	1,888,435	3,588,724	39,787,221	17,352,096
Non-current assets						
Wastewater treatment plant	11,298,488	-	-	-	11,298,488	-
Intangible assets	1,181,118	-	-	-	1,181,118	-
Capital assets, not being depreciated	3,062,556	-	1,830,552	1,364,253	6,257,361	-
Capital assets, being depreciated, net	26,247,395	-	1,319,867	446,602	28,013,864	-
Total capital assets	29,309,951	-	3,150,419	1,810,855	34,271,225	-
Total non-current assets	41,789,556	-	3,150,419	1,810,855	46,750,830	-
Total assets	73,525,504	2,574,114	5,038,854	5,399,579	86,538,051	17,352,096
Liabilities						
Current liabilities						
Accounts payable	522,442	151,213	86,202	24,595	784,453	2,402,769
Deposits	1,962,978	448,653	48,162	-	2,459,793	1,785,540
Due to other funds	-	-	3,649,675	4,080	3,653,754	-
Current portion of compensated absences	28,919	-	7,801	-	36,720	-
Current portion of long-term debt	712,857	-	505,000	-	1,217,857	-
Accrued liabilities	153,902	-	21,224	20,982	196,108	-
OPEB liability	108,022	-	30,863	17,636	156,521	-
Total current liabilities	3,489,120	599,866	4,348,927	67,293	8,505,206	4,188,309
Non-current liabilities						
Accrued compensated absences	350,398	-	48,079	32,062	430,539	-
Long-term portion of bonds payable (Net)	27,526,056	-	520,000	-	28,046,056	-
Long-term portion of notes payable	306,432	-	-	-	306,432	-
Total non-current liabilities	28,182,886	-	568,079	32,062	28,783,027	-
Total liabilities	31,672,006	599,866	4,917,006	99,355	37,288,233	4,188,309
Net Assets						
Invested in capital assets (Net of related debt)	1,945,724	-	2,125,419	1,810,856	5,881,999	-
Restricted for,						
Capital projects	25,107,873	-	552,539	770,838	26,431,250	-
Debt Service	653,670	-	91,872	-	745,542	-
Unrestricted	14,146,227	1,974,248	(2,647,983)	2,718,530	16,191,022	13,163,787
Total net assets	\$ 41,853,494	\$ 1,974,248	\$ 121,847	\$ 5,300,224	\$ 49,249,813	\$ 13,163,787

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type activities-Enterprise Funds					Governmental Activities
	Utility Special District	Refuse Collection	Marina	Storm Water	Total Enterprise Funds	Internal Service Fund
Operating revenue						
Charges for services	\$ 17,135,737	\$ 4,627,781	\$ 1,946,582	\$ 1,748,062	\$ 25,458,162	\$ 5,786,860
Intergovernmental	-	-	1,114,717	-	1,114,717	-
Rental income	165,608	-	131,205	-	296,813	-
Miscellaneous	273,461	62,395	44,094	-	379,950	451,568
Total operating revenue	17,574,806	4,690,176	3,236,597	1,748,062	27,249,641	6,238,428
Operating Expenses						
Personnel services	3,488,974	-	867,904	522,143	4,879,021	787,902
Contractual services and operations	4,690,307	4,569,304	632,938	351,244	10,243,793	2,196,007
Supplies, materials and maintenance	990,214	-	660,050	87,528	1,737,792	-
Heat, light and power	600,209	-	253,018	988	854,215	-
Rent and leases	30,343	-	-	7,885	38,228	-
Depreciation	1,978,832	-	119,224	166,111	2,264,167	-
Total operating expenses	11,778,879	4,569,304	2,533,134	1,135,899	20,017,215	2,983,909
Operating income (loss)	5,795,927	120,872	703,463	612,163	7,232,426	3,254,519
Non-operating revenue (expenses)						
Settlement payment	-	-	-	-	-	(1,228,345)
Change in equity in joint venture	(242,280)	-	-	-	(242,280)	-
Investment earnings	498,724	7,902	8,242	11,862	526,730	288,364
Interest expense	(1,602,553)	-	(54,521)	-	(1,657,074)	-
Total non-operating revenue (expense)	(1,346,109)	7,902	(46,279)	11,862	(1,372,625)	(939,981)
Change in net assets	4,449,819	128,774	657,184	624,025	5,859,801	2,314,538
Net assets - beginning, as previously reported	37,403,675	1,845,474	(535,337)	4,676,199	43,390,012	10,849,248
Net assets - end of year	\$ 41,853,494	\$ 1,974,248	\$ 121,847	\$ 5,300,224	49,249,813	\$ 13,163,787
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.					356,572	
Change in net assets of business-type activities					\$ 49,606,385	

**CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Utility District	Special Refuse Collection	Marina	Stormwater	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers, governments and other funds	\$ 18,509,156	\$ 3,241,438	\$ 5,217,024	\$ 1,756,559	\$ 28,724,177
Cash paid to suppliers	(8,306,965)	(3,215,053)	(3,150,418)	(591,366)	(15,263,802)
Cash paid to employees	(3,484,186)	-	(918,089)	(562,621)	(4,964,896)
Net Cash Provided by (Used in) Operating Activities	6,718,005	26,385	1,148,517	602,572	8,495,479
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Settlement Payment	-	-	-	-	(1,228,345)
Net Cash Used in Capital and Related Financing Activities	-	-	-	-	(1,228,345)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisitions and construction of capital assets	(2,472,840)	-	(542,179)	(134,897)	(3,149,916)
Advance from other funds	-	-	-	-	-
Principal paid on long-term debt	(692,857)	-	(485,000)	-	(1,177,857)
Interest paid on long-term debt	(1,602,553)	-	(54,515)	-	(1,657,068)
Net Cash Used in Capital and Related Financing Activities	(4,768,250)	-	(1,081,694)	(134,897)	(5,984,841)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Change in investments	395,675	-	-	-	395,675
Change in equity in joint venture	(242,286)	-	-	-	(242,286)
Interest on investments	200,929	7,902	8,243	11,862	228,936
Net Cash Provided by Investing Activities	354,319	7,902	8,243	11,862	382,326
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,304,074	34,287	75,066	479,537	2,892,964
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,899,379	1,883,032	587,044	2,678,555	30,048,010
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 27,203,453	\$ 1,917,319	\$ 662,110	\$ 3,158,092	\$ 32,940,974
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income	\$ 5,795,927	\$ 120,872	\$ 703,463	\$ 612,163	\$ 7,232,426
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:					
Depreciation expense	1,978,832	-	119,224	166,111	2,264,167
Change in Assets and Liabilities:					
(Increase) decrease in:					
Accounts receivable	(1,365,282)	(97,785)	(1,148,560)	(129,133)	(2,740,760)
Due from other funds	-	-	-	-	-
Inventory	25,009	-	(31,758)	-	(6,749)
Prepays	-	-	-	-	-
Other assets	79,143	-	-	-	79,143
Increase (decrease) in:					
Accounts payable	346,148	(2,885)	(39,034)	(91,073)	213,157
Due to other funds	-	-	1,536,177	4,080	1,540,256
Customer deposits	25,042	6,183	(6,417)	-	24,807
Accrued liabilities	92,111	-	15,578	14,601	122,290
OPEB liability	(108,022)	-	30,863	17,636	(59,523)
Compensated Absences	(150,903)	-	(31,019)	8,187	(173,735)
Total adjustments	922,077	(94,487)	445,054	(9,591)	1,263,064
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 6,718,005	\$ 26,385	\$ 1,148,517	\$ 602,572	\$ 8,495,479
					\$ 3,219,067

**CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF FIDUCIARY FUNDS NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2010**

ASSETS		
Cash and cash equivalents		\$ 5,426,451
Investments:		
U.S. government securities		32,097,027
Corporate obligations		16,940,846
Equity securities		70,095,308
Mutual funds		13,139,873
Total investments		<u>132,273,054</u>
Receivables:		
Interest and dividends		466,605
Contributions		832,152
Unsettled trades		1,493,186
Total receivables		<u>2,791,943</u>
Prepaid insurance		<u>3,322</u>
Total assets		<u>140,494,770</u>
LIABILITIES		
Accounts Payable		333,303
DROP payable		770,667
Unsettled trades		2,332,352
Total liabilities		<u>3,436,322</u>
NET ASSETS		
Held in trust for pension benefits		<u>\$ 137,058,448</u>

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY FUNDS NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

ADDITIONS		
Contributions:		
Employer	\$	7,936,517
Plan members		1,717,590
State		558,164
Buybacks		47,335
Total Contributions		<u>10,259,606</u>
Investment income:		
Net appreciation in fair value of investments		7,540,157
Interest and dividends		3,744,958
Other investment income		35,262
		<u>11,320,377</u>
Less investment expenses		(791,487)
Net investment income		<u>10,528,890</u>
Other income		<u>34,266</u>
Total additions		<u>20,822,762</u>
DEDUCTIONS		
Benefits paid		9,269,139
Refunds		99,942
Administrative and other expenses		433,273
Total deductions		<u>9,802,354</u>
Change in net assets		11,020,408
Net assets, beginning		126,038,041
Net assets, ending	\$	<u>137,058,449</u>

NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the City of Riviera Beach (the "City"), and significant accounting policies is presented to assist the reader in interpreting the basic financial statements. These policies are considered essential and should be read in conjunction with the basic financial statements. The accompanying basic financial statements present the combined financial position and results of operations of the various fund types and account groups and the cash flows of the proprietary fund types of the City and the City's component units. The City's significant policies are summarized below:

A. Reporting Entity

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

The financial statements of the City have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to government units. The financial reporting entity consists of the City as the primary government, which includes all funds, account groups, agencies and departments, and those component units for which the City is financially accountable.

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

Although legally separate entities, the Riviera Beach Community Redevelopment Agency (the "CRA") and the Riviera Beach Utility Special District (the "USD") are in substance part of the City's operations and are included as blended components in the City's governmental and enterprise funds, respectively.

Based on the application of criteria set forth by the Governmental Accounting Standards Board (GASB), management has determined that there are no other component units that are required to be reported as part of the City's financial statements.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Riviera Beach Community Redevelopment Agency – In August 1974, the CRA was established, pursuant to Chapter 163 part III of the Florida Statutes to optimize the future value of property within the Community Redevelopment Area by creating a prioritized strategy for redevelopment, including investing in capital infrastructure that will support the CRA and improvements desired by the City and the residents of the community. In 1984, the governance of the CRA was bestowed on the five-member Council of the City of Riviera Beach. The CRA is responsible for over 858 acres within the City boundaries and over 185 acres of the Port of Palm Beach.

Utility Special District – In June 2004, the USD was created pursuant to City Ordinance No. 2972, the Florida Constitution, Chapter 189, Florida Statutes, the Uniform Special District Accountability Act of 1989, and other applicable laws of the State of Florida. The USD is responsible for producing and distributing safe drinking water and sewage collection throughout the service area in Palm Beach County. To achieve its mandate, the USD is authorized to perform special purposes, including the acquisition, financing, operation, management repair, replacement, renewal, extension and expansion of public infrastructure for the provision of municipal services.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs not paid through other funds are paid from this fund.

Community Redevelopment Fund – This fund is used to account for transactions involving the City's Community Redevelopment Agency (the "CRA"). The CRA is included in the City's financial statements as a blended component unit.

Capital Acquisition 2004 Fund – This capital projects fund accounts for the restricted funds received from transferring the water and sewer operations to the Utility Special District. The funds are being held in escrow and are to be used for specified city projects.

The City reports the following major enterprise funds:

Utility Special District – The City's water and sewer assets were transferred to the Utility Special District in September 2004 and this fund now accounts for the activities of providing water and wastewater services to citizens.

Refuse Collection Fund – This fund accounts for the City's solid waste collection activity.

Stormwater Fund – This fund accounts for the infrastructure and operations and infrastructure of the stormwater management system, which are funded through user charges.

Marina Fund – This fund accounts for the activities of the City's Marina.

In addition, the City reports Fiduciary Funds which are comprised of Trust and/or Agency funds and are used to account for assets held by the City in a trustee capacity or as an agent for other funds, governmental units and others. The City's Pension Plans are included in this fund group.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Pooled Cash and Investments

The City's cash and cash equivalents include cash on hand and investments with the State Board Investment Pool – "Florida Prime" (formerly known as "Fund A" and Local Government Investment Pool, or "LGIP"). Resources of all funds, with the exception of the pension trust fund, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon equity balances of the individual funds.

Investments are reported at fair value, which is determined by using various third party pricing sources. The Florida Prime investment pool, which is administered by the Florida State Board of Administration, is a "2a-7like" pool and, thus, these investments are valued using the pooled share price. The Local Government Surplus Funds Trust Fund –

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund B are separate from the Fund A and are not subject to demand withdrawal. Therefore, these amounts are not included in cash and cash equivalents.

Cash and cash equivalents, for purposes of the statement of cash flows, includes pooled cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

2. Unbilled Accounts Receivables

The Water and Sewer operating fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided but not billed at fiscal year end. It is the policy of the City to accrue these amounts at year-end. The City records the unbilled receivables/revenue for the Utilities Special District Fund by prorating actual subsequent billings.

3. Inventories and Prepaid Items

Inventory, consisting principally of materials and supplies held for use or consumption, is carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise funds. Inventories of the enterprise funds are accounted for under the consumption method, wherein all inventory is maintained by perpetual records, expensed when used, and adjusted by an annual physical count at September 30 each year. Inventories of governmental funds are recorded as expenditures when purchased. Amounts on hand at year-end are reflected in the assets section of the balance sheet and are fully reserved in the equity section.

The City also holds land not used in operations and appropriately reported in the special revenue funds under Inventory – land held for resale in the Statement of Net Assets and the Balance Sheet at September 30, 2010. These assets are reported at the lower of historical cost or market value at fiscal year end. To estimate the fair value, certain reasonable assumptions and estimates are utilized to properly report land value in consideration of the cost effectiveness of obtaining actual annual appraisals. The City believes the amounts reported fairly reflect the asset values at the reporting date.

4. Restricted Assets

Certain proceeds of the Utility Special District fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "Capital Acquisition 2004" fund is used to report those proceeds of revenue bond issuance that are restricted for use in construction. The related debt service account is used to segregate resources accumulated for debt service payments over the next twelve months. The related bond renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Capital Assets

Capital assets, which include land, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Capital assets of the City are depreciated using the straight-line method over the estimated useful lives, and assets purchased midyear are capitalized for six months during the first year, regardless of when acquired:

<u>Asset Description</u>	<u>Period</u>
Buildings and improvements	15 - 40 years
Utility plant and system	20 - 50 years
Regional sewer systems	30 - 99 years
Furniture, fixtures, machinery, and equipment	5 - 10 years
Marina and waterside improvements	20 - 40 years

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Compensated Absences

City employees can earn from 12 to 20 days of vacation and 12 days of sick leave annually. If an employee is terminated or retires, the City pays the accumulated annual earned vacation and accumulated sick leave. In the governmental funds, the amount of compensated absences recorded as expenditures is the amount accrued for employee resignations or terminations. The general fund is used to liquidate such amounts. Compensated absences are accrued when earned in the government-wide and enterprise fund financial statements. For, the governmental funds, compensated absences are liquidated by the General Fund.

7. Long-Term Obligations

In the government-wide and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund statement of net assets. Bond premiums and discounts, issuance costs, and deferred charges on a bond refunding are deferred and amortized over the life of the bonds using a systematic method that approximates the effective interest method. In the fund financial statements, 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. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures. Costs of issuing bonds and deferred charges on refunding bonds are capitalized in the governmental activities statement of net assets

8 Net Assets

Equity in the government-wide and proprietary fund statements of net assets is displayed in three categories: 1) invested in capital assets, net of related debt. 2) restricted, and 3) unrestricted. Net assets invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net assets are reported as restricted when there are limitations imposed on their use by external restrictions mandated by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of the other two components defined above.

9. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balances to indicate that a portion of fund equity is not available for expenditure or is legally segregated for a specific future use.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Interfund Transactions

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

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

11. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year-end each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. According to Florida Statute 200.081, except for voted levies, no municipality shall levy ad valorem taxes against real property and tangible property in excess of 10 mills.

The tax levy of the City is established by the Council prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County, the County School Board, and Special District tax requirements. For the fiscal year 2009/2010 (2009 Tax Roll Year), the City levied a millage rate of 8.998 mills (approximately \$9.00 for each \$1,000 of assessed valuation) for the General Fund operations. The current year's tax levy is based on taxable property values amounting to \$3.668 billion.

Taxes may be paid, less a 4 percent discount, in November (levy date) or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18 percent per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18 percent per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At September 30, 2010, unpaid delinquent taxes are not material and have not been recorded by the City.

12. Use of Estimates

The financial statements and related disclosures are prepared in conformity with U.S. generally accepted accounting principles. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from management's estimates.

13. Grants from Government Agencies

Certain grants under various federal, state, and local programs are accounted for in special revenue funds and are reported as a component of intergovernmental revenues. Grant monies are disbursed by these funds or received as reimbursement for amounts previously disbursed by the City for goods and services as prescribed under the respective grant programs. These programs are dependent on continued financial assistance from federal and state governments. Potentially disallowable amounts, if any, on reimbursement type grants constitute a contingent liability of the City. As the City management does not expect any such occurrences and because the potential disallowed amounts are not estimable, such contingencies are not reflected within the financial statements.

NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES

GASB Statement No. 51 –In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, patents, trademarks, and computer software. Its scope excludes goodwill, assets obtained through capital leases, and assets that are used to obtain income or generate profit. The requirements of this statement were effective for financial statements for periods beginning after June 15, 2009, and, for the most part required retroactive application. The adoption of Statement No. 51 had no material effect on the City's financial statements.

GASB Statement No. 54 – In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement will become effective for the City beginning with its fiscal year ending September 30, 2011. This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. This statement is effective for reporting periods beginning after June 15, 2010.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES (continued)

Fund balances for each of the City's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance*—amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund.

The adoption of Statement No. 54 is not expected to have a material effect on the City's financial statements.

NOTE 3 – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool for accounting and investment purposes for use by all City funds except the Pension Trust Funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Income earned on cash and investments is allocated to the respective funds based on average daily balances.

A. Deposits

The carrying amounts of the City's cash deposits were cash on hand, demand deposits and cash with fiscal agents at September 30, 2010. The total cash deposits are collateralized or insured with securities held by the City or by its agent in the name of the City as discussed below.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. All of the City's deposits are entirely insured by federal depository insurance, which is up to \$250,000 per institutional deposit, or collateralized by the multiple financial

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

A. Deposits (continued)

institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act". Under this Act, all qualified public depositories are required to pledge

eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would cover any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name.

B. Investments

Under the provisions of the City's investment policy, and in accordance with Florida Statutes, the following investments were authorized:

- Local Government Surplus Funds Trust Fund, which includes the "Florida Prime", a local government investment pool, which was formerly known as "Fund A" and "LGIP", and Fund B Surplus Funds Trust Fund ("Fund B"), both of which are administered by the Florida State Board of Administration.
- Negotiable direct obligations of the United States Government Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by United States government agencies, provided such obligations are backed by the full faith and credit of the United States government.
- Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by certain United States government agencies, which are non-full faith and credit agencies.
- Non-negotiable interest bearing certificates of deposit or savings accounts provided that any such deposits are secured by collateral as prescribed by law.
- Repurchase agreements comprised of negotiable direct obligations of the United States government or bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by certain United States government agencies, which are non-full-faith and credit agencies.
- State and local government taxable and tax-exempt debt, general obligation bonds, or revenue bonds rated at least AA by Moody" sand AA by Standard & Poor's for long-term debt or rated at least MIG-2 by Moody's and SP-2 by Standard & Poor's for short-term debt.
- Mutual funds investing in government obligations.

Investments of the pension trust funds can consist of real or personal property and various types of investments, specifically including bonds, debentures and other corporate obligations, and preferred or common stocks.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

1. Local Government Surplus Funds Trust Fund

The Local Government Surplus Funds Trust Fund was created by an Act of the Florida Legislature effective October 1, 1977, and has two components: Florida Prime and Fund B. The State Board of Administration (“SBA”) is charged with the powers and duties to administer and invest the funds. The SBA has contracted an Investment Manager to administer the Fund B pool. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments for External Investment Pools*, issued in March 1997, applies to both the Florida Prime and Fund B. GASB 31 outlines two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (“NAV”). A “2a-7 like” pool is an “external investment pool that is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940.” Rule 2a-7 is the rule that permits money market funds to use amortized costs to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. As the Florida Prime investment pool is considered an SEC “2a-7 like” fund, the account balance is also considered the fair value of the investment.

Fund B was created by an Act of the Florida Legislature effective June 1, 2008 (Section 218.421, Florida Statutes) and consists of legacy securities that were segregated into Fund B because they had either defaulted, extended, been restructured, were subject to elevated market illiquidity or did not meet the Standards and Poor’s AAAM rating applicable to the Florida Prime investment pool. Monies invested in Fund B are not subject to participant withdrawal. The Fund B is accounted for as a fluctuating NAV pool. The Fair Value factor for September 30, 2010 was 0.707058094. Therefore, the City’s account balance must be multiplied by the factor to calculate the fair value of the investment in Fund B at September 30, 2010. Distributions are made to the extent that Fund B receives material proceeds from certain qualifying transactions and activities. However, participants may not request withdrawals of these monies and the City is only able to obtain a return of its investment based on the authorized distributions.

The SBA provides the appropriate financial statement disclosure information as included in the City’s notes to the financial statements. Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2010. Since the City owns shares of the Florida Prime and Fund B, and not the underlying securities, it is the SBA’s interpretation that the City need not make a disclosure related to GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

2. Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City’s investment policies limit its investments to high quality investments to control credit risk. The SBA Fund B is unrated. For the Florida Prime, the SBA defines credit risk as the possibility that an issuer of a fixed income security held by the Florida Prime will default on the security by failing to pay interest or principal when due. If an issuer defaults, the Florida Prime will lose money. The Investment Manager will manage this risk by purchasing high quality securities. The Government Bonds are not considered

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

to have credit risk. The Standard & Poor's rating for the City's other investments in debt securities at September 30, 2010, are summarized as follows:

<u>Security Description</u>	<u>Credit Quality Rating</u>	<u>Amount (rounded to nearest 1,000)</u>
Government Advantage		
Money Market Account	AAAm	\$ 16,711,926
SBA Florida Prime	AAAm	44,374,611
SBA Fund B	unrated	1,074,806

3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. For the Florida Prime, the prices of the fixed income securities in which the Florida Prime invests rise and fall in response to changes in the interest rates paid by similar securities. The Investment Manager of the Florida Prime will manage this risk by purchasing short-term fixed income securities.

The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

The table below summarizes the scheduled maturities of investments at September 30, 2010, as applicable:

Investment Type	Unrestricted	Restricted	Weighted Average years to maturity	Fair value at September 30
Cash and cash equivalents:				
Deposits - SBA	\$16,671,378	\$27,703,233	N/A	\$44,374,611
Deposits - Bank of America	7,884,359		N/A	7,884,359
Deposits - Wells Fargo		16,711,926	N/A	16,711,926
Total cash and cash equivalents	\$24,555,737	\$44,415,159		\$68,970,896
Investments:				
Investments held in pension trust:				
<u>General employees:</u>				
Government securities		12,353,798	16.75	12,353,798
Corporate bonds		4,820,522	9.64	4,820,522
Money market & mutual funds		4,021,158	N/A	4,021,158
Common stock		26,919,442	N/A	26,919,442
<u>Police:</u>				
Government securities		10,464,616	N/A	10,464,616
Corporate bonds		6,232,616	N/A	6,232,616
Money market & mutual funds		5,462,956	N/A	5,462,956
Common stock		22,463,663	N/A	22,463,663
<u>Fire:</u>				
Government securities		9,278,613	N/A	9,278,613
Corporate bonds		5,887,708	N/A	5,887,708
Money market & mutual funds		5,051,047	N/A	5,051,047
Common stock		20,712,203	N/A	20,712,203
Total investments held in pension trust		\$133,668,342		\$133,668,342
Investments not held in pension trust				
State Board of Administration				
Fund B (net of allowance)		1,074,806	N/A	1,074,806
Investments in ECR		11,298,488	N/A	11,298,488
Total investments not held in pension trust		\$12,373,293		\$12,373,293
Total investments		\$146,041,636		\$146,041,636
Total cash, cash equivalents and investments	\$24,555,737	\$190,456,795		\$215,012,532

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

4. Custodial Credit Risk

For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's non-pension trust fund investment in money market mutual funds is held by a bank trust department in the City's name.

5. Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. The City places no limit on the amount it may invest in any one issuer, except those in the City's pension fund. Not more than five percent of the Fund's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent of the outstanding capital stock of the company.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables as of September 30, 2010 for the City's individual major governmental funds, enterprise funds, and non major governmental funds in the aggregate, are as follows:

	General Fund	Capital Acquisition 2004	Community Redevelopment	Utility Special District	Refuse Collection	Marina	Stormwater	Nonmajor governmental funds	Total
Receivables (Net)									
Accounts	\$3,496,700	\$727	\$30,000	\$3,337,134	\$535,988	\$1,175,220	\$374,510	\$1,637,443	\$10,587,722
Special Assessments	-	-	-	-	-	-	-	58,208	\$58,208
Unbilled Accounts	31,641	-	-	602,047	120,807	-	56,120	-	\$810,615
Total receivables	\$3,528,341	\$727	\$30,000	\$3,939,181	\$656,795	\$1,175,220	\$430,630	\$1,695,651	\$11,456,545

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition on revenues received but not yet earned.

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CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2010, was as follow:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,369,111	\$ -	\$ -	\$ 6,369,111
Construction work in progress	9,114,909	12,621,364	(2,644,159)	19,092,114
Total capital assets not being depreciated	15,484,020	12,621,364	(2,644,159)	25,461,225
Capital assets being depreciated:				
Buildings	14,253,139	-	-	14,253,139
Improvement other than buildings	1,336,428	115,000	-	1,451,428
Land improvements	51,250	-	-	51,250
Infrastructure	34,953,677	2,095,894	-	37,049,571
Furniture, fixtures, machinery and equipment	13,267,177	1,401,436	(391,473)	14,277,140
Total capital assets being depreciated	63,861,671	3,612,330	(391,473)	67,082,528
Less accumulated depreciation for:				
Buildings	(7,351,073)	(429,108)	-	(7,780,181)
Improvement other than buildings	(289,740)	(143,195)	-	(432,935)
Land improvements	(51,250)	-	-	(51,250)
Infrastructure	(18,754,195)	(779,409)	-	(19,533,604)
Furniture, fixtures, machinery and equipment	(8,384,138)	(1,490,097)	391,472	(9,482,763)
Total accumulated depreciation	(34,830,396)	(2,841,809)	391,472	(37,280,733)
Governmental activities capital assets, net	\$44,515,295	\$13,391,885	\$(2,644,160)	\$55,263,020
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,331,512	\$ -	\$ -	\$ 1,331,512
Construction Work in progress	1,832,317	3,093,532	-	4,925,849
Total capital assets not being depreciated	3,163,829	3,093,532	-	6,257,361
Capital assets being depreciated:				
Buildings and improvements	16,395,123	40,576	(16,506)	16,419,193
Utility plants and systems	47,764,645	-	(469,041)	47,295,604
Furniture, fixtures, machinery and equipment	6,534,057	472,037	-	7,006,094
Waterside improvements	2,979,132	-	-	2,979,132
Total capital assets being depreciated	73,672,957	512,613	(485,547)	73,700,023
Less accumulated depreciation for:				
Buildings and improvements	(9,250,900)	(415,668)	-	(9,666,568)
Utility plants and systems	(26,426,267)	(1,196,989)	-	(27,623,256)
Furniture, fixtures, machinery and equipment	(4,795,007)	(622,196)	-	(5,417,203)
Waterside improvements	(2,979,132)	-	-	(2,979,132)
Total accumulated depreciation	(43,451,306)	(2,234,853)	-	(45,686,159)
Business-type activities capital assets, net	\$33,385,480	\$ 1,371,292	\$(485,547)	\$34,271,225

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 5 – CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows for the fiscal year ending September 30, 2010:

Governmental Activities:

General government	\$ 333,878
Public safety	1,011,961
Transportation	825,352
Culture and recreation	558,622
Economic environment	111,999
	<u>2,841,812</u>

Business-type Activities:

Water and sewer	\$ 1,949,516
Marina	119,224
Stormwater	166,113
	<u>2,234,853</u>

Total depreciation expense	<u>\$ 5,076,665</u>
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CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 6 – OPERATING LEASES

The City leases buildings, office facilities and equipment under non-cancelable operating leases. The City leases commercial office space at the Port Center for Human Resources and Police Departments. In May 2008, the City renewed its lease agreement for commercial space to accommodate certain City operations at the Port Center for a period of three years expiring April 30 and May 31, 2011 and subject to renewal by the City. The City Council has approved the budgeting, contingent on available funds, through the lease terms for the Port Center leased office space. Therefore, the entire lease term, for each individual lease, will be included in the minimum lease payment schedule presented below.

The future minimum lease payments for long- term agreements are as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2011	\$313,284
2012	250,966
2013	<u>148,742</u>
	<u>\$712,992</u>

The CRA, a blended component unit of the City, leases commercial office space for its operations. The CRA lease agreement was renewed and expires on November 30, 2011.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 7 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 7,958,599	\$ -	\$ (544,339)	\$ 7,414,260	\$ 571,968
OPEB obligation	-	809,060	-	809,060	-
Compensated absences	5,537,749	-	(1,202,362)	4,335,387	238,777
Total governmental activities	<u>\$ 13,496,348</u>	<u>\$ 809,060</u>	<u>\$ (1,746,701)</u>	<u>\$ 12,558,707</u>	<u>\$ 810,745</u>
Business-type activities:					
Bonds and notes payable	29,970,000	-	(1,150,000)	28,820,000	1,190,000
Add unamortized bond premium	436,371	-	(20,314)	416,057	-
Net bonds and notes payable	<u>30,406,371</u>	<u>-</u>	<u>(1,170,314)</u>	<u>29,236,057</u>	<u>1,190,000</u>
Utilities purchases obligation	362,146	-	(27,857)	334,289	27,857
OPEB obligation	-	156,521	-	156,521	-
Compensated absences	<u>640,993</u>	<u>8,187</u>	<u>(181,922)</u>	<u>467,258</u>	<u>36,720</u>
Total business-type activities	<u>\$ 31,409,510</u>	<u>\$ 164,708</u>	<u>\$ (1,380,093)</u>	<u>\$ 30,194,125</u>	<u>\$ 1,254,577</u>
Total long-term debt	<u>\$ 44,905,858</u>	<u>\$ 973,768</u>	<u>\$ (3,126,794)</u>	<u>\$ 42,752,832</u>	<u>\$ 2,065,322</u>

Interest Expense

Total interest costs both incurred and paid on all City debt in fiscal year ended September 30, 2010 totaled approximately \$1,908,711. No interest was capitalized in the enterprise funds during the year ended September 30, 2010.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 7 – LONG-TERM DEBT (continued)

Governmental Activities

The City's *Capital Projects Notes, Series 2001*, are due in semi-annual principal and interest installments of \$136,987 through October 1, 2016, with a stated interest rate of 4.11 percent. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending	Principal	Interest	Total
2011	216,839	57,135	273,974
2012	225,843	48,131	273,974
2013	235,220	38,754	273,974
2014	240,054	33,920	273,974
2015	244,987	28,987	273,974
2016	250,022	23,952	273,974
Total	\$1,412,965	\$ 230,879	\$1,643,844

Community Redevelopment Agency

The CRA had issued two series of bond anticipation notes to finance the development and implementation of capital projects contemplated by the Community Redevelopment Plan. Series 2002A, in the amount of \$5,010,000, was issued in March 2002. Series 2003A, in the amount of \$2,000,000, was issued in August 2003. The Series 2002A and Series 2003A Notes were retired in full on July 5, 2006.

On July 5, 2006, the *Community Redevelopment Projects Note, Series 2006* in the amount of \$7,175,876 was issued to repay the Series 2002A and Series 2003A Bond Anticipation Notes. Although the Series 2006 Note was issued by the City, the proceeds were used to refinance CRA debt and the CRA is making the debt service payments pursuant to its agreement with the City. Originally, a variable interest rate, the rate is fixed at 4.19 percent and will remain in effect for the life of the debt.

The annual debt service requirements to amortize the Series 2006 Notes as of September 30, 2010, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2011	355,129	263,568	618,697
2012	372,886	248,688	621,574
2013	391,530	233,064	624,594
2014	411,107	216,659	627,766
2015	431,662	199,433	631,095
2016 - 2020	2,504,465	707,089	3,211,554
2021 - 2023	1,823,621	155,304	1,978,925
Total	\$6,290,400	\$2,023,805	\$8,314,205

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 7 – LONG-TERM DEBT (continued)

Business-type Activities

The City's *Sales Tax Revenue Refunding Bonds, Series 2002*, are due in annual installments through October 1, 2012, with interest of 2 percent to 3.7 percent. The bonds are secured by a lien upon and pledge of the City's local government half-cent sales tax. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	505,000	37,546	542,546
2012	520,000	19,240	539,240
	<u>\$1,025,000</u>	<u>\$56,786</u>	<u>\$1,081,786</u>

The Utility Special District assumed the *Water and Sewer Fund's* obligation to the previous owner of Consolidated Utility. The payment amount is based on water and sewage usage. Payments are due monthly with interest at the rate of 8 percent for a period of 35 years, ending September 2022, as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	27,857	2,229	30,086
2012	27,857	2,229	30,086
2013	27,857	2,229	30,086
2014	27,857	2,229	30,086
2015	27,857	2,229	30,086
2016 - 2020	139,285	11,143	150,428
2021 - 2022	55,714	4,458	60,172
Total	<u>\$334,284</u>	<u>\$26,746</u>	<u>\$361,030</u>

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 7 – LONG-TERM DEBT (continued)

The Utility Special District issued the *Utility Special District Water and Sewer Revenue Bonds, Series 2004*, for the transfer of the Water and Sewer Fund assets and for special projects. The bonds require annual payments of principal and interest ranging from \$1,990,144 to \$1,989,750. The Utility Special District bonds bear interest between 1.6 percent and 5 percent and mature on October 1, 2034. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending	Principal	Interest	Total
2011	685,000	1,304,181	1,989,181
2012	710,000	1,280,206	1,990,206
2013	735,000	1,253,581	1,988,581
2014	760,000	1,226,019	1,986,019
2015	795,000	1,197,519	1,992,519
2016 - 2020	4,430,000	5,510,900	9,940,900
2021 - 2025	5,545,000	4,392,250	9,937,250
2026 - 2030	7,085,000	2,860,250	9,945,250
2031 - 2034	7,050,000	903,000	7,953,000
Total	\$27,795,000	\$19,927,906	\$47,722,906

The Utility Special District has pledged net system revenues towards the repayment of the bonds. The terms of the bond agreement require the District to establish rates sufficient to provide net revenues in each year to pay 115 percent of the annual bond service requirement.

Defeased Debt

In November 2002, the City issued \$4,135,000 *Sales Tax Revenue Refunding Bonds, Series 2002* to provide funds sufficient to refund \$3,940,000 of principal for the *Waterfront Improvement Revenue Bonds, Series 1992*. The refunded bonds had been accounted for in the City's marina enterprise fund as are the Series 2002 Bonds. The unamortized issuance costs and discount on the refunded bonds have been capitalized along with issuance costs of the new bonds and a deferred charge on refunding totaling \$189,384. These costs are being amortized over the term of the new bonds, which is the same as the remaining term of the refunded bonds. As of September 30, 2010, \$1,445,000 in principal value is outstanding of the Series 1992 bonds.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 8 – JOINT VENTURES

In 1992, the City of Riviera Beach (the "City") entered into an interlocal agreement with, the City of West Palm Beach, the Town of Palm Beach, the City of Lake Worth, and Palm Beach County (the "Entities") under a 30 year renewable Joint Agreement (the "Agreement"). Under the Agreement, the Entities participate in the operation of a regional sewer plant, East Central Regional Wastewater Treatment Facility (ECR). The purpose of the Agreement was to consolidate prior separate agreements into a single unified agreement to establish rules and procedures for the operation and management of the existing facility. After the 1992 Agreement, each participating entity held a financial interest in the ECR, whose purpose is to receive, treat, and dispose of sewage generated within each municipality and the County. In addition to providing services to the Entities, the ECR operates a septage receiving facility where private haulers can deposit wastewater into the treatment system.

The ECR is a separate legal entity organized under the laws of the State of Florida. The Agreement provides for the establishment of a Governing Board (the "Board"), comprised of one representative from each entity participating in the Agreement, to administer the ECR. Under the Agreement, the Board has the power to enter into contracts, employ personnel and enter into debt in accordance with Florida Statutes §163.01(7). In accordance with the Agreement, the City of West Palm Beach operates and manages the ECR on behalf of the Board and is paid an administrative fee by the ECR for those services.

The Agreement establishes the duties and responsibilities among the Entities for the operation of the ECR. The term of the Agreement is for an initial period of thirty years with an option to renew for an additional thirty years upon the mutual consent of the Entities. The Agreement can be terminated only with the unanimous consent of the Entities. An Entity may withdraw from participation in the Agreement; however, the Entity will forfeit its interest and allocation in the ECR and will still be required to meet its obligations under the Agreement. In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on their reserve capacity as of the date of disposition. As of September 30, 2010, the City had a 12.50 percent interest in the ECR.

The City has participating equity ownership in ECR. The terms of the Agreement provide that each entity is required to pay a proportional part of the annual operating costs, fund a separate Renewal and Replacement Account based on a percentage of the capital cost of the facility, make contributions towards fleet costs, and make capital contributions towards the ECR's repayment of State loans. All costs of operating the ECR, including depreciation, are shared by each of the entities based on actual flows of wastewater. Costs associated with capital projects, renewal and replacement, and debt service are shared among the participating governments based on their pro-rata share of reserve capacity. Under the equity method, the City recorded its initial investment at cost and records its ongoing financial interest as an adjustment to the investment in joint venture for its share of the following: any income or loss reported by the ECR; depreciation and loss on disposal of the ECR assets attributable to capital contributions; additional debt assumed for which the entities are obligated to repay; and capital and debt reserve contributions, including revenue earned by ECR on such contributions.

Based on a "Participatory Agreement" signed by all participants in April 1993, the ECR constructed improvements amounting to approximately \$22,377,000, which was financed by the State of

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 8 – JOINT VENTURES (continued)

Florida, Department of Environmental Protection Revolving Loan Fund. Pledged revenue consisting of all fees and payments received by the ECR will be used to repay the debt. On June 22, 2006, the State of Florida's Department of Environmental Protection (the "DEP") approved a 7 million gallon per day (MGD) interim expansion of plant capacity. On April 2, 2007, the DEP approved another 2 MGD interim expansion of plant capacity, bringing the interim capacity to 64 MGD.

The ECR's financial statements for fiscal year ending September 30, 2010 have not been issued, as of the date of financial statement issuance; the latest available audited financial statements for the ECR are for the fiscal year ending September 30, 2009. Therefore, the amounts recorded by the City could be subject to revision in the future. The City does not believe that the joint venture is accumulating significant financial resources or experiencing financial stress that may cause a future benefit or burden to the City. The City believes that its investment in the ECR, as recorded, is fairly stated. As of September 30, 2009, the ECR had total assets of \$102,821,429 and total net assets of \$90,387,901 including \$68,308,854 invested in capital assets net of related debt and \$11,720,528 of unrestricted net assets.

As of September 30, 2009 and 2008, the Entities and their respective interests in the ECR were as follows:

<u>Participant</u>	<u>Reserve Capacity Percentage*</u>	
	<u>September 30,</u>	
	<u>2009</u>	<u>2008</u>
City of West Palm Beach	26.563%	29.286%
Palm Beach County	33.594%	34.286%
City of Lake Worth	19.531%	17.857%
City of Riviera Beach	12.500%	11.428%
Town of Palm Beach	7.813%	7.143%
Total	<u>100.000%</u>	<u>100.000%</u>

*Based on Actual Reserve Capacity Percentage per applicable fiscal year

During fiscal years ending September 30, 2009 and 2010, the City made payments to the ECR of \$1,585,254 and \$1,660,863, respectively, towards operating expenses. According to current generally accepted accounting principles, the City accounts for its interest in the joint venture under the equity method. The following is a reconciliation of the City's investment in the ECR as of September 30, 2009:

October 1, 2008 balance	\$11,056,207
City's 12.50% share of the 2009 operating gain	<u>\$242,280</u>
September 30, 2009 balance	<u><u>\$11,298,487</u></u>

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 8 – JOINT VENTURES (continued)

The City's investment in the ECR's interest as of September 30, 2009 was reported at \$11,298,488 and, as discussed above for consistency, will be used to record and report balances in the City's financial statements for fiscal year ending September 30, 2010.

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

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, & TRANSFERS

Interfund receivables and payable balances as of September 30, 2010 are summarized as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental activities:		
General Fund	\$ 7,847,904	\$ -
Capital Acquisition 2004	-	2,747,778
Other non major governmental funds	-	1,446,371
Business-type activities:		
Marina	-	3,649,675
Refuse collection	-	4,080
Total	<u>\$ 7,847,904</u>	<u>\$ 7,847,904</u>

The outstanding balances between funds mainly resulted from the time lag between the dates the (a) inter-fund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

The composition of the interfund transfers as of September 30, 2010 is as follows:

	<u>Transfers In</u>		
	<u>Non-Major Governmental Funds</u>	<u>General Fund</u>	<u>Total Transfers Out</u>
<u>Transfers Out</u>			
General Fund	\$ 728,999	\$ -	\$ 728,999
Non-major governmental funds	-	17	17
Total Transfers In	<u>\$ 728,999</u>	<u>\$ 17</u>	<u>\$ 729,016</u>

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, & TRANSFERS (continued)

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

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City self-insures and carries commercial insurance for claims in excess of self-insurance amounts. The program is a combination of self-insurance funded at a specified amount, and various commercial policies for potential claims or losses above the self-funding limit. In addition, the City purchases insurance for excess liabilities, including certain catastrophic losses. Within the self-funded layer, The City's liability was limited to the following amounts per occurrence: Property - \$100,000; Third Party Liability - \$100,000; Workers Compensation - \$275,000; Public Employee Crime - \$25,000; Utilities property - \$50,000; Boiler & Machinery - \$25,000, and Public Officials Liability – \$100,000. The City maintains a total liability limit of \$1,800,000 for all self-insured losses before aggregate excess coverage applies. In the event of damage from a named windstorm, certain percentage deductibles apply, as is common for property insurance in the State of Florida. The total potential self-insured losses are funded through a "Loss Fund" (interest earning investment account) which is administered by a third party.

The risk management program used to account for the potential self-insured losses are accounted for in the internal service fund. All operating funds participate in the program and make payments to the funds based on estimates of the amounts needed to pay prior and current claims. Additionally, the expenses for claims paid are recorded in the individual funds and a revenue transfer is used to record the "reimbursement" to the internal service fund.

Pursuant to GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*", liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount provided by the third party administrator for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to the specific claims. Estimated recoveries are another component of the claims liability estimate.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 10 – RISK MANAGEMENT (continued)

For fiscal year ending September 30, 2010, the reported estimated liability was reduced by a significant amount because of an adjustment based historical and current claim trends. For fiscal year ending September 30, 2009, the reported estimated liability remained consistent with the reported liability for fiscal year ending September 30, 2008. Settlements have not exceeded coverage for each of the past three fiscal years. Changes in the balances of claims liabilities during the past three years are as follows:

Fiscal Year	Balance October 1	Claims and Changes in Estimates	Claim Payments	Balance September 30
2008	5,400,270	(1,495,619)	(1,616,101)	2,288,550
2009	2,288,550	1,431,346	(1,588,391)	2,131,503
2010	2,131,503	2,067,942	(1,807,999)	2,391,446

NOTE 11 – PENSION PLANS

During the fiscal year ending September 30, 2010, the City sponsored three separate single employer defined benefit pension plans: City of Riviera Beach General Employees' Retirement System, Riviera Beach Police Pension Fund, and Riviera Beach Municipal Firefighters' Pension Trust Fund. Audited financial statements are issued separately for the Police Pension Fund and the Firefighters' Pension Trust Fund and copies may be obtained from the City of Riviera Beach, Finance Department, 600 W. Blue Heron Boulevard, Riviera Beach, Florida, 33404. Separate financial statements are not issued for the General Employees' Pension Plan.

The Riviera Beach Community Redevelopment Agency (the "CRA") has a separate retirement plan for its employees. This is a defined contribution plan, with all contributions made by the CRA on behalf of the employees. Contributions are made directly to the investment fund selected by the employees and are held in the employee's name. The CRA maintains no additional liability or investment management duties as related to the investments. Vesting is 100 percent, effective at time of hire.

General Employees' Retirement System

The City of Riviera Beach General Employees' Retirement System covers all employees except police officers and firemen. The City reports the plan as a trust fund in the financial statements. The plan does not issue separate financial statements. The plan is administered by a seven-person board, of which four members are appointed by the Mayor with approval of the City Council, and three members are elected by plan participants. The plan may be amended by the City Council.

The Plan was established under of the Code of Ordinances for the City of Riviera Beach, Part II, Chapter 14, Article II, and was most recently amended under Ordinance No. 3086 passed and adopted on February 2, 2011. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 11 – PENSION PLANS (continued)

Employees contribute 6% of earnings and the City contributes the remaining amount necessary to meet the normal cost of the plan and to make payments towards the liquidation of an unfunded past service liability. The vesting schedule under the plan begins at 50% after 8 years of continuous service, increases to 75% after 9 years, and up to 100% after 10 years.

Participants are also eligible for normal retirement when the total of age plus years of service equals 75 or more, or age 65. Employee contributions are refundable if the employee is not vested at the date of employment termination. The normal retirement benefit is equal to 3% of the average monthly earnings for each year of service calculated, based on the highest two consecutive years of the last ten years of service preceding the retirement or termination date.

Pension expense is based on an annual actuarial valuation. The actuarial valuation is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year. In the past, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation. For fiscal year ending September 30, 2010, the City funded pension expense based on the percent-of-payroll rate as determined by the actuarial valuation and applied to the actual active member actual covered payroll for the fiscal year. For the fiscal year ending September 30, 2010, the City's contribution was \$3,428,510 compared to the minimum required contribution of \$3,292,386.

Three-Year Trend Information

General Employees' Pension Fund

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2008	\$3,083,568	\$3,400,000	110.3%	(\$515,280)
9/30/2009	3,423,776	3,590,586	104.9%	(682,090)
9/30/2010	3,356,626	3,428,510	102.1%	(753,974)

Summary of significant accounting policies

Basis of accounting: The General Employees' Retirement Plan financial statements are presented using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of investments: All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the balance sheet date while securities without an established market are reported at estimated fair value.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 11 – PENSION PLANS (continued)

Plan’s membership information

For the fiscal year October 1, 2009 to September 30, 2010, the general employee’s pension plan membership consisted of:

Description of Plan Members	General Employees
Retirees and Beneficiaries currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	163
Active employees	231
Total	394

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the current fiscal year are as follows:

Valuation date	October 1, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Single equivalent amortization period	22 years
Asset valuation method	5-year smoothed market
<u>Actuarial assumptions:</u>	
Investment rate of return	7.90%
Projected salary increases	6.2% to 11.0% based on service
Inflation and other general increases included above	3.00%
Cost of living adjustments	None

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 11 – PENSION PLANS (continued)

Annual Pension Cost and Changes in Net Pension Assets

The City's annual pension cost (APC) and net pension obligations (NPO) for the General Employee's Pension Plan for the past three years are summarized below:

Fiscal year ending September 30	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual Required Contribution	\$3,292,386	\$3,368,159	\$3,062,380
Deduct: Interest on Net Pension Asset	(53,885)	(41,222)	(15,908)
Adjustment to Annual Required Contribution	(118,125)	(96,839)	37,096
Annual Pension Cost	3,356,626	3,423,775	3,083,568
Less: Actual Contribution	3,428,510	3,590,586	3,400,000
(Decrease)/Increase in Net Pension	(71,884)	(166,811)	(316,432)
Net Pension Asset, Beg. Of Year	<u>(682,090)</u>	<u>(515,280)</u>	<u>(198,848)</u>
Net Pension Asset, End Of Year	<u>(\$753,974)</u>	<u>(\$682,091)</u>	<u>(\$515,280)</u>
Percent of APC contributed each year	102.1%	104.9%	110.3%

Police Pension Plan

The Riviera Beach Police Pension Fund covers all non-civilian police department employees. The fund is administered by an independent board of trustees consisting of five members, two of whom are appointed by the City Council and three of whom are elected. Plan amendments are subject to City approval. The Police Pension fund is an independent entity that is accounted for separately and is not reported as a fiduciary trust fund in the City's financial statements.

Employees contribute 8% of earnings. The City contributes the remaining amount which together with the contributions from the police officers and the amount provided by the State of Florida and derived from an insurance premium tax, is sufficient to cover the normal cost and to fund an actuarial deficiency.

Any police officer who completes ten or more years of service and attains the age of 55, or completes 20 years of creditable service as a police officer and has been a member of the pension fund for such period, is eligible for normal retirement benefits. The amount of the monthly retirement income payable to a police officer eligible for normal retirement benefits is equal to the number of years of credited service multiplied by 3% of average final compensation, as calculated based on the highest two (2) consecutive of the last ten (10) years of contributing service.

Pension expense is determined based on an annual actuarial calculation. The actuarial valuation is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year. In the past, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation. For fiscal year ending September 30, 2010, the City funded pension expense based on the percent-of-payroll rate as determined by the actuarial valuation and applied to the actual active member actual covered payroll for the fiscal year.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 11 – PENSION PLANS (continued)

For the fiscal year ending September 30, 2010, contributions totaling \$3,171,479 -- \$2,575,307 employer (\$2,364,471 from the City and \$210,836 from the State under Chapter 185) and \$596,172 employee -- were made in accordance with the contribution requirements determined by an actuarial valuation of the plan as of September 30, 2009. An annual actuarial valuation report can be obtained from the City of Riviera Beach, Finance Department.

Plan's membership information

For the fiscal year October 1, 2009 to September 30, 2010, the police pension plan membership consisted of:

Description of Plan Members	Police
Retirees and Beneficiaries currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	74
Active employees	108
Vested – 34	
Non-vested - 74	
Total	182

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the current fiscal year are as follows:

Valuation date	October 1, 2009
Actuarial cost method	Frozen entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	5 to 25 years
Asset valuation method	5-year smoothed market

Actuarial assumptions:

Investment rate of return	7.50%
Projected salary increase attributable to:	
Inflation	4.50%
Seniority and merit	4.10% to 0.40%
Cost of living adjustments	None

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 11 – PENSION PLANS (continued)

Annual Pension Cost and Changes in Net Pension Assets

The City's annual pension cost (APC) and net pension obligations (NPO) for the Police Pension Plan were not available.

Firefighters' Pension Trust Fund

The Riviera Beach Firefighters' Pension Trust Fund covers all firemen and fire department officers. The plan is administered by an independent board of trustees consisting of five members, two of whom are appointed by the City Council and three of whom are elected. The plan is an independent entity that is accounted for separately and is not reported as a fiduciary trust fund in the City's financial statements.

Employees contribute 8% of earnings. The City contributes the remaining amount, which together with contributions from the firefighters and any amount provided by the State of Florida is sufficient to cover the net annual cost and to fund an actuarial deficiency.

Any firefighter who completes 20 years of contributing service regardless of age, or who completes 10 years of contributing service and attains age 55 may retire with normal benefits. Normal retirement benefits are equal to the number of years of creditable service multiplied by 3% of average final compensation as calculated based on the highest two (2) of the last ten (10) years of contributing service.

Pension expense is determined based on an annual actuarial calculation. The actuarial valuation is performed at the beginning of the preceding fiscal year and is used to determine the pension funding required during the next budget year. In the past, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation. For fiscal year ending September 30, 2010, the City funded pension expense based on the percent-of-payroll rate as determined by the actuarial valuation and applied to the actual active member actual covered payroll for the fiscal year.

For the fiscal year ending September 30, 2010, contributions totaling \$2,921,674 -- \$2,490,864 employer (\$2,143,536 from the City and \$347,328 from the State under Chapter 175) and \$430,810 employee -- were made in accordance with the contribution requirements determined by an actuarial valuation of the plan as of September 30, 2009. An annual actuarial valuation report can be obtained from the City of Riviera Beach, Finance Department.

Three-Year Trend Information

Firefighters' Pension Fund

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2008	\$1,983,602	\$2,291,456	115.5%	(\$867,498)
9/30/2009	2,062,169	2,270,165	110.1%	(1,075,494)
9/30/2010	2,267,636	2,490,864	98.3%	(1,037,850)

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 11 – PENSION PLANS (continued)

Plan's membership information

For the fiscal year October 1, 2009 to September 30, 2010, the firefighters' pension plan membership consisted of:

<u>Description of Plan Members</u>	<u>Firefighters</u>
Retirees and Beneficiaries currently receiving benefits and terminated employees entitled to, but not yet receiving benefits	69
Active employees	49
Total	118

Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the current fiscal year are as follows:

Valuation date	October 1, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll,
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
<u>Actuarial assumptions:</u>	
Investment rate of return	7.75%
Projected salary increases	7.50%
Inflation and other general increases included above	3.50%

Annual Pension Cost and Changes in Net Pension Assets

The City's annual pension cost (APC) and net pension obligations (NPO) for the Firefighters' Pension Plan for the past three years are summarized below:

<u>Fiscal year ending September 30</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual Required Contribution	\$2,292,992	\$2,032,992	\$1,964,049
Deduct: Interest on Net Pension Asset	(83,351)	(67,231)	(43,372)
Adjustment to Annual Required Contribution	(120,995)	(96,652)	(62,925)
Annual Pension Cost	2,267,636	2,062,169	1,983,602
Less: Actual Contribution	2,229,992	2,270,165	2,291,456
(Decrease)/Increase in Net Pension	37,644	(207,996)	(307,854)
Net Pension Asset, Beg. Of Year	(1,075,494)	(867,498)	(559,644)
Net Pension Asset, End Of Year	(1,037,850)	(\$1,075,494)	(\$867,498)

CITY OF RIVIERA BEACH
Notes to the Financial Statements
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NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

The City's Other Post Employment Benefits Plan is reported in accordance with Government Accounting Standard Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* "(OPEB" issued in June 2004. GASB 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. The City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows.

According to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available to active employees. The City's underlying health plans are fully insured. These retirees are required to pay the full amount of the premium in order to remain covered under the medical plan. The premiums charged by the insurance company are based on the blending of the experience among active employees and older retired employees. Since the older retirees actually have higher costs, this means that the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees. GASB refers to this as the "implicit rate subsidy."

Plan Description: All full time employees of the City who satisfy the Disability, Early or Normal Retirement provisions of the applicable City sponsored retirement plan may be eligible for certain Other Post-Employment Benefits (OPEB). The OPEB benefits include lifetime access to coverage for the retiree and dependents under the Medical and Prescription Plans as well as participation in the dental, vision, and life insurance group plans sponsored by the City for employees.

Eligible retirees may choose among the same Medical Plan options available for active employees of the City. Dependents of retirees may be covered at the retiree's option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription benefits and rules for coverage as are active employees. Retirees and their dependents age 65 and over are not required to enroll for Part B under Medicare in order to remain covered under the program. The plan pays as secondary for claims otherwise covered under Part B for those who actually enroll.

In order to begin and maintain retiree Medical/Prescription coverage, premium contributions are required from the retiree. For dependent coverage, the retiree is required to pay a premium as well. If any required amounts are not paid timely, the coverage for the retiree and/or the dependent(s) will cease. The amount of the contributions required for retiree and dependent coverage may change from time to time.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Retirees may also continue their participation in the City-sponsored dental, vision, and life insurance plans. However, these benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 45.

Funding Policy: Currently, the City's OPEB benefits are unfunded. That is, there is no separate Trust Fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time, are financed directly by the general assets of the City, which are invested in very short-term fixed income instruments according to its current investment policy. All approved benefits are paid by the City when due. Consequently, according to GASB No. 45, the interest discount rate used to calculate the present values and costs of the OPEB must be long-range expected return on such short-term fixed income instruments. The City selected an interest discount rate of 3.75% for this purpose.

As of October 1, 2009, the latest actuarial valuation, number of participants included in the plan is as follows:

Number of Participants covered:

Active participants	481
Retired participants and surviving spouses	33
Total participants	<u>514</u>

Actuarial Methods and Assumptions

In any long-term Actuarial Valuation (such as for Pensions and OPEBs), certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates and the benefits provided. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Future determinations of the funded status of the plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. These Actuarial Assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual OPEB Cost that will be expensed in the City's financial statements and the Unfunded Actuarial Accrued Liability disclosed in the statements as well.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Actuarial valuation date	October 1, 2009
Actuarial cost method	Entry age
Amortization method	Level % closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
<u>Actuarial assumptions:</u>	
Investment rate of return	3.75%
Projected salary increases	6.2% - 11.0%
Inflation rate for above items	3%
Payroll growth assumptions	4%

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that is expensed for the year. Since the City's OPEB plan is currently unfunded, the offset to that expense comes from actual subsidies expected to be paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year).

The City's actuarially determined annual OPEB cost and net OPEB obligation for the fiscal year ending September 30, 2010 is as follows:

Fiscal year ending September 30	2010
Normal cost (service cost for one year)	\$826,283
Amortization of Unfunded Actuarial Accrued Liability	\$282,630
Interest on Normal Cost and Amortization	\$0
Annual Required Contribution (ARC)	\$1,108,913
Net OPEB Obligation (NOO) at beginning of year	\$0
Annual Required Contribution (ARC)	\$1,108,913
Interest on NOO	\$0
Adjustment to ARC	\$0
Annual OPEB Cost (Expense)	\$1,108,913
Employer Contributions Made	(\$143,331)
Estimated Increase (Decrease) in NOO	\$965,582
Estimated NOO at end of year	<u>\$965,582</u>

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 13 – RELATED PARTY TRANSACTIONS

On July 5, 2006, the City issued the Community Redevelopment Projects Note, Series 2006, to refund the Series 2002A and Series 2003A Community Redevelopment Bond Anticipation Notes. See **NOTE 7**, “Long-Term Debt”, for details related to the Note payable.

The CRA and the City entered into an inter-local agreement related to the repayment of the Series 2006 Note. Pursuant to this agreement, the CRA has pledged to pay the City the Increment Revenues for related payments, in an amount sufficient to pay the ongoing payments and any accumulated deficiency.

The Riviera Beach Community Redevelopment Agency (the “CRA”) is included in the City's financial statements as a blended component unit. The City has outstanding loans receivable due from the CRA of \$8,062,552 at September 30, 2010, representing payments made by the City, on behalf of the CRA, to Ocean Mall Redevelopment, LLC. (OMRD) for construction and improvements to the Ocean Mall and the Municipal Beach. The receivable is reported on the City's balance sheet in the Internal Service fund as an advance from other funds.

NOTE 14 – CONDUIT DEBT

In September 2000, the City Council passed a resolution authorizing issuance of \$2,900,000 Industrial Development Revenue Bonds for the purpose of assisting a private company in the acquisition, construction, improvement, and equipping of a manufacturing facility. The City has no liability for these bonds in the event of default by the borrower. During the fiscal year ending September 30, 2010, the company paid \$145,000 on the outstanding principal leaving a remaining balance of \$1,595,000.

NOTE 15 – INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES

A. Interlocal Agreements

On October 21, 2009 through the City's Resolution No. 135-09, the City of Riviera Beach and the Riviera Beach Redevelopment Agency (CRA) entered into a loan agreement where the City agreed to loan the CRA an amount not to exceed \$10,400,000.

The City agreed to loan the CRA up to \$10,400,000 to be used for construction and certain improvements to the Ocean Mall and Municipal Beach properties that included infrastructure enhancements as agreed to in an agreement between, the City, the CRA, and the Ocean Mall Redevelopment, LLC (OMRD). On behalf of the CRA, the City advanced the loan proceeds to OMRD based on draw requests from OMRD for construction of the improvements based on inspection and approval of the requests by the City.

On April 27, 2011 through the City's Resolution No. 52-11, the City agreed to modify the loan agreement approved on October 21, 2009 with the CRA by offering more flexible terms to the CRA. The City modified the loan repayment terms of the original agreement with three repayment phases being the construction period, principal deferment period of five years, and principal and interest repayment period over a period of ten years.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE – 15 – INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES
(continued)

The CRA 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 so of the principal as has been 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.

B. Construction

The City has active construction projects as of September 30, 2010. The projects include improvements related to the City and certain projects in process under the City of Riviera Beach Storm Water Management, Utility Special District (the "USD") and the Marina. These projects include various constructions and improvements budgeted and in process at fiscal year end. At September 30, 2010, the City's commitments with contractors are as follows:

	Approved Contract Amount	Expended at September 30, 2010	Balance to Complete
Governmental Funds	\$41,663,608	\$11,029,560	\$30,634,048
Business-type Funds	18,570,424	4,925,849	13,644,575
Total	\$60,234,032	\$15,955,409	\$44,278,623

Projects are funded from various sources, including bonds and notes payable, grantor contributions and City-funded amounts from the general fund and capital project funds.

C. Lawsuits

Various claims and lawsuits are pending against the City. Lawsuits pending include various workers' compensation cases, accident liability claims, and other suits, both frivolous and potentially valid. The City Attorney and Management estimate the range of loss between \$0 and \$500,000. The City retains insurance that will assist in covering virtually all potential judgments on lawsuits. City management estimates that the combined out of pocket net liability to the City to be in the range between \$0 and \$500,000. There did not appear to be any individually significant lawsuits pending as of the fiscal year ending September 30, 2010.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE – 15 – INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES
(continued)

D. Other Contingency

The City has a reported accounts receivable from Solitron Devices Inc. for approximately \$147,840 as of September 30, 2010. The purpose of this receivable is for the collection of amounts due to the City in response to Solitron's Plan of Reorganization. The City received total payments of approximately \$3,960 during the fiscal year ended September 30, 2010. Property formerly owned by Solitron has been determined to be contaminated. The water contamination and clean-up is the responsibility of Honeywell, Solitron Device's parent company. In addition, the Utility Special District (the "USD"), a blended component unit of the City, operates four "air strippers" at its water treatment plant to remediate contaminated groundwater by removing related contaminants from its drinking water. The design and installation costs, which were partially funded by federal grants, exceeded \$800,000.

Annual operating and maintenance costs of the air strippers have been estimated to be in the range of \$260,500. Although the United States Environmental Protection Agency reimbursed the City for some of these costs during prior years, this assistance has since ceased and the entire operation and maintenance costs are now borne solely by the USD.

E. Amounts received from grantors

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

NOTE 16 – ON-BEHALF PAYMENTS

The State of Florida makes a contribution to the Public Safety Officers' and Firefighters' Retirement Plans from the Casualty Insurance Premium Tax and the Fire Insurance Premium Tax. For the year ending September 30, 2010, the City recorded approximately \$543,217 as revenue and expenditures in the General Fund related to on-behalf payments received from the State of Florida for the following: Riviera Beach Police Pension Fund for approximately \$210,836, and Riviera Beach Municipal Firefighters' Pension Trust Fund for approximately \$332,381.

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 17 – STEWARDSHIP

For the year ended September 30, 2010, expenditures exceeded appropriations for the following General Fund departments:

<u>Department</u>	<u>Amount</u>
Legislative	4,082
City Manager's Office	92,974
Human Resources	21,494
Community Development	97,737
Police	283,204
Fire	435,500
Civil Drug	3,003
Purchasing	19,964
Total	<u>\$957,958</u>

Pass-through expenditures of Chapter 175 & 185 tax insurance premiums are recorded as expenditures in the departmental General Fund cost centers but were not budgeted for in the departments.

The City offered an employee buyout program during the fiscal year 2010 and made one time payments to employees and such payments were not budgeted for. The City also offered a vacation and sick leave buy-back program and employees were given the opportunity to cash out on a certain portion of their unused vacation and sick leave benefits which were not budgeted for. For employees who enter the City's Deferred Retirement Option Plan (DROP), the City is required to make payments to the employees for their unused vacation and sick leave benefits over a period of five years and such payments were not budgeted for during the fiscal year.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made during the fiscal year ending September 30, 2010, as follows:

Governmental Funds:

General Fund

Correction of due to other funds	\$ 350,000
----------------------------------	------------

Governmental Activities:

To consolidate the internal service fund as of September 30, 2009	\$ 9,960,054
Correction of internal balances	<u>\$ 350,000</u>
	<u>\$10,310,054</u>

CITY OF RIVIERA BEACH
Notes to the Financial Statements
September 30, 2010

NOTE 19 – SUBSEQUENT EVENTS

On April 28, 2011, the CRA issued Redevelopment Note Series 2011 in the amount \$25,570,000. The proceeds of the Note will be used to pay the costs to acquire, construct and equip certain capital improvements consistent with and in furtherance of the CRA'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 CRA from time to time, in accordance with and in furtherance of the Redevelopment Plan.

NOTE 20 – MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 28, 2011, the date which the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY
INFORMATION**



CITY OF RIVIERA BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

(Required Supplementary Information)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
Taxes	\$ 35,982,327	\$ 35,962,327	\$ 34,749,027	\$ (1,213,300)
Licenses and Permits	974,700	974,700	1,037,569	62,869
Intergovernmental	2,245,299	2,245,299	4,905,478	2,660,179
Charges for Services	6,842,061	6,794,278	6,865,560	71,282
Fines and Forfeitures	235,525	235,525	295,921	60,396
Investment Earnings	99,000	99,000	59,892	(39,108)
Miscellaneous	4,722,751	4,794,409	463,014	(4,331,395)
Total Revenues	<u>51,101,663</u>	<u>51,105,538</u>	<u>48,376,461</u>	<u>(2,729,077)</u>
Expenditures:				
Current:				
General government	17,478,489	18,184,297	16,092,060	2,092,237
Public safety	28,631,168	28,575,718	29,463,970	(888,252)
Transportation	1,202,227	1,192,727	1,083,672	109,055
Human resources	172,700	221,150	233,592	(12,442)
Culture and recreation	3,847,919	3,828,586	3,793,904	34,682
Capital Outlay	486,510	514,727	453,299	61,428
Total Expenditures	<u>51,819,013</u>	<u>52,517,205</u>	<u>51,120,496</u>	<u>1,396,709</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(717,350)</u>	<u>(1,411,667)</u>	<u>(2,744,035)</u>	<u>(4,125,786)</u>
Other Financing Sources (Uses):				
Proceeds from sale of surplus item	13,500	13,500	1,188	(12,312)
Operating Transfers In	2,100,000	2,100,000	17	(2,099,983)
Operating Transfers Out	(1,396,150)	(726,500)	(728,999)	(2,499)
Total other financing sources (uses):	<u>717,350</u>	<u>1,387,000</u>	<u>(727,794)</u>	<u>(2,114,794)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (24,667)</u>	(3,471,829)	<u>\$ (3,447,162)</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 28,564</u>		
FUND BALANCE - BEGINNING			15,360,467	
FUND BALANCE - ENDING			<u>\$ 11,888,638</u>	

See Accompanying Notes to the Budgetary Comparison Schedules

**CITY OF RIVIERA BEACH, FLORIDA
BUDGET COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Revenues:				
TIF Revenue	\$ 5,421,683	\$ 5,421,683	\$ 5,348,440	\$ (73,243)
Investment earnings	10,000	10,000	8,425	(1,575)
Charges for services	10,000	10,000	47,031	37,031
Miscellaneous Income	-	-	25,977	25,977
Total Revenues	<u>5,441,683</u>	<u>5,441,683</u>	<u>5,429,873</u>	<u>(11,810)</u>
Expenditures:				
Current:				
General government	1,786,242	1,786,242	1,807,405	(21,163)
Redevelopment program	3,664,400	3,740,100	8,331,491	(4,591,391)
Capital outlay	10,000	10,000	4,678	5,322
Debt service:				
Principal retirement	355,129	355,129	338,219	16,910
Interest and fiscal charges	314,521	314,521	422,882	(108,361)
Total Expenditures	<u>6,130,292</u>	<u>6,205,992</u>	<u>10,904,675</u>	<u>(4,698,683)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(688,609)</u>	<u>(764,309)</u>	<u>(5,474,802)</u>	<u>4,686,873</u>

CITY OF RIVIERA BEACH
Notes to the Budgetary Comparison Schedule – General Fund
For Fiscal Year Ended September 30, 2010

NOTE 1 – BUDGETARY BASIS

The budget is presented on a basis consistent with Generally Accepted Accounting Principles (“GAAP”). The GAAP basis of accounting for governmental funds uses the modified accrual method in which revenues are recorded when received or when they are both measurable and available to be used for current year liabilities. Proprietary funds are maintained and budgeted for on the accrual basis of accounting which records revenues when earned and expenses when a liability is incurred.

NOTE 2 – DEFICIT FUND BALANCES

As of September 30, 2010, the City had deficit fund balance in the Community Redevelopment (CRA) Fund. The deficit fund balance was caused by expenditures exceeding revenues for the current year.

CITY OF RIVIERA BEACH
Schedules of Funding Progress
September 30, 2010
(Unaudited)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. The projection for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

General Employees' Retirement System:

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
10/1/2008	43,434	67,303	23,869	64.5%	13,483	177.03%
10/1/2009	46,113	72,846	26,733	63.3%	12,425	215.15%
10/1/2010	47,940	75,941	28,001	63.1%	10,379	269.79%

Police Pension Fund:

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
10/1/2008	\$47,040	\$59,916	\$12,876	78.5%	\$6,687	192.55%
10/1/2009	48,912	60,632	11,720	80.7%	6,732	174.09%
10/1/2010	50,156	62,134	11,978	80.7%	6,145	194.92%

Firefighters' Pension Fund:

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
10/1/2008	\$38,344	\$45,400	\$7,056	84.5%	\$5,213	135.35%
10/1/2009	41,550	48,737	7,187	85.3%	4,943	145.40%
10/1/2010	44,451	51,671	7,220	86.0%	4,883	147.86%

OPEB

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
10/1/2009	\$0	\$8,621,762	\$8,621,762	0.0%	\$24,435,877	35.28%

Dollar amounts are in thousands.

SUPPLEMENTARY INFORMATION



CITY OF RIVIERA BEACH, FLORIDA
Non Major Special Revenue Funds
Combining Balance Sheet
September 30, 2010

	Weed and Seed	Housing Trust	Community Development Block Grant	Mass Transit Assistance	County Grants	Police Contracts	Law Enforcement Block Grant	Major Disaster	Other Special Revenue Funds	Total
Assets										
Cash and cash equivalents	\$ 5,357	\$ 131,972	\$ 168,539	\$ 999,267	\$ 89,678	\$ 164,685	\$ 23,182	\$ 1,794,675	\$ 437,050	\$ 3,814,406
Accounts Receivable (net)	122,077	-	-	153,857	11,594	87,115	285,958	443,415	515,070	1,619,086
Inventory - land held for resale (net)	-	1,428,401	-	-	-	-	-	-	652,346	2,080,747
Total Assets	\$ 127,434	\$ 1,560,373	\$ 168,539	\$ 1,153,124	\$ 101,272	\$ 251,800	\$ 309,139	\$ 2,238,090	\$ 1,604,466	\$ 7,514,239
Liabilities and Fund Balance										
Liabilities										
Accounts and contracts payable	878	9,560	-	165,606	-	315	-	-	37,881	214,240
Accrued liabilities	4,598	-	-	-	-	-	-	-	22,971	27,569
Deposits	-	137,433	-	-	-	-	-	-	53,969	191,402
Due to other funds	70,210	-	-	-	29,468	-	292,851	-	1,053,842	1,446,371
Due to other governments	-	-	-	-	2,159	-	-	-	-	2,159
Deferred revenue	-	-	-	940,657	-	-	16,105	368,171	147,786	1,472,718
Total liabilities	75,686	146,993	-	1,106,263	31,627	315	308,955	368,171	1,316,450	3,354,460
Fund Balances										
Reserved for,										
Encumbrances	-	-	309,944	-	-	-	7,558	-	32,668	350,170
Inventory and Prepaids	-	1,428,401	-	-	-	-	-	-	652,346	2,080,747
Unreserved										
Undesignated	51,748	(15,021)	(141,405)	46,862	69,646	251,485	(7,374)	1,869,920	(396,998)	1,728,862
Total Fund Balance	51,748	1,413,380	168,539	46,862	69,646	251,485	184	1,869,920	288,015	4,159,779
Total Liabilities and Fund Balance	\$ 127,434	\$ 1,560,373	\$ 168,539	\$ 1,153,124	\$ 101,273	\$ 251,800	\$ 309,139	\$ 2,238,090	\$ 1,604,465	\$ 7,514,239

CITY OF RIVIERA BEACH, FLORIDA
Non Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30, 2010

	Weed and Seed	Housing Trust	Community Development Block Grant	Mass Transit Assistance	County Grants	Police Contracts	Law Enforcement Block Grant	Major Disaster	Other Special Revenue Funds	Total
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	96,755	-	300,773	153,857	103,500	53,336	743,219	57	560,173	2,011,670
Charges for services	-	-	-	-	-	-	-	-	104,390	104,390
Investment earnings	48	(140,445)	2,440	4,077	780	340	-	5,749	3,273	(123,737)
Miscellaneous	-	2,039	-	47,566	80,000	28,068	(7,323)	-	481,422	631,772
Total Revenues	96,803	(138,406)	303,213	205,500	184,280	81,744	735,896	5,806	1,149,258	2,624,095
Expenditures										
Current										
General government	-	-	-	-	-	-	9,615	-	15,085	24,700
Public safety	103,911	-	-	-	-	60,689	426,457	-	196,572	787,629
Transportation	-	-	-	108,054	15,000	-	-	-	-	123,054
Human services	-	-	-	-	-	-	-	-	577,384	577,384
Culture and recreation	-	-	-	-	-	-	-	-	221,315	221,315
Economic Environment	-	298,166	-	-	-	-	-	-	6,435	304,601
Capital outlay	-	-	166,829	319,564	103,500	-	300,000	-	154,912	1,044,805
Total Expenditures	103,911	298,166	166,829	427,618	118,500	60,689	736,071	-	1,171,703	3,083,488
Excess (deficiency) of revenues over expenditures	(7,108)	(436,572)	136,384	(222,118)	65,780	21,055	(175)	5,806	(22,445)	(459,393)
Other financing sources (uses)										
Transfers in	2,500	-	-	-	-	-	-	440,525	142,000	585,025
Transfers out	-	-	-	-	-	-	(17)	-	(130,000)	(130,017)
Total Other financing sources (uses)	2,500	-	-	-	-	-	(17)	440,525	12,000	455,008
Net change in fund balances	(4,608)	(436,572)	136,384	(222,118)	65,780	21,055	(192)	446,331	(10,445)	(4,384)
Fund balance - beginning	56,356	1,849,952	32,155	268,980	3,866	230,430	377	1,423,589	298,459	4,164,164
Fund balance - ending	\$ 51,748	\$ 1,413,380	\$ 168,539	\$ 46,862	\$ 69,646	\$ 251,485	\$ 185	\$ 1,869,920	\$ 288,015	\$ 4,159,780

CITY OF RIVIERA BEACH, FLORIDA
Non Major Debt Service Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30, 2010

	Series 2001
Revenues	
Investment earnings	\$ 1,498
Total Revenues	1,498
Expenditures	
Debt service:	
Principal retirement	206,120
Interest and fiscal charges	67,851
Total Expenditures	273,971
Deficiency of revenues over expenditures	(272,473)
Other financing sources	
Transfers in	273,974
Total Other financing sources	273,974
Net change in fund balances	1,501
Fund balance - beginning, as previously reported	383,139
Prior period adjustment	-
Fund balance - beginning, as restated	383,139
Fund balance - ending	\$ 384,640

CITY OF RIVIERA BEACH, FLORIDA
Non Major Capital Project Funds
Combining Balance Sheet
September 30, 2010

	Paving and Drainage Construction	Public Improvement Bond Construction	Impact Fee Construction	Street Improvement Bond	Total
Assets					
Cash and cash equivalents	\$ 1,021,022	\$ 281,501	\$ 2,660,163	\$ 277,269	\$ 4,239,955
Receivables (Net)					
Special Assessments	58,208	-	-	-	58,208
Due from other governments	18,357	-	-	-	18,357
Total Assets	\$ 1,097,587	\$ 281,501	\$ 2,660,163	\$ 277,269	\$ 4,316,520
Liabilities and Fund Balance					
Liabilities					
Accounts and contracts payable	9,955	15,513	625	-	26,093
Deferred revenue	27,029	-	-	-	27,029
Total liabilities	36,984	15,513	625	-	53,122
Fund Balances					
Reserved for,					
Encumbrances	30,899	282	59,225	-	90,406
Unreserved					
Undesignated	1,029,704	265,706	2,600,313	277,269	4,172,992
Total Fund Balance	1,060,603	265,988	2,659,538	277,269	4,263,398
Total Liabilities and Fund Balance	\$ 1,097,587	\$ 281,501	\$ 2,660,163	\$ 277,269	\$ 4,316,520

CITY OF RIVIERA BEACH, FLORIDA

Non Major Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended September 30, 2010

	Paving and Drainage Construction	Public Improvement Bond Construction	Impact Fee Construction	Street Improvement Bond	Total
Revenues					
Intergovernmental	\$ 227,256	\$ -	\$ -	\$ -	\$ 227,256
Charges for services	-	-	139,346	-	139,346
Investment earnings	4,543	1,589	6,646	804	13,582
Total Revenues	231,800	1,589	145,991	804	380,184
Expenditures					
Current					
Transportation	66,102	-	-	-	66,102
Culture and recreation	-	-	12,100	-	12,100
Capital outlay	202,997	173,704	678,127	-	1,054,828
Total Expenditures	269,099	173,704	690,227	-	1,133,030
Excess (deficiency) of revenues over expenditures	(37,300)	(172,115)	(544,236)	804	(752,846)
Other financing sources					
Transfers in	-	-	-	-	-
Total Other financing sources					
Net change in fund balances	(37,300)	(172,115)	(544,236)	804	(752,846)
Fund balance - beginning	1,097,902	438,104	3,203,774	276,464	5,016,244
Fund balance - ending	\$ 1,060,603	\$ 265,988	\$ 2,659,538	\$ 277,269	\$ 4,263,398

**CITY OF RIVIERA BEACH, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY FUNDS NET ASSETS
SEPTEMBER 30, 2010**

	General Employees' Retirement System	Police Pension	Municipal Firefighters' Pension	Total
ASSETS				
Cash and cash equivalents	\$ 1,395,985	\$ 649,712	\$ 3,380,754	\$ 5,426,451
Investments:				
U.S. government securities	12,353,798	10,464,616	9,278,613	32,097,027
Corporate obligations	4,820,522	6,232,616	5,887,708	16,940,846
Equity securities	26,919,442	22,463,663	20,712,203	70,095,308
Mutual funds	2,625,870	5,462,956	5,051,047	13,139,873
Total investments	46,719,632	44,623,851	40,929,571	132,273,054
Receivables:				
Interest and dividends	165,415	129,676	171,514	466,605
Contributions	-	752,256	79,896	832,152
Unsettled trades	1,249,499	-	243,687	1,493,186
Total receivables	1,414,914	881,932	495,097	2,791,943
Prepaid insurance	-	-	3,322	3,322
Total assets	49,530,531	46,155,495	44,808,744	140,494,770
LIABILITIES				
Accounts Payable	87,359	205,018	40,926	333,303
DROP payable	-	366,750	403,917	770,667
Unsettled trades	1,697,528	242,858	391,966	2,332,352
Total liabilities	1,784,887	814,626	836,809	3,436,322
NET ASSETS				
Held in trust for pension benefit:	\$ 47,745,644	\$ 45,340,869	\$ 43,971,935	\$ 137,058,448

CITY OF RIVIERA BEACH, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General Employees' Retirement System	Police Pension	Municipal Firefighters' Pension	Total
ADDITIONS				
Contributions:				
Employer	\$ 3,428,510	\$ 2,364,471	\$ 2,143,536	\$ 7,936,517
Plan members	737,943	548,837	430,810	1,717,590
State	-	210,836	347,328	558,164
Buybacks	-	47,335	-	47,335
Total Contributions	<u>4,166,453</u>	<u>3,171,479</u>	<u>2,921,674</u>	<u>10,259,606</u>
Investment income:				
Net appreciation in fair value of investments	3,535,812	1,736,262	2,268,083	7,540,157
Interest and dividends	931,550	1,719,746	1,093,662	3,744,958
Other investment income	35,262	-	-	35,262
	<u>4,502,624</u>	<u>3,456,008</u>	<u>3,361,745</u>	<u>11,320,377</u>
Less investment expenses	(298,839)	(222,600)	(270,048)	(791,487)
Net investment income	<u>4,203,785</u>	<u>3,233,408</u>	<u>3,091,697</u>	<u>10,528,890</u>
Other income	18,768	15,498	-	34,266
Total additions	<u>8,389,006</u>	<u>6,420,385</u>	<u>6,013,371</u>	<u>20,822,762</u>
DEDUCTIONS				
Benefits paid	3,491,577	3,395,920	2,381,642	9,269,139
Refunds	-	99,942	-	99,942
Administrative and other expenses	234,787	119,701	78,785	433,273
Total deductions	<u>3,726,364</u>	<u>3,615,563</u>	<u>2,460,427</u>	<u>9,802,354</u>
Change in net assets	4,662,642	2,804,822	3,552,944	11,020,408
Net assets, beginning	43,083,003	42,536,047	40,418,991	126,038,041
Net assets, ending	<u>\$ 47,745,645</u>	<u>\$ 45,340,869</u>	<u>\$ 43,971,935</u>	<u>\$ 137,058,449</u>

STATISTICAL SECTION



FINANCIAL TRENDS

(unaudited)

CITY OF RIVIERA BEACH, FLORIDA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Invested in capital assets, net of related debt	4,291,828	5,425,083	14,121,197	21,726,242	35,976,456	41,674,279	31,738,366	47,289,990
Restricted	169,597	22,355,657	22,283,567	21,814,425	21,399,921	28,205,633	25,960,389	21,336,521
Unrestricted	14,554,255	11,638,382	12,841,062	11,966,235	19,151,514	3,058,671	18,021,042	20,177,061
Total governmental activities net assets	19,015,680	39,419,122	49,245,826	55,506,902	76,527,891	72,938,583	75,719,797	88,803,572
Business-type activities:								
Invested in capital assets, net of related debt	26,163,967	19,206,017	20,892,355	7,942,752	816,200	1,798,847	3,623,089	5,881,998
Restricted	11,476,407	991,339	3,888,544	29,630,270	28,896,380	30,359,786	27,515,990	27,176,794
Unrestricted	2,272,637	10,226,971	9,900,548	3,986,085	15,449,598	14,892,471	12,250,922	16,547,594
Total business-type activities net assets	39,913,011	30,424,327	34,681,447	41,559,107	45,162,178	47,051,104	43,390,001	49,606,386
Total government:								
Invested in capital assets, net of related debt	30,455,795	24,631,100	35,013,552	29,668,994	36,792,656	43,473,126	35,361,455	53,171,988
Restricted	11,646,004	23,346,996	26,172,111	51,444,695	50,296,301	58,565,419	53,476,379	48,513,315
Unrestricted	16,826,892	21,865,353	22,741,610	15,952,320	34,601,112	17,951,142	30,271,964	36,724,655
Total governmental net assets	58,928,691	69,843,449	83,927,273	97,066,009	121,690,069	119,989,687	119,109,798	138,409,958

Source: City of Riviera Beach, Finance Department

Note: Information is not available prior to fiscal year 2003. The City of Riviera Beach implemented the financial reporting requirements of GASB Statement No. 34.

CITY OF RIVIERA BEACH, FLORIDA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:								
Governmental activities:								
General government	9,292,433	8,624,398	10,333,932	9,561,860	10,019,759	16,076,212	16,987,279	13,482,150
Public safety	20,718,187	21,445,400	26,582,781	26,140,210	27,212,410	26,733,258	31,374,513	29,181,690
Culture and recreation	4,327,590	5,802,380	5,766,713	7,679,033	5,484,935	5,376,579	4,493,520	4,862,154
Transportation	1,045,690	764,284	1,097,882	1,231,476	2,074,318	2,435,357	1,917,713	2,021,076
Human services	114,564	110,337	319,960	126,205	176,978	672,906	736,847	239,584
Physical and economic environment	-	-	-	-	-	451,574	3,213,269	3,769,088
Redevelopment program	-	1,793,492	584,856	708,122	367,599	3,081,725	-	-
Interest on long term debt	304,980	390,493	490,214	496,456	305,158	1,821,957	361,715	490,733
Total governmental activities	35,803,444	38,930,784	45,176,338	45,943,362	45,641,157	56,649,568	59,084,856	54,046,475
Business-type activities:								
Water and sewer	9,056,141	9,695,372	11,845,114	13,357,106	13,593,587	12,528,886	14,648,997	13,421,948
Marina	1,690,942	1,905,223	2,484,757	2,693,883	2,670,078	2,846,420	2,627,781	2,514,106
Refuse and stormwater	156,551	691,088	3,419,392	4,832,803	5,242,968	5,702,906	5,711,198	5,623,943
Total business-type activities	10,903,634	12,291,683	17,749,263	20,883,792	21,506,633	21,078,210	22,987,976	21,559,997
Total government expenses	46,707,078	51,222,467	62,925,601	66,827,154	67,147,790	77,727,778	82,072,832	75,606,472
Program revenues:								
Governmental activities:								
Charges for services	-	-	-	-	-	-	-	-
General government	2,721,705	2,214,096	3,436,722	2,630,510	685,881	6,904,276	4,868,886	6,809,910
Public safety	1,988,732	1,453,506	1,652,212	1,446,227	2,985,579	-	1,650,315	2,141,498
Culture and recreation	132,673	701,774	1,643,212	955,377	478,488	-	262,682	187,243
Transportation	-	-	-	-	-	-	-	13,535
Physical and economic environment	-	-	-	-	-	-	144,938	-
Redevelopment program	-	116,572	-	-	-	3,398,889	-	-
Operating grants and contributions	1,582,805	2,585,117	5,490,750	596,911	1,544,350	-	825,363	2,108,841
Capital grants and contributions	903,431	2,394,550	2,324,912	831,186	698,364	-	644,356	-
Total governmental activities program revenues	7,329,346	9,465,615	14,547,808	6,460,211	6,392,662	10,303,165	8,396,540	11,261,027
Business-type activities:								
Charges for services	-	-	-	-	-	-	-	-
Water and sewer	12,018,025	12,905,944	15,154,017	17,011,289	13,023,687	13,009,959	12,774,404	17,135,737
Marina	2,039,519	2,711,889	2,994,173	3,371,418	2,976,234	2,784,456	2,069,216	1,946,582
Refuse and stormwater	592,809	1,467,395	4,048,514	5,499,172	5,891,309	6,098,284	6,386,253	6,375,843
Operating grants and contributions	102,514	-	505,751	-	-	-	150,000	1,114,717
Capital grants and contributions	3,204,524	4,417,158	-	26,980	-	-	405,136	-
Total business-type activities program revenues	17,957,391	21,502,386	22,702,455	25,908,859	21,891,230	21,892,699	21,785,009	26,572,879
Total program revenues	25,286,737	30,968,001	37,250,263	32,369,070	28,283,892	32,195,864	30,181,549	37,833,906
Net (expense) revenue:								
Governmental activities	(28,474,098)	(29,465,169)	(30,628,530)	(39,483,151)	(39,248,495)	(46,346,403)	(50,688,316)	(42,785,448)
Business-type activities	7,053,757	9,210,703	4,953,192	5,025,067	384,597	814,489	(1,202,967)	5,012,882
Total net (expense) revenue	(21,420,341)	(20,254,466)	(25,675,338)	(34,458,084)	(38,863,898)	(45,531,914)	(51,891,283)	(37,772,566)
General revenues:								
Governmental activities:								
Property taxes	16,291,131	19,148,312	22,653,520	27,327,819	32,568,163	33,805,741	36,672,033	33,451,452
Utility taxes	7,253,253	7,501,846	7,370,549	7,746,266	7,811,309	4,169,685	5,016,653	5,140,356
Franchise fees	2,211,643	2,365,699	2,100,085	1,688,074	1,904,192	1,820,555	2,377,371	1,505,458
Other permits and fees	-	-	-	-	-	-	415,683	-
Impact fees	-	-	-	-	287,500	209,708	-	-
Intergovernmental and shared revenues	1,126,522	1,303,560	1,310,661	1,348,730	1,326,618	412,976	5,115,343	4,373,394
Investment earnings	235,985	173,184	1,142,939	2,220,890	2,708,023	1,408,409	235,784	(33,442)
Gain (loss) on fixed asset disposals	-	2,159,029	(39,121)	-	-	-	(291,254)	-
Miscellaneous	457,836	324,424	3,320,416	5,113,994	1,023,766	350,600	1,599,852	1,121,951
Transfers	920,067	22,977,301	1,400,302	(52,055)	-	-	500,000	-
Total governmental activities	28,496,437	55,953,355	39,259,351	45,393,718	47,629,571	42,177,674	51,641,465	45,559,169

Continued

CITY OF RIVIERA BEACH, FLORIDA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:								
Investment earnings	289,966	260,875	704,230	1,560,538	1,931,482	1,025,891	367,587	526,730
Gain (loss) on fixed asset disposals		(827,249)	(1,400,302)					
Miscellaneous						48,546	423,008	676,763
ECR operating loss		(495,000)						
Transfers	(920,067)	(22,977,301)		52,055			(500,000)	
Total business-type activities	<u>(630,101)</u>	<u>(24,038,675)</u>	<u>(696,072)</u>	<u>1,612,593</u>	<u>1,931,482</u>	<u>1,074,437</u>	<u>290,595</u>	<u>1,203,493</u>
Total general revenues	<u>27,866,336</u>	<u>31,914,680</u>	<u>38,563,279</u>	<u>47,006,311</u>	<u>49,561,053</u>	<u>43,252,111</u>	<u>51,932,060</u>	<u>46,762,662</u>
Change in net assets:								
Governmental activities	22,339	26,488,186	8,630,821	5,910,567	8,381,076	(4,168,729)	953,149	2,773,721
Business-type activities	6,423,656	(14,827,972)	4,257,120	6,637,660	2,316,079	1,888,926	(912,372)	6,216,375
Total change in net assets	<u>6,445,995</u>	<u>11,660,214</u>	<u>12,887,941</u>	<u>12,548,227</u>	<u>10,697,155</u>	<u>(2,279,803)</u>	<u>40,777</u>	<u>8,990,096</u>

Source: City of Riviera Beach, Finance Department

Note: Information is not available prior to fiscal year 2003. The City of Riviera Beach implemented the financial reporting requirements of GASB Statement No. 34.

CITY OF RIVIERA BEACH, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General fund:								
Reserved for:								
Encumbrances	269,456	282,927	597,095	390,646	556,485	660,362	254,909	100,664
Inventory and prepaids	237,919	159,848	174,547	174,547	180,437	219,398	219,398	231,729
Fines and forfeitures	169,597	-	165,428	265,863	286,008	242,922	-	-
Long term advance	3,940,000	3,540,000	4,758,000	2,039,780	1,809,399	-	759,399	486,913
Debt service	-	-	-	-	-	1,429,018	-	-
Unrealized gain/(loss) FMV Investments	-	-	-	-	-	-	(96,256)	-
Unreserved, undesignated	2,910,847	8,396,739	10,044,291	11,259,734	13,247,092	11,983,273	15,302,817	11,069,332
Total general fund	7,527,819	12,379,514	15,739,361	14,130,570	16,079,421	14,534,973	16,440,267	11,888,638
All other governmental funds:								
Reserved for:								
Encumbrances	1,109,983	553,549	1,944,224	1,473,186	1,113,914	-	3,470,716	741,116
Major disaster	170,725	-	-	-	-	-	-	-
Renewal and replacement	23,428	-	-	-	-	-	-	-
Inventory and prepaids	-	-	-	-	1,316,930	-	1,702,071	2,080,747
Debt service	276,732	306,537	312,473	283,110	307,201	-	383,138	384,640
Unreserved, reported in:								
Special revenue funds	323,657	(203,435)	715,572	122,356	1,437,579	-	544,638	1,728,862
Capital projects funds	1,265,058	24,964,417	25,986,786	26,061,340	25,558,888	25,982,131	4,255,074	4,172,992
Undesignated	2,348,706	(1,748,283)	(3,546,376)	(2,819,775)	-	4,892,351	17,015,750	10,502,868
Total all other governmental funds	5,518,289	23,872,785	25,412,679	25,120,217	29,734,512	30,874,482	27,371,387	19,611,225
Total governmental funds	13,046,108	36,252,299	41,152,040	39,250,787	45,813,933	45,409,455	43,811,654	31,499,863

Source: City of Riviera Beach, Finance Department

Note: Information is not available prior to fiscal year 2003. The City of Riviera Beach implemented the financial reporting requirements of GASB Statement No. 34.

CITY OF RIVIERA BEACH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes	20,761,798	22,161,523	25,765,245	29,024,284	32,102,037	34,504,590	39,953,571	43,001,457	45,967,556	40,097,467
Licenses and permits	829,081	1,149,446	1,354,597	2,209,223	3,020,691	2,373,872	1,494,939	2,457,084	415,683	1,037,569
Intergovernmental	5,253,607	6,105,035	3,645,091	4,618,179	5,718,319	6,789,557	7,995,092	2,914,144	4,683,563	7,144,404
Charges for services	2,685,035	2,956,591	3,048,674	4,131,948	5,542,560	7,165,406	6,833,174	6,904,276	6,926,822	7,156,327
Fines and forfeitures	351,332	382,628	398,289	526,541	580,660	292,390	468,123	275,668	263,787	295,921
Investment earnings	656,880	283,562	235,985	173,184	1,142,939	2,220,890	2,708,022	1,408,409	235,784	(33,442)
Miscellaneous	490,581	682,836	457,836	324,426	3,431,426	3,226,704	1,786,864	1,054,630	1,422,216	1,121,950
Total Revenues	31,028,314	33,731,621	34,905,717	41,007,785	51,538,632	56,573,409	61,239,785	58,015,668	59,915,411	56,820,196
Expenditures:										
Current										
General government	8,183,943	8,486,716	9,080,937	10,650,282	11,704,053	13,523,581	14,466,829	16,066,730	16,639,695	16,118,660
Public safety	16,532,214	18,356,670	20,877,930	22,423,997	23,439,029	25,668,492	28,081,250	26,733,258	30,721,921	30,251,597
Transportation	1,977,375	1,455,869	1,093,000	875,133	928,251	1,051,575	1,270,377	2,435,357	1,468,824	1,272,828
Human services	58,723	104,146	114,725	108,920	128,615	122,813	174,043	672,906	766,887	233,592
Culture and recreation	3,439,213	4,274,639	4,179,090	5,509,550	5,306,750	7,275,072	5,281,373	5,376,579	4,397,119	4,383,388
Economic environment	-	-	-	1,684,232	467,470	604,749	253,746	451,574	-	10,360,211
Physical environment	-	-	-	-	-	-	-	-	562,947	1,359,430
Capital outlay	2,756,469	2,083,458	3,818,057	4,030,526	5,322,551	5,233,097	4,921,549	3,081,725	5,481,157	4,466,849
Debt service:										
Principal retirement	288,930	2,070,262	505,484	1,042,095	1,169,329	8,095,706	984,274	1,417,069	522,007	544,339
Interest and fiscal charges	66,156	174,151	466,762	377,368	473,146	483,397	385,190	404,888	361,715	490,733
Total expenditures	33,323,023	37,005,911	40,135,985	46,702,103	48,939,194	62,058,482	55,818,631	56,640,086	63,506,711	69,481,627
Excess (deficiency) of revenues over expenditures	(2,294,709)	(3,274,290)	(5,230,268)	(5,694,318)	2,599,438	(5,485,073)	5,421,154	1,375,582	(3,591,300)	(12,661,431)
Other financing sources (uses)										
Debt issued	-	4,641,183	5,235,000	610,000	900,000	7,175,876	-	-	-	729,016
Transfers in	6,059,157	7,921,811	8,371,903	26,544,585	4,307,857	4,784,315	3,862,790	3,399,246	7,202,787	(729,016)
Transfers out	(4,532,364)	(5,431,331)	(7,451,837)	(3,567,284)	(2,907,555)	(4,836,371)	(3,862,790)	(4,784,327)	(5,202,787)	(729,016)
Loss on sale of inventory	-	-	-	-	-	-	-	(94,699)	-	-
Loss on investments	-	-	-	-	-	-	-	-	(14,706)	-
Loss on value of land held in inventory	-	-	-	-	-	-	-	(807,575)	(94,560)	-
Proceeds from sale of land	-	-	-	3,285,394	-	-	-	55,934	-	-
Proceeds from sale of surplus items	-	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)	1,526,793	7,131,663	6,155,066	26,872,695	2,300,302	7,123,820	-	(2,231,421)	1,913,850	-
Net change in fund balances	(767,916)	3,857,373	924,798	21,178,377	4,899,740	1,636,747	5,421,154	(855,839)	(1,677,450)	(12,661,431)
Fund balance - beginning as restated	8,789,040	8,021,124	12,121,310	15,073,922	36,252,300	37,612,040	40,392,779	46,265,294	45,489,104	44,161,294
Fund balance - ending	8,021,124	11,878,497	13,046,108	36,252,299	41,152,040	39,250,787	45,813,933	45,409,455	43,811,654	31,499,863
Debt service as a percentage of non-capital expenditures	1.17%	6.64%	2.58%	3.40%	3.61%	17.35%	2.71%	3.50%	1.48%	1.58%

REVENUE CAPACITY

(unaudited)

CITY OF RIVIERA BEACH, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Taxable Value for Operating Millage

Tax Year	Real Property	Personal Property	Centrally Assessed	Total Property	Exemptions & Adjustments	Gross Assessed Value	Total Direct Tax Rate
2000	1,302,471,296	251,797,105	3,633,446	1,557,901,847	1,178,295	1,556,723,552	9.5000
2001	1,397,477,565	248,390,904	3,639,452	1,649,507,921	701,347	1,648,806,574	9.5000
2002	1,508,833,285	257,921,726	3,715,516	1,770,470,527	-	1,770,470,527	9.5000
2003	1,753,542,817	258,147,413	3,929,831	2,015,620,061	3,295,041	2,012,325,020	9.5000
2004	2,110,301,652	251,083,375	4,704,917	2,366,089,944	3,998,553	2,362,091,391	9.5000
2005	2,655,732,462	285,383,378	4,596,842	2,945,712,682	9,667,056	2,936,045,626	9.0000
2006	3,461,716,447	312,107,614	5,188,700	3,779,012,761	39,074,442	3,739,938,319	8.7500
2007	3,665,329,272	335,919,182	5,306,193	4,006,554,647	9,017,535	3,997,537,112	8.4260
2008	3,681,580,819	336,072,996	8,881,910	4,026,535,725	25,127,340	4,001,408,385	8.4260
2009	3,351,772,451	308,308,269	8,804,706	3,668,885,426	78,132,343	3,590,753,083	8.4260
2010	2,854,182,893	304,388,248	4,542,328	3,163,113,469	(7,147,834)	3,170,261,303	8.9980

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

N/A: Not Available

CITY OF RIVIERA BEACH, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Fiscal Year Ended September 30	Tax Roll Year	Direct	Overlapping							Total Direct and Overlapping Rates
		City of Riviera Beach General Operations	Palm Beach County	Palm Beach County School Board	South Florida Water Management District	South Florida Water Management District- Everglades Construction	Florida Inland Navigation District (F.I.N.D.)	Children's Services Council	Palm Beach County Health Care District	
2001	2000	9.5000	4.9362	8.9180	0.5970	0.1000	0.0410	0.5000	1.0250	25.6172
2002	2001	9.5000	4.9351	8.9480	0.5970	0.1000	0.0385	0.5703	1.1500	25.8389
2003	2002	9.5000	4.8084	8.7790	0.5970	0.1000	0.0385	0.6228	1.1300	25.5757
2004	2003	9.5000	4.7910	8.5710	0.5970	0.1000	0.0385	0.6902	1.1300	25.4177
2005	2004	9.5000	4.7677	8.4320	0.5970	0.1000	0.0385	0.6902	1.1000	25.2254
2006	2005	9.0000	4.7192	8.1060	0.5970	0.1000	0.0385	0.6887	1.0800	24.3294
2007	2006	8.7500	4.4775	7.8720	0.5970	0.1000	0.0385	0.6199	0.9700	23.4249
2008	2007	8.4260	3.9813	7.3560	0.5346	0.0894	0.0345	0.5823	0.8900	21.8941
2009	2008	8.4260	4.5614	7.9830	0.5346	0.0894	0.0345	0.6009	0.9975	23.2273
2010	2009	8.9980	4.9960	8.1540	0.5346	0.0894	0.0345	0.7513	1.1451	24.7029

Sources: City of Riviera Beach, Finance Department, Palm Beach County Property Appraiser's Officer, Palm Beach County Tax Collector

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

**CITY OF RIVIERA BEACH, FLORIDA
2010 PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND EIGHT YEARS AGO**

Taxpayer	2010			2003	
	Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Assessed Value (2)	Percentage of Total Assessed Valuation
Singer Island Condominiums Ltd.	\$166,460,000				
Port of Palm Beach District Lessor	\$69,026,942			\$23,659,438	1.34%
Florida Power & Light Co.	\$42,217,171			\$32,455,981	1.83%
Toll FI IV Limited Partnership	\$36,765,000				
Woodbine Owner LLC	\$35,659,867			\$2,884,271	0.16%
Marina Grande Associates Ltd.	\$27,657,000				
Marriott Ownership Resorts Inc.	\$23,760,150				
Keller Fred Trust	\$20,745,736			\$11,760,706	0.66%
HHR Singer Island Limited Partnership	\$16,127,995				
Sysco Food Services	\$16,000,000			\$12,344,726	0.70%
Randolph Cornerstone Joint Venture LLC	\$9,694,704				
HMC Acquisition Properties Inc.				\$16,000,000	0.90%
Archstone Communities Trust				\$0	0.00%
Randolph Lakes				\$15,912,319	0.90%
Watch Omega Hldg				\$12,001,542	0.68%
Rent Hotel Singer				\$11,000,000	0.62%
Palm Beach Bedding Co				\$0	0.00%
United Parcel Service Inc				\$8,246,083	0.47%
	\$464,114,565		13.76%	\$146,265,066	8.26%

Source:

(1) Palm Beach County Tax Collector, values as of January 1, 2010

(2) Palm Beach County Tax Collector, values as of January 1, 2003

**CITY OF RIVIERA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	14,788,874	14,198,602	96.01%	122,617	14,321,219	96.84%
2002	15,663,662	15,079,706	96.27%	113,930	15,193,636	97.00%
2003	16,819,470	16,182,704	96.21%	104,042	16,286,746	96.83%
2004	19,117,088	18,461,935	96.57%	104,873	18,566,808	97.12%
2005	22,439,868	21,705,012	96.73%	29,771	21,734,783	96.86%
2006	26,424,411	25,499,975	96.50%	31,145	25,531,120	96.62%
2007	32,724,460	31,502,034	96.26%	116,235	31,618,269	96.62%
2008	33,759,229	32,406,580	95.99%	151,798	32,558,378	96.44%
2009	33,927,590	32,332,320	95.30%	512,816	32,845,136	96.81%
2010	29,659,620	28,001,197	94.41%	386,645	28,387,842	95.71%

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

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

**CITY OF RIVIERA BEACH, FLORIDA
GENERAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year Ended September 30	Total Revenues	Taxes	Licenses and Permits	Inter- Governmental	Charges for Service	Fines and Forfeitures	Interest	Payment in Lieu of Taxes	Miscellaneous
2001	26,343,002	18,211,283	829,081	2,885,821	3,339,972	351,332	468,235	-	257,278
2002	29,717,151	20,742,604	1,149,445	2,905,144	3,573,010	382,628	155,837	592,913	215,570
2003	31,744,048	22,294,192	1,354,597	3,082,586	3,639,691	398,289	156,202	622,559	195,932
2004	36,155,100	24,818,815	2,209,223	3,342,440	4,282,022	526,541	122,706	622,559	230,794
2005	40,596,287	27,511,759	3,020,691	3,788,059	4,456,306	580,660	380,558	622,559	235,695
2006	46,673,413	32,707,396	2,373,872	4,002,634	5,560,335	292,390	832,244	715,493	189,049
2007	52,594,087	38,995,852	1,494,939	3,867,692	5,751,929	468,123	1,029,730	715,943	269,879
2008	52,825,682	40,181,067	1,294,368	3,861,956	5,667,657	262,759	520,067	715,943	321,865
2009	52,883,608	41,463,371	846,677	3,432,964	5,733,909	374,760	75,032	715,943	240,952
2010	48,377,649	34,749,027	1,037,569	4,905,478	6,149,617	295,921	59,892	715,943	464,202

Source: City of Riviera Beach, Finance Department

Note: Information includes only General Fund.

CITY OF RIVIERA BEACH, FLORIDA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Tax Revenues	General Property	Use & Fuel	Utilities	Franchise	Communi-cations	Insurance Premium
2001	18,211,283	14,321,219	551,781	2,296,857	813,483	-	227,943
2002	20,742,604	15,189,252	563,472	2,364,823	793,199	1,567,202	264,656
2003	22,294,193	16,291,131	597,026	2,536,838	945,727	1,632,847	290,624
2004	24,818,815	18,566,808	626,078	2,556,686	1,099,783	1,621,198	348,262
2005	27,511,760	21,757,382	408,453	2,504,045	834,169	1,643,524	364,187
2006	32,707,397	25,530,624	563,979	2,811,503	1,688,074	1,708,692	404,525
2007	38,995,853	31,610,444	537,881	2,860,815	1,904,193	1,706,447	376,073
2008	40,181,066	32,558,378	586,786	2,867,905	1,820,555	1,881,201	466,241
2009	41,463,371	32,845,138	484,036	3,144,646	2,377,371	1,872,006	740,174
2010	35,780,412	28,103,012	488,168	3,486,534	1,505,458	1,654,023	543,217

Source: City of Riviera Beach, Finance Department

Note: Information includes only General Fund.

CITY OF RIVIERA BEACH, FLORIDA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Expenditures	General Government	Public Safety	Physical Environment	Transportation	Human Services	Culture & Recreation	Capital Outlay	Other Uses
2001	28,459,368	7,276,389	15,627,403	213,106	1,121,982	58,722	2,097,596	539,802	1,524,368
2002	29,804,413	7,675,566	17,002,375	357,176	1,179,709	103,768	2,345,768	412,341	727,710
2003	33,094,404	8,091,394	19,494,518	461,041	1,093,000	114,726	2,800,732	407,911	631,082
2004	36,992,654	9,674,750	21,739,353	371,096	875,131	108,920	2,888,484	263,903	1,071,017
2005	38,443,016	10,167,981	22,887,327	435,714	928,935	127,355	3,026,378	388,543	480,783
2006	44,226,924	11,909,978	25,218,414	366,657	1,051,576	115,748	3,381,104	264,085	1,919,362
2007	50,433,055	14,156,542	27,603,332	467,566	1,259,461	160,197	3,862,642	1,018,477	1,904,838
2008	54,343,697	14,785,518	30,668,563	446,022	1,577,773	186,159	4,139,988	1,109,847	1,429,827
2009	54,549,542	15,684,012	30,375,998	533,990	1,428,182	222,229	4,087,208	797,299	1,420,624
2010	51,849,497	16,092,061	29,463,970	-	1,083,672	233,592	3,793,904	453,299	728,999

Source: City of Riviera Beach, Finance Department

Note: Information includes only General Fund.

DEBT CAPACITY

(unaudited)

CITY OF RIVIERA BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Governmental Activities										Business-Type Activities										Percent of Personal Income	Per Capita
	Street Improvements Loan	Capital Projects Note	Public Utility Refunding Note	FLGFC Pooled Commercial Paper Loan	CRA Real Estate Term Loan	CRA Bond Anticipation Notes	CRA Projects Note	Capital Leases	Water & Sewer Revenue Bonds	Water & Sewer Taxable Revenue Bonds	Water & Sewer Consolidated Utility Obligation	Utility District Revenue Bonds	Waterfront Improvement Bonds	Sales Tax Refunding Bonds ¹	Marina Operations Bank Loan	Capital Leases	Total Primary Government					
2001	1,695,770	-	-	-	-	-	391,848	7,415,000	1,790,000	585,002	-	4,220,000	-	-	395,680	-	16,493,300	2.51%	540			
2002	-	2,894,593	1,374,934	-	-	-	347,292	7,060,000	1,235,000	557,145	-	3,940,000	-	-	321,790	-	17,730,754	2.64%	568			
2003	-	2,737,993	1,046,050	1,100,000	-	-	110,352	6,690,000	640,000	529,288	-	-	-	4,115,000	244,818	146,888	17,360,389	2.53%	545			
2004	-	2,574,692	707,458	1,100,000	235,870	7,010,000	-	-	-	501,431	31,495,000	-	-	3,715,000	165,574	114,121	47,619,346	6.80%	1,464			
2005	-	2,405,018	368,873	2,000,000	-	7,010,000	-	-	-	473,574	30,940,000	-	-	3,300,000	83,991	80,479	46,651,935	6.34%	1,365			
2006	-	2,228,186	-	1,450,000	-	-	7,175,876	-	-	445,717	30,340,000	-	-	2,875,000	-	45,319	44,560,098	5.35%	1,243			
2007	-	2,043,912	-	650,000	-	-	6,950,732	-	-	417,860	29,730,000	-	-	2,435,000	-	9,211	42,236,715	5.03%	1,169			
2008	-	1,851,987	-	-	-	-	6,628,619	-	-	390,003	29,105,000	-	-	1,980,000	-	-	38,955,609	4.72%	1,097			
2009	-	1,652,093	-	-	-	-	6,290,400	-	-	362,146	28,460,000	-	-	1,510,000	-	-	38,274,639	4.49%	1,042			
2010	-	1,445,973	-	-	-	-	5,935,271	-	-	334,289	27,795,000	-	-	1,025,000	-	-	36,535,533	4.28%	995			

Source: City of Riviera Beach, Finance Department

- Note: (1) The Sales Tax Revenue Refunding Bonds was being reported under governmental activities prior to 2006, in 2006, the balances were restated to report under business-type activities.
~ Personal income and population data are provided in the Demographic and Economic Statistics table. For the years 2001 to 2005, per capita personal income for the City was estimated at \$21,540 which was an average of 2001 and 2006 income. For 2009, per capita personal income for the City remained the same as 2008.
~ The notes to the Financial Statements provide specific details regarding the City's outstanding debt.

CITY OF RIVIERA BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2010

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable to City of Riviera Beach (4)	Amount Applicable to City of Riviera Beach
Direct Debt:			
City of Riviera Beach Direct Debt (1)	8,406,244	100%	\$8,406,244
Overlapping Debt:			
Debt Payable from Ad Valorem Taxes			
Palm Beach County School Board (2)	29,555,000	1.25%	\$368,358
Palm Beach County (3)	250,470,000	1.25%	\$3,121,727
Debt Payable from Non-Ad Valorem Taxes			
Palm Beach County School Board (2)	1,886,293,000	1.25%	\$23,509,770
Palm Beach County (3)	888,161,139	1.25%	\$11,069,576
Total Overlapping Debt			<u>\$38,069,431</u>
Total Direct and Overlapping Debt			<u><u>\$46,475,675</u></u>

Notes:

- (1) City of Riviera Beach's net outstanding debt includes revenue bonds and notes payable less Water and Sewer revenue bonds and obligations. Details of the debt are available in the City's notes to the financial statements for fiscal year ended September 30, 2010.
- (2) Details regarding Palm Beach County School Board's outstanding debt are available in the School Board's notes to the financial statements for fiscal year ended June 30, 2010.
- (3) Details regarding Palm Beach County's outstanding debt are available in the County's notes to the financial statements for fiscal year ended September 30, 2010.
- (4) Estimated percentage applicable to the City of Riviera Beach is computed based on the ratio of Palm Beach County and Palm Beach County School Boards' total taxable assessed value to that within the City of Riviera Beach.
Overlapping government units are those with geographic areas that coincide, at least in part, with the geographic boundaries of the City of Riviera Beach.

Source:

- (1) City of Riviera Beach Finance Department
- (2) Palm Beach County School Board, CAFR FY 2009/2010
- (3) Palm Beach County, CAFR FY 2009/2010
- (4) Palm Beach County Property Appraiser's Office

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF GENERAL GOVERNMENT PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Gas Tax	Franchise Fees	Utility Taxes	Business Taxes	Sales Tax	Net Revenues Available for Debt Service	<u>Debt Service Requirements</u>			Debt Service Coverage Ratio
							Principal	Interest	Total	
2001	551,781	813,483	2,296,857	372,618	2,847,922	\$6,882,661	405,076	67,438	472,514	14.57
2002	563,472	793,199	3,932,025	403,212	2,864,509	\$8,556,417	551,254	132,982	684,236	12.51
2003	597,026	945,727	4,169,685	393,997	3,003,145	\$9,109,580	605,544	151,355	756,899	12.04
2004	626,078	1,099,783	4,177,884	457,534	3,175,968	\$9,537,247	961,686	150,224	1,111,910	8.58
2005	408,453	834,169	4,147,569	482,074	3,529,503	\$9,401,768	978,746	134,005	1,112,751	8.45
2006	563,979	1,688,074	4,520,195	488,578	3,750,587	\$11,011,413	726,927	116,296	843,223	13.06
2007	537,881	1,904,193	4,567,262	442,281	3,600,801	\$11,052,418	734,274	97,950	832,224	13.28
2008	586,786	1,820,555	4,749,106	464,132	3,551,266	\$11,171,845	191,925	82,048	273,973	40.78
2009	484,036	2,377,371	5,016,652	447,563	3,163,697	\$11,489,319	199,893	74,079	273,972	41.94
2010	488,168	1,505,458	3,486,534	463,486	2,154,172	\$8,097,818	216,839	57,135	273,974	29.56

Source: City of Riviera Beach, Finance Department

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF COMMUNITY REDEVELOPMENT AGENCY PLEDGED REVENUE COVERAGE
LAST FOUR FISCAL YEARS

Fiscal Year Ended September 30	Operating Revenues	Operating Expenditures	Net Revenues Available for Debt Service	<u>Debt Service Requirements</u>			Debt Service Coverage Ratio
				Principal	Interest	Total	
2007	\$2,949,490	\$1,323,298	\$1,626,192	\$225,144	\$0	\$225,144	7.22
2008	3,347,585	1,275,844	\$2,071,741	322,113	291,236	613,349	3.38
2009	3,874,372	1,702,492	\$2,171,880	338,219	277,739	615,958	3.53
2010	5,429,873	10,138,896	-\$4,709,023	355,129	263,568	618,697	-7.61

Source: City of Riviera Beach, Finance Department

Fiscal Year 2007 was the first year that the CRA borrowed funds from external sources.

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF WATER & SEWER PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Operating Revenues	Operating Expenditures	Net Revenues Available for Debt Service	<u>Debt Service Requirements</u>			Debt Service Coverage Ratio
				Principal	Interest	Total	
2001	9,404,849	7,295,374	2,109,475	882,857	62,027	944,884	2.23
2002	9,682,831	7,563,592	2,119,239	977,857	69,047	1,046,904	2.02
2003	12,018,024	7,056,337	4,961,687	1,037,857	73,429	1,111,286	4.46
2004	12,905,944	8,000,395	4,905,549	582,857	1,434,037	2,016,894	2.43
2005	15,154,017	8,332,484	6,821,533	627,857	1,391,810	2,019,667	3.38
2006	17,011,289	9,743,684	7,267,605	637,857	1,379,810	2,017,667	3.60
2007	13,023,687	10,357,882	2,665,805	652,857	1,364,560	2,017,417	1.32
2008	12,903,024	10,122,606	2,780,418	672,857	1,347,373	2,020,230	1.38
2009	12,953,704	10,507,731	2,445,973	692,857	1,328,023	2,020,880	1.21
2010	17,574,807	9,800,047	7,774,760	712,857	1,304,181	2,017,038	3.85

Source: City of Riviera Beach, Finance Department

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF MARINA PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Operating Revenues	Operating Expenditures	Net Revenues Available for Debt Service	<u>Debt Service Requirements</u>			Debt Service Coverage Ratio
				Principal	Interest	Total	
2001	2,101,220	1,528,564	572,656	336,051	32,726	368,777	1.55
2002	2,184,350	1,497,654	686,696	354,881	16,936	371,817	1.85
2003	2,039,519	1,589,263	450,256	123,132	134,043	257,175	1.75
2004	2,699,903	1,859,783	840,120	515,427	141,859	657,286	1.28
2005	2,994,473	2,221,295	773,178	533,949	132,337	666,286	1.16
2006	3,371,417	2,479,431	891,986	461,108	117,112	578,220	1.54
2007	2,976,234	2,581,867	394,367	449,211	97,176	546,387	0.72
2008	2,784,456	2,767,613	16,843	455,000	83,901	538,901	0.03
2009	2,228,643	2,444,167	(215,524)	470,000	69,796	539,796	-0.40
2010	2,121,881	2,413,909	(292,028)	505,000	37,546	542,546	-0.54

Source: City of Riviera Beach, Finance Department

**CITY OF RIVIERA BEACH, FLORIDA
DEBT COMPLIANCE
September 30, 2010**

	Policy Limit	Actual
General government debt as a percentage of the assessed valuation of the taxable property of the City Debt Limit	25.0%	0.23%
General Fund reserve as a percentage of future year's operating budget	8.33%	1.90%
Utility Special District Debt Service Coverage As a percentage of annual debt service requirement	115%	385%

Source: City of Riviera Beach, Finance Department

**DEMOGRAPHIC AND
ECONOMIC INFORMATION**

(unaudited)

**CITY OF RIVIERA BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Palm Beach County (PBC) Population ²	City of Riviera Beach Population ³	PBC Per Capita Personal Income (PCPI) ⁴	City Per Capita Personal Income ⁵	City Unemployment Rate ¹
2001	1,157,710	30,544	\$44,016	N/A	8.8%
2002	1,185,745	31,203	\$44,832	N/A	10.8%
2003	1,208,940	31,863	\$44,740	N/A	10.5%
2004	1,240,191	32,522	\$48,994	N/A	9.7%
2005	1,262,956	34,184	\$51,694	N/A	4.5%
2006	1,265,707	35,846	\$56,665	\$23,234	4.1%
2007	1,264,648	36,138	\$59,240	\$23,234	5.7%
2008	1,269,745	36,430	\$58,358	\$23,234	7.9%
2009	1,279,745	36,722	\$57,461	\$21,694	11.8%
2010	1,320,134	34,314*	N/A	N/A	12% - 13.5%*

N/A = Not available

* = Subject to Change

- Sources:
- (1) Florida Agency for Workforce Innovation
 - (2) U.S. Census Bureau, Population Estimates Program
 - (3) U.S. Census Bureau, Population Estimates Program and City of Riviera Beach, Community Development Department
 - (4) Bureau of Economic Analysis - <http://www.bea.gov/regional/bearfacts/action.cfm>
 - (5) U.S. Census Bureau - <http://factfinder.census.gov>

Notes: Palm Beach County population for 2000 is based on the U.S. Census 2000. Palm Beach County population for 2001 to 2009 is based on U.S. Census Bureau population estimates as of July 1 of each year. The City's PCPI for the years 2006 to 2008 are based on the American Community Survey (ACS). The ACS estimates are based on data collected over a 3-year time period. The estimates represent the average characteristics of population and housing between January 2006 and December 2008 and do not represent a single point in time.

**CITY OF RIVIERA BEACH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR, 2010**

Employer	Type of Business	Approximate Number of Employees
Veterans Affairs Medical Center	Health Care	2,205
Cheney Brothers	Food Distribution	550
City of Riviera Beach	City Government	500
Tropical Shipping	Port Shipping Company	500
Pepsi Cola Bottling Co.	Bottled soft drinks	450
Lockheed Martin Corp.	Aerospace engineering	400
SYSCO Food Services	Food Distribution	350
Farmer & Irwin Corp.	Mechanical Construction	130
Serta Mattress	Mattress Manufacturing	135

Source: Business Development Board of Palm Beach County

OPERATING INFORMATION

(unaudited)

CITY OF RIVIERA BEACH, FLORIDA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

Full-time Equivalent Employees as of September 30

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function/Program										
General Government	84.0	90.5	94.0	91.0	92.5	100.0	104.5	111.0	106.5	96.0
Police	139.0	150.5	152.5	158.5	151.5	157.5	165.0	166.0	179.5	160.5
Fire	73.0	78.0	74.0	73.0	71.0	71.0	78.0	79.0	78.0	76.0
Culture and recreation	35.5	42.5	53.5	47.0	48.5	51.5	57.0	58.0	47.5	52.0
Transportation	19.0	22.0	19.0	11.0	16.0	16.0	22.0	22.0	22.0	20.0
Human Services	2.0	2.5	2.5	2.5	2.5	3.5	3.5	4.0	4.0	4.0
Marina	12.5	12.0	13.0	12.5	13.0	12.5	16.5	16.0	17.0	14.5
Water and sewer	42.0	47.0	46.0	45.5	45.0	51.0	52.0	52.0	50.0	49.0
Stormwater	-	-	-	7.0	7.5	8.0	8.0	9.0	7.5	8.5
Total number of employees	<u>407.0</u>	<u>445.0</u>	<u>454.5</u>	<u>448.0</u>	<u>447.5</u>	<u>471.0</u>	<u>506.5</u>	<u>517.0</u>	<u>512.0</u>	<u>480.5</u>

Source: City of Riviera Beach, Finance Department

**CITY OF RIVIERA BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN YEARS**

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fire										
Emergency responses	6255	6074	6,417	6,623	7,072	6,914	6,992	6,595	6,204	6,077
Fires reported	230	193	202	183	240	199	184	145	161	120
Streets										
Potholes repaired	N/A	364	267	N/A						
Streets swept (miles)	N/A	144	240	240						
Planning and development										
Building permits issued	2,396	3,844	5,953	6,497	9,326	5,914	4,187	3,474	2,305	2,401
Building inspections conducted	6,473	8,405	9,342	8,575	11,428	12,148	9,426	5,886	3,862	5,848
Parks and recreation										
Participants registered:										
Football	N/A	155	N/A	N/A						
Gym	N/A									
Swimming	N/A	326	N/A	N/A						
Seniors programs	N/A	5,210	N/A	N/A						
Number of program sessions	N/A									
Utility system:										
Active accounts - water	11,301	11,444	11,958	12,255	13,117	13,445	13,659	13,641	13,656	13,559
Active accounts - sewer	10,878	11,015	11,526	11,818	12,665	12,979	13,192	13,156	13,193	13,114
Active accounts - trash	8,382	8,556	9,068	9,377	10,144	10,532	10,851	10,820	10,839	10,769
Water treated (millions of gallons)	2,581	2,591	2,698	2,801	2,743	2,795	2,544	2,322	2,079	2,380
Wastewater treated (millions of gallons)	55.08	51.27	48.04	54.44	54.57	52.12	54.66	58.62	57.64	54.89

Source: Various departments of the City of Riviera Beach

N/A = Not Available

CITY OF RIVIERA BEACH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN YEARS

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Special teams' offices and substations	1	1	1	1	1	1	1	1	1	1
Patrol cars	55	60	63	70	75	75	80	85	95	110
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire engines	6	6	6	6	5	6	6	6	6	6
Culture and recreation										
Parks	11	11	11	12	11	12	12	12	12	12
Parks acreage	55.1	55.1	55.1	55.1	55.1	55.3	55.3	55.3	55.3	55.3
Recreation centers	2	2	2	2	2	2	2	2	2	2
Senior centers	0	0	1	1	1	1	1	1	1	1
Swimming pools	1	0	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Playgrounds	11	11	11	11	11	11	11	11	10	10
Tennis courts	7	7	7	7	7	7	6	6	6	6
Basketball courts	5 / 2	5 / 2	5 / 2	5 / 2	5 / 2	5 / 2	5 / 2	5 / 2	5 / 2	5 / 2
Baseball/softball/soccer fields	6	6	6	6	6	7	7	7	7	7
Number of libraries	1	1	1	1	1	1	1	1	1	1
Transportation:										
Miles of streets	82	82	82	82	82	82	82	82	82	82
Number of street lights	N/A	N/A	N/A	3,328	3,362	3,395	3,430	3,465	3,500	4,000
Miles of sidewalks	N/A	N/A	N/A	57	57	57	57	57	57	57
Utility systems:										
Water mains (miles)	175.3	175.3	175.3	175.3	175.3	175.3	175.3	175.3	175.3	175.3
Sewer mains (miles)	156.3	156.3	156.3	156.3	156.3	156.3	156.3	156.3	156.3	156.3
Water treatment capacity (MGD)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Ground storage tank & repump stations	4	4	4	4	4	4	4	4	4	4
Lift stations	51	51	51	51	51	51	51	51	51	51
Fire hydrants	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089

Source: Various departments of the City of Riviera Beach

COMPLIANCE SECTION



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riviera Beach, Florida (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of 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*.

We noted certain matters that we reported to management of the City, in the accompanying schedule of findings and questioned costs.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Harvey Lovington J. Thomas, Jr.

Hollywood, Florida
September 28, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Riviera Beach, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Harvey Livingston Thomas, C.P.A.

Hollywood, Florida
September 28, 2011

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice</u>			
COP Technology	16.753	2009CKWX0483	\$ 300,000
JAG 09	16.804	2009-SB-B9-2107	68,320
Bullet Proof Vests	16.607	FY 2008 BVP	6,701
Cops Universal	ARRA 16.710	2008UMWX0033	75,000
Cops Hiring	ARRA 16.710	2009RKWX0238	<u>273,387</u>
Total Direct Awards			723,408
<u>(Edward Byrne Memorial JAG Program)</u>			
Pass Through Palm Beach County			
Youth Violence Prevention Project	ARRA 16.804	R2010 0530	377,253
Civil Drug Court Case Manager	ARRA 16.804	R2010 0649	99,945
Seed initiative	ARRA 16.804	R2010 0926	<u>99,995</u>
Total In-direct Awards			<u>577,193</u>
Total U.S. Department of Justice			1,300,601
<u>U.S. Department of Housing & Urban Development</u>			
Pass through PBC Housing & Community Development			
CDBG 09	14.218	R2009 0214	166,830
HUD Disaster Recovery	14.228	07DB-3V-10-60-01-207	88,111
Neighborhood Stabilization Project	ARRA 14.218	B-08-UN-12-0013	<u>217,815</u>
Total Housing and Urban Development			472,756
<u>U.S. Department of Agriculture</u>			
Pass through State of Florida Department of Education			
Summer Food	10.559	04-0710	<u>9,998</u>
Total Department of Agriculture			9,998
<u>U.S. Department of Energy</u>			
Energy Efficiency and Renewable Energy	ARRA 81.128	DE-EE0002274	<u>15,000</u>
Total Department of Energy			15,000
<u>U.S. Department of Transportation - Federal Highway Administration</u>			
Pass through State of Florida Department of Transportation			
A1A	ARRA 20.205	420325-1-38/58-01	<u>368,577</u>
Total Department of Transportation			368,577
Total Federal Awards			<u>\$ 2,166,932</u>

CITY OF RIVIERA BEACH, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the City of Riviera Beach, Florida (the “City”). The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable. The City did not transfer awards to subrecipients during the fiscal year ending September 30, 2010.

CITY OF RIVIERA BEACH, FLORIDA
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2010

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Matter that is repeated in the accompanying Schedule of Findings and Questioned Costs

- 2009-03 – Information Technology and Segregation of Duties (revised and included in 2010-01)

Matter that is not repeated in the accompanying Schedule of Findings and Questioned Costs

- 2009-01 – Pension Funds
- 2009-02 – Financial/Accounting Close Process
- 2009-04 – Accounting System
- 09-ML-01 – Purchasing
- 09-ML-02 – Purchase of Supplies
- 09-ML-03 – Purchases and Stewardship of Technology Equipment

PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Matter that is not repeated in the accompanying Schedule of Findings and Questioned Costs

- 2009-SA-01 – Davis Bacon Compliance Requirement

PRIOR YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no state financial assistance findings and questioned costs reported in fiscal year ended September 30, 2009.

CITY OF RIVIERA BEACH, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are Not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are Not considered to be material weakness(es)? _____ Yes X No

Type of auditors’ report issued on compliance for major federal programs and state projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes _____ No

Identification of major programs:

Federal Program	Federal CFDA
<u>Federal Programs</u>	
Public Safety Partnership and Community Policing Grants	16.710
Congressionally Recommended Awards – COPS Technology	16.753
Recovery Act – Edward Byrnes Memorial Justice Assistance Grant	16.804
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between Type A and Type B
 Federal Programs: \$300,000

Auditee qualified as low-risk auditee for federal award programs? _____ Yes X No

CITY OF RIVIERA BEACH, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

2010-01 User Access

Condition

During the course of the audit we made inquiries of management and informed that the Finance Director has full access to modules that should be read only given the level of authority of the Finance Director. As an example the Finance Director has a full access to the payroll module which allows for the set-up of new employees in the system. New employees or changes to employees profile should only be a function of the Human Resource Department with the other departments having read only access.

Criteria

User access levels provide an added layer of internal controls in order to prevent errors or fraudulent activities.

Cause

Users have full access to functions that should be read only based on their job functions.

Effect

Internal controls that are currently in place could be circumvented which would allow for the possibility of fraudulent activity to occur.

Recommendation

The City should review the access controls of all employees to determine that employees only have access to functions as required and considered necessary to carry out their assigned job duties.

View of Responsible Officials and Planned Corrective Actions

The Finance Department has reviewed the internal controls of the City's accounting system, *Financial Management System (FMS)*, and is working in conjunction with American Data Group, the software developer of FMS, and the City's Information Technology Division. All City departments will be required to review the current user access for employees and modifications to user access will be made where necessary.

The City will implement policies and procedures to define the role of the system administrator and establish guidelines for system access to users. The system administrator will be responsible for setting up users, modifying user access, deleting users, and assigning menu options to users. The Finance Director will no longer have full access to FMS and the system administrator functions for FMS will be responsibility of the City's Information Technology Division.

CITY OF RIVIERA BEACH, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2010-02 Monthly Financial Statements

Condition

During our audit, we inquired of finance personnel regarding the presentation of financial statements to the City Council during the regular council meetings and noted that financial statements are presentation semi-annually in accordance with the City's charter.

Criteria

Those charged with governance are responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process, subject matter, or program under audit including related internal controls.

Cause

Financial statements are being presented semi-annually to the Council.

Effect

Presenting financial statements to the Council more frequently will ensure they are informed of the City finances during the course of the fiscal year which will also allow for proper decision making regarding the City's finances and assist in the budgeting process for the next fiscal year.

Recommendation

We recommend the finance department consider implementing a process to present either monthly or quarterly financial statements to the City Council during regular council meetings. The reports should include key performance measures to understand the financial condition of the City.

View of Responsible Officials and Planned Corrective Actions

The City Charter states that the Finance Director is responsible on a semi-annual basis for reporting the financial position of the City to the City Council. While the City recognizes that presenting financial information on a monthly basis would be useful for the City Council, the current staff complement of the Finance Department would have to be increased in order to produce monthly financial reports. The City's Administration will provide revenues and expenditures budget to actual variance analysis reports, status of investments, key performance measures, and any other report that the administration deems important and useful, to the City Council on a quarterly basis.

CITY OF RIVIERA BEACH, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONS COSTS

None.

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

N/A

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

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

We have audited the financial statements of the City of Riviera Beach, Florida (the City), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated September 28, 2011.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are September 28, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address the finding and recommendation made in the preceding annual financial report which is describe in the accompanying schedule of findings and questioned costs as item 2010-01.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, findings and recommendations are incorporated in the accompanying schedule of findings and questioned costs.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we noted no such matters.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) deficiencies that are not significant deficiencies. In connection with our audit, we noted no such matters.
- Section 10.554(1)(i)6., 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 required information is disclosed in the City's September 30, 2010 notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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 City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City, members of the City Council, management, the Florida Auditor General, federal and state awarding agencies and pass-through entities, 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 City for their assistance and courtesy during the engagement. Please feel free to contact us with any questions or comments, as we would be pleased to meet with you at your convenience.



Harvey, Covington & Thomas, LLC
September 28, 2011

