NEW ISSUE - Book-Entry Only **Ratings:** See "RATINGS" herein

In the opinion of Bond Counsel, under existing law, the Series 2015 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. INTEREST ON THE SERIES 2015 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$57,360,000
CITY OF RIVIERA BEACH, FLORIDA
Taxable Public Improvement Revenue Bonds, Series 2015

Dated: Date of Delivery **Due: April 1, as shown on the inside cover**

The City of Riviera Beach, Florida (the "City") is issuing its Taxable Public Improvement Revenue Bonds, Series 2015 (the "Series 2015 Bonds") as fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be available to purchasers in principal denominations of $5,000 and integral multiples thereof under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive physical delivery of the Series 2015 Bonds. Beneficial Owners of Series 2015 Bonds must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of the principal of and interest on such Series 2015 Bonds. See "DESCRIPTION OF THE SERIES 2015 BONDS - Book-Entry Only System" herein. U.S. Bank National Association, Miami, Florida, will serve as the initial Paying Agent and Registrar for the Series 2015 Bonds (the "Paying Agent"). While the Series 2015 Bonds are registered through the DTC Book-Entry System, principal of and interest on the Series 2015 Bonds will be payable by the Paying Agent to DTC.

Interest on the Series 2015 Bonds will accrue from their date of delivery and will be payable on April 1, 2016 and semiannually on each October 1 and April 1 thereafter, until maturity or earlier redemption.

The Series 2015 Bonds are being issued by the City pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended, and Resolution No. 88-14, adopted by the City Council of the City on September 3, 2014. (the "Bond Resolution"), as supplemented by Resolution No. 93-15, adopted by the City Council of the City on July 15, 2015 (the "Series 2015 Supplemental Resolution" and, together with the Bond Resolution, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Resolution. See "APPENDIX D - Form of the Resolution."

The Series 2015 Bonds are being issued to (i) pay the cost of funding the current unfunded actuarial accrued liability (the "UAAL") of the City's (a) General Employees Retirement System (the "GERS"), (b) Police Pension Fund (the "PPF") and (c) Firefighters' Pension Trust Fund (the "FPTF"), (ii) make the payments required to be made by the City to employees who opt to participate in the Florida Retirement System ("FRS"), as more fully described herein; and (iii) pay the costs of issuance of the Series 2015 Bonds, including the premium for a municipal bond insurance policy. See "PURPOSE OF THE ISSUE" herein.

The Series 2015 Bonds are subject to make-whole optional and mandatory sinking fund redemption prior to maturity as described herein under "DESCRIPTION OF THE SERIES 2015 BONDS - Redemption Provisions."

The Series 2015 Bonds are payable from and secured solely by a pledge of and first lien on the Pledged Revenues, consisting primarily of "Non-Ad Valorem Revenues" budgeted and appropriated by the City on an annual basis for the purpose of paying debt service on the Series 2015 Bonds. In addition to the Series 2015 Bonds, the City has outstanding, and may incur in the future, other indebtedness for the payment of which the City has covenanted, or in the future may covenant, to budget and appropriate Non-Ad Valorem Revenues. See "SECURITY AND SOURCES OF PAYMENT" and "NON-AD VALOREM REVENUES" herein.

THE SERIES 2015 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE CITY AND ARE NOT OBLIGATIONS OF ANY ENTITY OTHER THAN THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISIONS OR LIMITATIONS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE FROM AND SECURED SOLELY BY PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE SERIES 2015 BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY, OTHER THAN THE PLEDGED REVENUES, OR EVER HAVE A LIEN ON THE SERIES 2015 PROJECT OR ANY OTHER REAL OR PERSONAL PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION.

The scheduled payment of the principal of and interest on the Series 2015 Bonds, when due, will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 Bonds by Build America Mutual Assurance Company. See "MUNICIPAL BOND INSURANCE" herein.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2015 Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality by Greenspoon Marder, P. A., West Palm Beach, Florida. Greenspoon Marder, P.A. is also serving as Disclosure Counsel to the City. Certain legal matters will be passed on for the City by Pamala Hanna Ryan, B.C.S., Riviera Beach, Florida, City Attorney, and for the Underwriters by their counsel, Mark E. Raymond, Esq., Palm Beach Gardens, Florida. Public Financial Management, Inc., Coral Gables, Florida, is serving as Financial Advisor to the City with respect to the Series 2015 Bonds. The Series 2015 Bonds are expected to be delivered through the facilities of DTC in New York, New York on or about September 2, 2015.

RBC Capital Markets **Academy Securities, Inc.**

Dated: August 19, 2015

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS

$57,360,000
CITY OF RIVIERA BEACH, FLORIDA
Taxable Public Improvement Revenue Bonds,
Series 2015

$35,200,000 Serial Series 2015 Bonds

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.*
2016	$1,430,000	1.227%	1.227%	100.00	769584CW1
2017	575,000	1.718	1.718	100.00	769584CX9
2018	780,000	2.217	2.217	100.00	769584CY7
2019	1,005,000	2.534	2.534	100.00	769584CZ4
2020	1,240,000	2.884	2.884	100.00	769584DA8
2021	1,570,000	3.244	3.244	100.00	769584DB6
2022	1,850,000	3.544	3.544	100.00	769584DC4
2023	2,220,000	3.800	3.800	100.00	769584DD2
2024	2,600,000	3.950	3.950	100.00	769584DE0
2025	2,525,000	4.050	4.050	100.00	769584DF7
2026	2,760,000	4.200	4.200	100.00	769584DG5
2027	3,390,000	4.350	4.350	100.00	769584DH3
2028	3,840,000	4.500	4.500	100.00	769584DJ9
2029	4,445,000	4.650	4.650	100.00	769584DK6
2030	4,970,000	4.800	4.800	100.00	769584DM2

$22,160,000 - 5.116% Series 2015 Term Bond Due April 1, 2035 – Price: 100.00 / Yield: 5.116%, Initial CUSIP No.: 769584DL4*

---

* The City is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

CITY OF RIVIERA BEACH, FLORIDA

600 West Blue Heron Boulevard
Riviera Beach, Florida 33404
(561) 845-4000

MAYOR

THOMAS MASTERS

CITY COUNCIL

DAWN S. PARDO. .... Chairperson
TERENCE D. DAVIS... Chair Pro Tempore
BRUCE A. GUYTON.. Council Member
KASHAMBA L. MILLER.. Council Member
CEDRICK A. THOMAS. .... Council Member

ADMINISTRATION

City Manager
RUTH C. JONES

City Attorney
PAMALA HANNA RYAN, B.C.S.

Finance Director/Chief Financial Officer
RANDY M. SHERMAN, CPA, CTP, CGFO

City Clerk
CLAUDINE L. ANTHONY, CMC

Financial Advisor
PUBLIC FINANCIAL MANAGEMENT, INC.
Coral Gables, Florida

Bond Counsel and Disclosure Counsel
GREENSPOON MARDER, P.A.
West Palm Beach, Florida

Independent Auditors
HCT CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS, LLC
Hollywood, Florida

[THIS PAGE INTENTIONALLY LEFT BLANK]

NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OF RIVIERA BEACH FLORIDA (THE "CITY") OR THE UNDERWRITERS SET FORTH ON THE COVER PAGE OF THIS OFFICIAL STATEMENT. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE HEREIN DESCRIBED BONDS, NOR MAY THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: *THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.*

THE SERIES 2015 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY (OTHER THAN THE CITY) WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE SERIES 2015 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Certain information in this Official Statement has been provided by The Depository Trust Company, New York, New York ("DTC"). Neither the City nor the Underwriters have provided information in this Official Statement with respect to DTC and do not certify as to the accuracy or sufficiency of the disclosure policies of or content provided by DTC and are not responsible for the information provided by DTC.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX F - Specimen Municipal Bond Insurance Policy."

Certain statements included or incorporated by reference in this Official Statement, including the Appendices, constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2015 BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITES: **WWW.MUNIOS.COM** AND **WWW.EMMA.MSRB.ORG**. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITES.

TABLE OF CONTENTS

APPENDICES

OFFICIAL STATEMENT

relating to

$57,360,000
CITY OF RIVIERA BEACH, FLORIDA
Taxable Public Improvement Revenue Bonds,
Series 2015

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and the Appendices hereto, provides certain information regarding the City of Riviera Beach, Florida (the "City") and the sale by the City of its $57,360,000 Taxable Public Improvement Revenue Bonds, Series 2015 (the "Series 2015 Bonds"). The Series 2015 Bonds are being issued by the City pursuant to the Constitution and laws of the State of Florida (the "State"), including particularly Chapter 166, Florida Statutes, as amended, and Resolution No. 88-14, adopted by the City Council of the City on September 3, 2014 (the "Bond Resolution"), as supplemented by Resolution No. 93-15, adopted by the City Council of the City on July 15, 2015 (the "Series 2015 Supplemental Resolution" and, together with the Bond Resolution, the "Resolution"). Capitalized terms not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Resolution. See "APPENDIX D - Form of the Resolution."

The Series 2015 Bonds are being issued to (i) pay the cost of funding the current unfunded actuarial accrued liability (the "UAAL") of the City's (a) General Employees Retirement System (the "GERS"), (b) Police Pension Fund (the "PPF") and (c) Firefighters' Pension Trust Fund (the "FPTF") (the GERS, the PPF and the FPTF being sometimes collectively referred to herein as the "Pension Funds"), as more fully described herein; (ii) make the payments required to be made by the City to employees who opt to participate in the FRS; and (iii) pay the costs of issuance of the Series 2015 Bonds, including the premium for a municipal bond insurance policy. See "PURPOSE OF THE ISSUE" herein.

The Series 2015 Bonds will be issued in book-entry only form and purchasers of the Series 2015 Bonds will not receive certificates representing their interest in the Series 2015 Bonds purchased. The Series 2015 Bonds will contain such other terms and provisions, including provisions regarding redemption, as described in "DESCRIPTION OF THE SERIES 2015 BONDS" herein.

In addition to the Series 2015 Bonds, the City has outstanding, and may incur in the future, other indebtedness for the payment of which the City has covenanted, or in the future may covenant, to budget and appropriate Non-Ad Valorem Revenues. See "SECURITY AND SOURCES OF PAYMENT" and "NON-AD VALOREM REVENUES" herein. The Series 2015 Bonds and any other Series of Bonds issued under the Bond Resolution are referred to collectively in this Official Statement as the "Bonds."

The Bond Resolution creates funds and accounts to be held as trust funds for the benefit of Bondholders, except for the Rebate Fund, but provides that separate subaccounts within the Debt Service Reserve Account shall be created for each Series of Bonds that has established a Debt Service Reserve Requirement by Supplemental Resolution. Amounts held in such subaccount shall constitute Pledged Revenues for, and secure only, the particular Series of Bonds for which such subaccount was established. **No deposit to the Debt Service Reserve Account shall be made in connection with the issuance of the Series 2015 Bonds and no Debt Service Reserve Requirement has been established under the Series**

2015 Supplemental Resolution. The Series 2015 Bonds shall not be secured by, or entitled to any benefit from, amounts held in the Debt Service Reserve Account or any subaccount created therein for the benefit of other Bonds issued under the Bond Resolution. See "SECURITY AND SOURCES OF PAYMENT – No Debt Service Reserve Subaccount" herein.

The Series 2015 Bonds are payable from and secured solely by a pledge of and first lien on the Pledged Revenues derived by the City from all moneys, securities and instruments held in the funds and accounts created under the Bond Resolution, including, specifically, the Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into such funds and accounts.

THE SERIES 2015 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE CITY AND ARE NOT OBLIGATIONS OF ANY ENTITY OTHER THAN THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISIONS OR LIMITATIONS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE FROM AND SECURED SOLELY BY PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE SERIES 2015 BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY, OTHER THAN THE PLEDGED REVENUES, OR EVER HAVE A LIEN ON THE SERIES 2015 PROJECT OR ANY OTHER REAL OR PERSONAL PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION.

The scheduled payment of the principal of and interest on the Series 2015 Bonds, when due, will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2015 Bonds by Build America Mutual Assurance Company ("BAM" or the "Bond Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

This introduction is intended to serve as a brief description of the Official Statement and is expressly qualified by reference to the Official Statement as a whole. A full review should be made of the entire Official Statement, including its appendices, as well as the documents and reports summarized or described herein. The description of the Series 2015 Bonds, the documents authorizing and securing the same, and the information from various reports contained herein are not comprehensive or definitive. All references herein to such documents and reports are qualified by the entire, actual content of such documents and reports. Copies of such documents and reports may be obtained from the City.

PURPOSE OF THE ISSUE

General

The Series 2015 Bonds are being issued to (i) pay the cost of funding the UAAL of each of the Pension Funds, as more fully described herein; (ii) make the payments required to be made by the City to employees who opt to participate in the Florida Retirement System ("FRS") and (iii) pay the costs of issuance of the Series 2015 Bonds, including the premium for the municipal bond insurance policy to be issued by the Bond Insurer. Current UAAL is determined as of the most recent valuation date for each of the Pension Funds (as hereinafter defined).

The Series 2015 Project

The annual contribution the City must make to satisfy the requirements of the Pension Funds is comprised of two components, the Normal Cost and the UAAL. Pension fund obligations can increase for employers for various reasons, including, without limitation, changes in accrued benefits of the pension plan, changes in pay levels of employees, changes in the demographics of the employee base, changes in Assumptions affecting Annual Pension Costs and differences in the actual versus the projected rate of return on the investments of the pension plan. The City has experienced such changes in one or both of the Pension Funds during the past several years. As a result, the City's Annual Required Contribution to each of the Pension Funds has increased each year since 2000. Such increases have been significant and, based on current actuarial calculations and estimates, are expected to continue for several years. Based on the valuations for the fiscal year ended September 30, 2014 for each of the Pension Funds, which constitutes the most recent valuation for each of the plans, the Pension Funds currently have a collective UAAL, based on an Actuarial Value of Assets and Actuarial Accrued Liability (the "Actuarial UAAL"), of $56,090,063 million and a collective UAAL, based on a Market Value of Assets and Actuarial Accrued Liability (the "Market Value UAAL"), of $42,789,541 million. See "APPENDIX B – Employee Pension Plans of the City and Other Post Employment Benefits," for definitions of certain capitalized terms used in this paragraph.

Set forth below is a table to reflect the UAAL of the Pension Funds. For more detailed information and data concerning the UAAL, the City's Annual Pension Cost and circumstance affecting such Annual Pension Cost, see "APPENDIX B – Employee Pension Plans of the City and Other Post Employment Benefits."

Pension Plan Current UAAL

Pension Plan	Actuarial UAAL	Actuarial Funded Ratio	Market Value UAAL	Market Value Funded Ratio
GERS	$31,132,097	65.9%	$25,621,344	71.9%
PPF	12,425,818	81.5	8,590,879	87.2
FPTF	12,532,148	80.7	8,577,318	86.8
Total	**$56,090,063**	**74.9%**	**$42,789,541**	**80.8%**

Source: Actuarial Valuation Reports as of October 1, 2014, prepared by Gabriel Roeder Smith & Company.

Proceeds of the Series 2015 Bonds in the amount needed to satisfy the Actuarial UAAL as of October 1, 2014, will be deposited into the Pension Funds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The investment returns of the Pension Funds have historically been higher than the interest rate on the Series 2015 Bonds and, if continued in the future, will provide an immediate and long-term economic benefit to the City. No assurance can be given, however, that such expectations will be realized or that estimated and projected economic benefits from the issuance of the Series 2015 Bonds will be experienced.

By its terms, the liability to fund the GERS requires assets of the fund to realize an assumed rate of return of 7.5% per annum (which was gradually reduced from 8.0% over a five year period beginning October 1, 2010), for the PPF an assumed rate of return of 7.5% per annum, and for the FPTF an assumed rate of return of 7.15% (which was gradually reduced from 7.75% over a four year period beginning October 1, 2011, and which will be further reduced to 7% for the period beginning October 1, 2015).

Although for the fiscal years ended September 30, 2013 and 2014, the rate of return on the investments in each of the Pension Funds was greater than the rate its assets are assumed to earn, for 11 of the 12 years before that, the rate of return on the investments in each of the Pension Funds was less than the rate its assets are assumed to earn. For detailed information on the investment returns experienced by the Pension Funds and the actual rate of return on investments of the Pension Funds, see "APPENDIX B – Employee Pension Plans of the City and Other Post Employment Benefits." The difference between the Market Value of Assets and the Actuarial Value of Assets for the Pension Funds as of September 30, 2014 was approximately $13.3 million.

The difference in investment return versus the assumed rate of return for the assets of the Pension Funds has contributed to the significant increase in the UAAL. Even if investment rates improve so that the assets of the Pension Funds are earning a rate of return comparable to the assumed rate of return, the result of Smoothing (as defined in "APPENDIX B – Employee Pension Plans of the City and Other Post Employment Benefits") of the lower returns on investment experienced in recent years will continue to increase the UAAL of the Pension Funds. Eliminating the Actuarial UAAL upon the issuance of the Series 2015 Bonds is expected to reduce the negative impact resulting from the lower investment return versus the higher assumed rate of return for the Pension Funds. Although no assurance can be given about future investment returns and other factors affecting the UAAL, upon issuance of the Series 2015 Bonds, the Actuarial UAAL will be reduced from approximately $56 million to $0.

Pursuant to Ordinance No. 4058 enacted by the City Council on February 4, 2015, all general employees and firemen hired by the City on or after May 1, 2015, and elected officials, as of March 1, 2015, are required to participate on the Florida Retirement System ("FRS") instead of the Pension Funds. General employees and firemen hired by the City before May 1, 2015, also were required to become compulsory participants in FRS, except for those general employees and firemen who elected prior to May 1, 2015 not to participate in FRS. Of the 266 general employees and firemen hired by the City before May 1, 2015 who were previously in the Pension Funds, 241 elected to stay in the Pension Funds and not participate in the FRS. For each of the 25 current employees opting to leave the Pension Funds and transfer to the FRS, the City agreed to purchase up to 5-years of past service credits in FRS. The cost of these past service credit is expected to be approximately $325,000. The City also agreed to purchase up to 5-years of past service credits in FRS for approximately 70 part-time employees at an estimated cost of $300,000. In exchange, the Pension Funds retain all prior contributions made to the Pension Funds on behalf of those current employees and part time employees and the investment earnings thereon.

Based on the number of general employees and firemen who are now participants in FRS, the City estimates that its total required annual contribution to the Pension Funds and to FRS will be approximately $130,000 less than if all general employees and firemen continued to be participants in the Pension Funds.

Ordinance No. 4058 does not apply to police officers, because the police officers voted not to join FRS. However, the City and the union representing the police officers have re-entered negotiations to discuss pension concessions. Discussions revolve around another FRS vote or modifications to the current plan to generate savings to the City equal to those that would be realized from joining FRS. If the police officers opt to join FRS, there is no way to predict how many police officers would elect to stay in the PPF and not participate in the FRS, although based on the experience with the City's general employees and firemen, it is expected that most current police officers would remain in the PPF. See "APPENDIX B – Employee Pension Plans of the City and Other Post Employment Benefits."

[Remainder of page intentionally left blank.]

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from the proceeds of the Series 2015 Bonds:

Sources of Funds

Par Amount of Series 2015 Bonds	$57,360,000.00
Original Issue Discount or Premium	0.00
Total Estimated Sources of Funds	$57,360,000.00

Uses of Funds

Deposit to Project Fund(1)	$56,750,000.00
Cost of Issuance(2)	476,773.20
Underwriters' Discount	133,226.80
Total Estimated Uses of Funds	$57,360,000.00

---

(1) From the deposit to the Project Fund, $56,000,000.00 is expected to be used to fund elimination of the Actuarial UAAL of the Pension Funds and $750,000.00 is expected to be used to fund the City's obligation to purchase past service credits for employees electing to transfer from participation in the Pension Funds to participation in the FRS. See "PURPOSE OF THE ISSUE - The Series 2015 Project" herein.

(2) Includes fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the rating agencies, the premium to the Bond Insurer for the issuance of the Policy (see "MUNICIPAL BOND INSURANCE" herein) and miscellaneous costs of issuance**.**

DESCRIPTION OF THE SERIES 2015 BONDS

General Description

The Series 2015 Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2015 Bonds. Individual purchases of the Series 2015 Bonds will be made in book-entry form only, and purchasers will not receive physical delivery of the Series 2015 Bonds or any certificate representing their beneficial ownership interest in the Series 2015 Bonds. See "DESCRIPTION OF THE SERIES 2015 BONDS - Book-Entry Only System" herein.

The Series 2015 Bonds are available to purchasers in principal denominations of $5,000 or any integral multiple thereof. The Series 2015 Bonds will be dated as of the date of their initial issuance and will bear interest from that date at the rates (calculated based upon a year of three hundred sixty (360) days consisting of twelve (12) thirty-day months) and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2015 Bonds will be payable on April 1 and October 1 of each year, commencing on April 1, 2016. U.S. Bank National Association, Miami, Florida, will act as the initial Paying Agent and Registrar for the Series 2015 Bonds.

Registration, Transfer and Exchange

The Registrar will keep books for the registration of transfers and exchanges of the Series 2015 Bonds. The City, the Registrar and the Paying Agent shall deem and treat the registered owner of any Series 2015 Bond as the absolute owner of such Series 2015 Bond for the purpose of receiving payment of the principal of and interest due thereon and for all other purposes. In the event the book-entry only system of registration of the Series 2015 Bonds, described below under "DESCRIPTION OF THE SERIES 2015 BONDS - Book-Entry Only System" is discontinued, the Series 2015 Bonds will be subject to transfer and exchange as more fully described in the Resolution. See "APPENDIX D - Form of the Resolution."

Redemption Provisions

The Series 2015 Bonds are subject to redemption prior to maturity as described below:

Make-Whole Optional Redemption

The Series 2015 Bonds are subject to optional redemption prior to maturity at the option of the City, in whole or in part, on any date, and if in part in maturities selected by the City, at a redemption price equal to the greater of:

(1) the principal amount of the Series 2015 Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2015 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2015 Bonds are to be redeemed, discounted to the date on which the Series 2015 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below), plus 35 basis points;

plus, in each case, accrued interest on such Series 2015 Bonds to be redeemed to the date of redemption.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2015 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2015 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption

The Series 2015 Bonds maturing on April 1, 2035 (the "Term Bonds") are subject to mandatory redemption in part prior to maturity by lot, at redemption prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date in the following principal amounts and on the following dates:

Year (April 1)	Amount
2031	$5,925,000
2032	5,080,000
2033	4,580,000
2034	3,470,000
2035*	3,105,000

* Final Maturity, not a redemption.

Notice of Redemption

Notice of redemption shall be given by the Paying Agent in the name of the City by mailing a copy of an official redemption notice not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption (i) by first class mail to the respective Owners of the Series 2015 Bonds designated for redemption at their addresses appearing on the bond registration books of the City maintained by the Registrar; provided that such notice shall be sent by certified mail, return receipt requested, to the Holders of the Series 2015 Bonds of $1,000,000 or more in aggregate principal amount; and (ii) by certified mail, return receipt requested, to the Securities Depository.

A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to the registered Holders of redeemed Series 2015 Bonds which have not been presented for payment within thirty (30) days after the redemption date. However, failure to give such notice shall not affect the validity of the redemption of the Series 2015 Bonds for which proper notice has been given as provided in the preceding paragraph.

Each notice of redemption shall (i) specify the Series 2015 Bonds to be redeemed, the CUSIP numbers, the Date of Issue, interest rates, maturity dates of the Series 2015 Bonds to be redeemed, the redemption date, the date of the notice of redemption, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the designated corporate trust office of the Paying Agent or of its agent or, if the City is serving as Paying Agent, the address of the City, including the name and telephone number of a representative of such Paying Agent) and, if less than all of a maturity of the Series 2015 Bonds is to be redeemed, the numbers of the Series 2015 Bonds, and the portions of a maturity of the Series 2015 Bonds, so to be redeemed, and (ii) state that on the redemption date, the Series 2015 Bonds to be redeemed shall cease to bear interest.

In the case of an optional redemption of the Series 2015 Bonds, any notice of redemption may state that (i) it is conditioned upon the deposit of moneys with the Paying Agent (or any other depository holding such moneys as escrow agent in trust for the Owners of the Series 2015 Bonds or portions thereof to be redeemed), no later than the redemption date, in an amount equal to the amount necessary to effect the redemption; or (ii) the City retains the right to rescind such notice of redemption on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Paying Agent directing the Paying Agent to rescind the redemption notice. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Series 2015 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the City to make such funds available shall constitute an Event of Default under the Resolution. The Paying Agent shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2015 Bonds called for redemption and not so paid remain Outstanding.

Failure to mail any notice of redemption (or any defect therein) to one or more Bondholders shall not affect the validity of any proceedings for such redemption with respect to Bondholders to which notice was duly mailed.

Effect of Redemption

On the date so designated for redemption, notice having been mailed in the manner and under the conditions described herein, the Series 2015 Bonds or portions thereof so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2015 Bonds on such redemption date and, moneys for payment of the redemption price being held in separate accounts by the Paying Agent (or any other depository, as escrow agent, in trust for the Holders of the Series 2015 Bonds or portions thereof to be redeemed), interest on the Series 2015 Bonds or portions thereof so called for redemption shall cease to accrue, such Series 2015 Bonds or portions thereof shall cease to be entitled to any lien, benefit or security under the Bond Resolution and the registered owners of the Series 2015 Bonds or portions thereof to be redeemed shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon and, to the extent required, to receive Series 2015 Bonds for any unredeemed potion of the Series 2015 Bonds.

As long as a Book-Entry System is used for determining beneficial ownership of Series 2015 Bonds, notice of redemption will be sent by the Paying Agent only to DTC. DTC will be responsible for notifying the DTC Participants, which will in turn be responsible for notifying the Beneficial Owners. Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner of any such notice, will not affect the validity of the redemption of the Series 2015 Bonds. See "DESCRIPTION OF THE SERIES 2015 BONDS - Book-Entry Only System" herein.

Book-Entry Only System

The following contains a description of the procedures and operations of DTC and is based upon information provided by DTC. Neither the City nor the Underwriters have independently investigated or verified such procedures and operations and assume no responsibility for the accuracy or completeness of the description thereof.

DTC will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate for the Series 2015 Bonds will be issued for each maturity of the Series 2015 Bonds, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over one hundred (100) countries that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to as the "DTC Participants." DTC has Standard & Poor's rating: AA+. The DTC Rules applicable to DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to documents securing the Series 2015 Bonds. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The principal and interest payments on the Series 2015 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal of and interest payments on the Series 2015 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Bond certificates are required to be printed and delivered. Subject to the policies and procedures of DTC (or any successor securities depository), the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2015 Bond certificates will be printed and delivered. Thereafter, Series 2015 Bond certificates may be transferred and exchanged as described in the Bond Resolution. See "APPENDIX D - Form of the Resolution."

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2015 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF THE SERIES 2015 BONDS OR REGISTERED OWNERS OF THE SERIES 2015 BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2015 BONDS.

The City can make no assurances that DTC will distribute payments of principal of, redemption price, if any, or interest on the Series 2015 Bonds to the Direct Participants, or that DTC Participants will distribute payments of principal of or interest on the Series 2015 Bonds or redemption notices to the Beneficial Owners of such Series 2015 Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Official Statement. The City is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any DTC Participant to give any notice or make any payment to a Beneficial Owner in respect to the Series 2015 Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the Series 2015 Bonds and the manner of transferring or pledging those interests are subject to applicable state law. Holders of beneficial interests in the Series

2015 Bonds may want to discuss the manner of transferring or pledging their interest in the Series 2015 Bonds with their legal advisors.

NEITHER THE CITY NOR THE PAYING AGENT SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DTC PARTICIPANT OR BENEFICIAL OWNER OF THE SERIES 2015 BONDS DURING SUCH TIME AS THE SERIES 2015 BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY SYSTEM.

SECURITY AND SOURCES OF PAYMENT

Pledged Revenues

The Series 2015 Bonds are special obligations of the City payable solely from and secured solely by the Pledged Revenues. "Pledged Revenues" means (a) City Moneys, (b) any proceeds of Bonds originally deposited with the City and all moneys deposited and held from time to time by the City in the funds (other than the Rebate Fund) and accounts established under the Resolution, in each case until applied in accordance with the Resolution, (c) investment income received by the City in the funds (other than the Rebate Fund) and accounts established under the Resolution, and (d) any other moneys received by the Paying Agent in connection with repayment of the Bonds. "City Moneys" means the moneys budgeted and appropriated by the City and deposited into the Sinking Fund, or any other Fund established by the Resolution, from Non-Ad Valorem Revenues pursuant to the City's covenant to budget and appropriate Non-Ad Valorem Revenues, as provided in the Resolution.

"Non-Ad Valorem Revenues" means legally available revenues of the City derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of debt service on the Bonds, after the payment from the sources of Non-Ad Valorem Revenues pledged thereto of the principal of and interest on any other obligations of the City heretofore or hereafter issued which have a prior pledge on any source of the Non-Ad Valorem Revenues; provided, however, that for the purposes of the anti-dilution test described below under the caption "SECURITY AND SOURCES OF PAYMENT- Anti-Dilution; Issuance of Other Obligations," "Non-Ad Valorem Revenues" means all legally available revenues of the City derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of Non-Self Supporting Debt, excluding non-ad valorem special assessments which are exclusively pledged to the payment of Special Assessment Obligations and Federal Direct Payments.

"Non-Self-Supporting Debt" means debt obligations of the City other than debt obligations relating to an enterprise fund, or general obligation bonds of the City or Special Assessment Obligations. "Special Assessment Obligations" means indebtedness payable from and secured solely by non-ad valorem special assessments, but shall not include any indebtedness that is secured in whole or in part by the City's covenant to budget and appropriate from Non-Ad Valorem Revenues. "Federal Direct Payments" means direct payments from the United States that the City becomes entitled to as a result of the issuance of any Series of the Bonds.

THE SERIES 2015 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE CITY AND ARE NOT OBLIGATIONS OF ANY ENTITY OTHER THAN THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISIONS OR LIMITATIONS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE FROM AND SECURED SOLELY BY PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF

THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE SERIES 2015 BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY, OTHER THAN THE PLEDGED REVENUES, OR EVER HAVE A LIEN ON THE SERIES 2015 PROJECT OR ANY OTHER REAL OR PERSONAL PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION.

Covenant to Budget and Appropriate

Until the Bonds are no longer Outstanding, the City has covenanted and agreed in the Resolution, to the extent permitted by law and in accordance with applicable law and budgetary processes, to appropriate in its annual budget in each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due (whether by redemption, at maturity or otherwise), and, if applicable, to restore any deficiency in a subaccount of the Debt Service Reserve Account or any other fund or account created and established under the Bond Resolution for the Bonds (including, without limitation, through reimbursement of a Reserve Account Credit Facility Issuer). **Notwithstanding the foregoing, the City does not covenant to maintain any services or programs now provided or maintained by the City which generate Non-Ad Valorem Revenues, other than such services or programs which are for essential public purposes affecting the health, welfare, and safety of the inhabitants of the City.**

To the extent that the City is in compliance with the covenant contained above and its covenant in the Resolution relating to the issuance of total Non-Self-Supporting Debt, the covenant to budget and appropriate described above and the other obligations of the City contained in the Bond Resolution shall not be construed as a limitation on the ability of the City to pledge or covenant with respect to the Non-Ad Valorem Revenues (or any portion thereof) for other indebtedness or other legally permissible purposes. See "SECURITY AND SOURCES OF PAYMENT - Anti-Dilution; Issuance of Other Obligations" herein.

The City's covenant to budget and appropriate Non-Ad Valorem Revenues is not a pledge by the City of such Non-Ad Valorem Revenues nor the creation of a lien on such Non-Ad Valorem Revenues prior to their deposit into the funds and accounts created under the Resolution, and is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into, including the payment of debt service on bonds or other obligations. In addition, the covenant to budget and appropriate is subject to the provisions of Section 166.241(3), Florida Statutes, as amended, which provides, in part, that the governing body of each municipality makes appropriations for each Fiscal Year which, in any one (1) year, shall not exceed the amount to be received from taxation or other revenue sources. **The City's covenant to budget and appropriate Non-Ad Valorem Revenues does not require the City to levy and collect any particular source of Non-Ad Valorem Revenues nor to maintain or increase any regulatory fees or user charges with respect to any particular source of Non-Ad Valorem Revenues.**

As discussed above, the promise to budget and appropriate Non-Ad Valorem Revenues does not create a lien on or constitute a pledge by the City of such Non-Ad Valorem Revenues to the repayment of the Bonds. Until such time as the City has appropriated and paid Non-Ad Valorem Revenues to the Sinking Fund, the promise is also subject to any lien upon or pledge of any such Non-Ad Valorem Revenues to secure the payment of indebtedness of the City other than Bonds issued pursuant to the Resolution, heretofore or hereafter incurred. Until such time as the City has appropriated and paid Non-Ad Valorem Revenues to the Sinking Fund, such covenant does not give the Bondholders a prior claim on such Non-Ad Valorem Revenues as opposed to claims of general creditors of the City.

Subject to the limitation upon the incurrence by the City of additional debt payable from Non Ad-Valorem Revenues described herein, the City could legally create a pledge of any one or more sources of Non-Ad Valorem Revenues to secure indebtedness other than the Bonds, and in this event such other debt would be entitled to be paid from such revenues prior to the Bonds in the event of a shortfall of available revenues of the City. However, the City has not pledged any Non-Ad Valorem Revenues to any outstanding debt, and the City does not have any plans to make such a pledge.

Anti-Dilution; Issuance of Other Obligations

The City covenants in the Bond Resolution that in each Fiscal Year, while any Bonds are Outstanding, the total Non-Self-Supporting Debt Service due for each such Fiscal Year of the City shall not exceed fifty percent (50%) of Non-Ad Valorem Revenues. In furtherance of such covenant, the City has covenanted and agreed in the Bond Resolution that it will not issue or incur any indebtedness payable from or supported by a pledge of the Non-Ad Valorem Revenues unless the City can show that following the issuance of or incurrence of such additional indebtedness the total amount of Non-Ad Valorem Revenues (based on the most recently completed Fiscal Year for which audited financial statements are available) will be greater than 2.00 times the Maximum Debt Service. For purposes of this covenant, any Non-Self-Supporting Debt bearing a variable interest rate or proposed to bear a variable interest rate will be assumed to bear interest at all times to the maturity thereof at a fixed rate of interest equal to one hundred ten percent (110%) of the greater of (a) the average interest rate on such variable rate bonds during the twelve (12) months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been Outstanding, or (b) the rate of interest on such variable rate bonds on the date of calculation.

"Non-Self-Supporting Debt Service" means the Debt Service on Non-Self-Supporting Debt. In calculating Debt Service on any Non-Self Supporting Debt, interest payments on any Bonds which are eligible to receive Federal Direct Payments shall be calculated net of expected receipt of such Federal Direct Payments. "Maximum Debt Service" means, at any time, the maximum amount required in the then-current or any future Fiscal Year to pay (a) all Non-Self-Supporting Debt, and (b) any proposed indebtedness of the City (i) which will be payable from Non-Ad Valorem Revenues, or (ii) for which any Non-Ad Valorem Revenues will be pledged.

For purposes of calculating the limitation on the incurrence of additional indebtedness set forth in the first paragraph of this subsection, the City may add to the total Non-Ad Valorem Revenues for the most recently completed Fiscal Year for which audited financial statements are available (the "Applicable Fiscal Year") increases in Non-Ad Valorem Revenues realized or projected to be realized by the City as a result of (a) any changes in the fees and charges imposed by the City which took effect after the end of the Applicable Fiscal Year, (b) any changes in the fees and charges imposed by the City which the City has enacted by ordinance or resolution which will be in effect during any Fiscal Year after the Applicable Fiscal Year, or (c) changes in state or federal law, regulation or allocation of revenues taking effect after the end of the Applicable Fiscal Year. Any such increase in Non-Ad Valorem Revenues shall be evidenced by a certificate of the Finance Director.

The City currently has certain long-term debt and capital lease obligations outstanding that are payable from and secured by Non-Ad Valorem Revenues. See "NON-AD VALOREM REVENUES - Obligations Payable From Non-Ad Valorem Revenues" herein.

Funds and Accounts

Creation of Funds and Accounts. The Bond Resolution creates and establishes with the City the following Funds and Accounts for the benefit of Bonds Outstanding: (1) the City of Riviera Beach, Florida Public Improvement Revenue Bonds Sinking Fund (the "Sinking Fund"), (2) the City of Riviera Beach, Florida Public Improvement Revenue Bonds Rebate Fund (the "Rebate Fund"), and (3) the City of Riviera Beach, Florida Public Improvement Revenue Bonds Project Fund (the "Project Fund"). Within the Sinking Fund the Bond Resolution creates and establishes the following separate accounts: (a) a Principal and Interest Account (the "Principal and Interest Account"), (b) a Bond Redemption Account (the "Bond Redemption Account"), and (c) a Debt Service Reserve Account (the "Debt Service Reserve Account"). Within the Debt Service Reserve Account the Bond Resolution provides for the creation of a separate subaccount for each Series of Bonds that has a Debt Service Reserve Requirement.

In addition, the Bond Resolution provides for the creation of separate accounts within the Rebate Fund for each Series of Bonds, if such separate accounts are determined to be necessary by Bond Counsel to preserve the exclusion of the interest on the Bonds or a Series of Bonds from gross income for federal income tax purposes. However, only the Sinking Fund and the Project Fund, and all accounts and subaccounts therein, shall constitute trust funds for the purposes of the Bond Resolution.

Project Fund. Amounts deposited into the Project Fund shall be the amounts determined by the Bond Resolution or any Supplemental Resolution as the amount required to finance the Project for which a Series of Bonds has been issued. In addition, there may be paid into the Project Fund, at the option of the City, any moneys received by the City for or in connection with a Project from any other source. Any amounts in the Project Fund shall be applied by the City to pay Costs of the Project, including, without limitation, costs of issuance of the Bonds. Separate accounts may be established in the Project Fund for each Series Project or any portion thereof.

Upon the completion of each Series Project, the balance in the Project Fund (or in any separate account in the Project Fund established therefor) in excess of the amount, if any, to be retained therein for payment of any remaining Cost of the Project, shall, as directed by the City (i) be deposited in the Principal and Interest Account or the Redemption Account and applied to the retirement of Bonds by payment, purchase, or redemption at the earliest date permissible under the terms of the Bond Resolution or the applicable Supplemental Resolution, or (ii) to the extent the same shall not, in an Opinion of Bond Counsel, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, to be used for any other lawful purpose of the City.

Sinking Fund. On or before 12:00 Noon (City time) on the last Business Day prior to each Interest Payment Date, the City shall deposit into the Sinking Fund an amount of Non-Ad Valorem Revenues (which at the time of such deposit become City Moneys and Pledged Revenues) which shall cause the amount therein to be at least equal to the Accrued Aggregate Debt Service calculated to such Interest Payment Date, and to the extent applicable, any amounts necessary to satisfy any deficiency in a subaccount of the Debt Service Reserve Account or reinstatement of a Reserve Account Credit Facility.

Application of Funds on Deposit. As soon as practicable after the deposit of Pledged Revenues into the Sinking Fund, and in any case no later than the close of business on the Business Day preceding such Interest Payment Date, the City shall credit moneys therein to the following purposes in the following order of priority (such application to be made in such a manner so as to assure sufficient moneys on deposit in such Accounts):

(1) To the Principal and Interest Account the amount, if any, required so that the balance in the Principal and Interest Account shall equal the amount of principal of and interest on the Bonds coming due on the next Interest Payment Date; provided that, for purposes of computing the amount to be deposited in the Principal and Interest Account, there shall be taken into account the amount, if any, set aside in said account from the proceeds of Bonds;

(2) To the Redemption Account, the amount, if any, required so that the balance in the Redemption Account shall equal the principal of and premium, if any, on the Bonds then coming due by reason of redemption on the next Interest Payment Date or earlier date of redemption;

(3) To the extent applicable, to each Reserve Account Credit Facility Issuer the amount, if any, required to reimburse such issuer for the amounts drawn under the applicable Reserve Account Credit Facility or otherwise required to be paid to reinstate the amount available thereunder (on a pro rata basis if there is more than one Reserve Account Credit Facility); and

(4) To the extent applicable, to the appropriate subaccount or subaccounts of the Debt Service Reserve Account the amount, if any, required for the amount on deposit in each such subaccount to equal the Debt Service Reserve Requirement for the applicable Series of Bonds (on a pro rata basis if more than one subaccount has a shortfall).

The City shall pay out of the Principal and Interest Account to the Paying Agent (i) by 12:00 Noon (City time) on, or any time before, each Interest Payment Date for any of the Bonds, the amount required for the interest payable on such date; and (ii) by 12:00 Noon (City time) on, or any time before, the maturity date of each of the Bonds the amount of principal of such Bonds payable on such date. The City shall pay out of the Redemption Account to the Paying Agent by 12:00 Noon (City time) on, or any time before, any redemption date for the Bonds the amount required for the payment of principal and any premium on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agent on and after the due dates thereof.

In addition, subject to the foregoing, the City shall pay from City Moneys the fees and expenses, at such times as are necessary, of the Paying Agent, the Registrar, the Credit Facility Issuer, if any, and the Reserve Account Credit Facility Issuer, if any, and any other fees and expenses of the City relating to the Bonds.

No Debt Service Reserve Subaccount

The Bond Resolution provides for the funding of a subaccount within the Debt Service Reserve Account for each Series of Bonds to satisfy the Debt Service Reserve Requirement for such Series. "Debt Service Reserve Requirement" means the amount required to be on deposit in the subaccount of the Debt Service Reserve Account created and established under the Supplemental Resolution with respect to each Series of Bonds, which amount shall equal the least of: (a) the maximum annual aggregate amount of Debt Service on such Series of Bonds Outstanding for the then current or any future Fiscal Year, (b) one hundred twenty-five percent (125%) of the average annual amount of Debt Service on such Series of Bonds Outstanding for the then current or any future Fiscal Year, or (c) ten percent (10%) of the principal amount of the Bonds of such Series or the issue price of the Bonds of such Series, if the Bonds of such Series have more than a de minimis amount of original issue discount or premium (as such terms are used under the Code for such purpose).

All or a portion of the Debt Service Reserve Requirement may be satisfied by obtaining a Reserve Account Credit Facility with the requisite coverage. Amounts on deposit in each subaccount of the Debt Service Reserve Account shall only secure the Series of Bonds to which such subaccount relates. However, notwithstanding the foregoing, the Bond Resolution provides that the City may determine by Supplemental Resolution authorizing any Series of Bonds that such Series will not have a Debt Service Reserve Requirement or that the Debt Service Reserve Requirement will be less than the amount described in the immediately preceding paragraph.

No deposit to the Debt Service Reserve Account shall be made in connection with the issuance of the Series 2015 Bonds and no Debt Service Reserve Requirement has been established under the Series 2015 Supplemental Resolution. The Series 2015 Bonds shall not be secured by, or entitled to any benefit from, amounts held in the Debt Service Reserve Account or any subaccount created therein for the benefit of other Bonds issued under the Bond Resolution.

Modifications or Supplements to Bond Resolution

No material modifications or amendments of the Bond Resolution or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of the Owners of more than fifty percent (50%) in principal amount of the Bonds then Outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of the Bonds or a reduction in the rate of interest thereon, or affect the unconditional promise of the City to pay the interest on and principal of the Bonds, as the same mature or become due, from the Pledged Revenues, or reduce such percentage of Owners of the Bonds required above for such modification or amendment, without the consent of the Owners of all the Bonds affected. However, for purposes of providing the written consent of the Owners of any Series of Bonds to any modification or amendment of the Bond Resolution, the underwriters or initial marketing group for any Series of Bonds, at the time of the initial issuance of such Bonds, may consent to any such modification or amendment on behalf of the Owners of such Series of Bonds if the offering documents for all Bonds then Outstanding and offered by an offering document expressly disclosed that the consent of Owners could be provided by the underwriters of the Bonds issued under the Bond Resolution. This section is intended to provide such express disclosure with respect to the Series 2015 Bonds.

Notwithstanding the foregoing, the Bond Resolution may be amended, changed, modified and altered without the consent of the Owners of Bonds (i) to cure any ambiguity, correct or supplement any provisions contained therein which may be defective or inconsistent with any other provisions contained therein, (ii) to provide other changes which will not adversely affect the interest of such Owners (without taking into account the existence of any Credit Facility), (iii) to maintain the exclusion of interest on the Bonds, or any Series of Bonds, from gross income for federal income tax purposes, or (iv) to secure or maintain a rating on the Bonds or any Series of Bonds. In addition, in connection with any amendment, change, modification or alteration of or to the Bond Resolution, to the extent any Series of Bonds is secured by a Credit Facility that satisfies the requirements set forth in the Bond Resolution, the consent of the Credit Facility Issuer for such Series of Bonds shall constitute the consent of the Owners of such Bonds and all amendments, changes, modifications and alterations of or to the Bond Resolution shall be subject to the prior written consent of the Credit Facility Issuer. See “APPENDIX D - Form of the Resolution.”

[Remainder of page intentionally left blank]

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Series 2015 Bonds, Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") will issue its Municipal Bond Insurance Policy for the Series 2015 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2015 Bonds, when due, as set forth in the form of the Policy included as an appendix to this Official Statement. See "APPENDIX F - Specimen Municipal Bond Insurance Policy."

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: (212) 235-2500, and its website is located at www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular, Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. S&P's rating is not a recommendation to buy, sell or hold the Series 2015 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the S&P rating may have an adverse effect on the market price of the Series 2015 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the City on the Series 2015 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy). BAM does not guarantee the market price or liquidity of the Series 2015 Bonds, nor does it guarantee that the rating on the Series 2015 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2015 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services, were \$472.1 million, \$31.0 million and \$441.1 million, respectively. BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of fifteen percent (15%) of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" herein.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare pre-sale Obligor Disclosure Briefs for those bonds. The pre-sale Obligor Disclosure Briefs provide information about the sector designation (e.g. general obligation, sales tax), a preliminary summary of financial information and key ratios, and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Obligor Disclosure Briefs will be updated and superseded by a final Obligor Disclosure Brief to include information about the gross par amount insured by CUSIP Number, maturity and coupon. BAM pre-sale and final Obligor Disclosure Briefs are easily accessible on BAM's website at www.buildamerica.com/obligor/. BAM will produce an Obligor Disclosure Brief for all bonds insured by BAM, whether or not a pre-sale Obligor Disclosure Brief has been prepared for such bonds.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed. BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the City or the Underwriters. The City and the Underwriters assume no responsibility for the content of the Obligor Disclosure Briefs and Credit Insight videos.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2015 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2015 Bonds, whether at the initial offering or otherwise.

NON-AD VALOREM REVENUES

General

The City collects a wide range of taxes and revenues to fund its annual operations. Among the revenues collected by the City are non-ad valorem funds, the sources of which include public service taxes and communications services taxes (which are also sometimes referred to as utilities service taxes) and taxes on certain insurance premiums, franchise fees and fees for licenses and permits, including business tax receipts, funds received from the State of Florida under the State Revenue Sharing Act, funds distributed to local governments from the State collected sales tax, charges for certain City services, fines and forfeitures, interest earned on invested cash, federal and state categorical grants, and other miscellaneous revenues. However, non-ad valorem funds derived from taxes on insurance premiums are not legally available funds which can be included in the definition of Non-Ad Valorem Revenues. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues" herein.

The amounts and availability of any of the City's non-ad valorem funds are subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem funds of the City are allocated. See "SECURITY AND SOURCES OF PAYMENT – Pledged Revenues" herein. In addition, the amount of certain non-ad valorem funds collected by or distributed to the City are directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem funds generally collected or received by the City in any Fiscal Year.

Sources of Non-Ad Valorem Revenues

Set forth below is a description of each of the categories of non-ad valorem funds collected or received by the City.

Public Service Tax Revenues. Sections 166.231 - 166.235, Florida Statutes, as amended (the "Public Service Tax Law") authorizes any municipality within the State to levy a public service tax on the purchase of electricity, metered natural gas, liquefied petroleum gas (either metered or bottled), manufactured gas (either metered or bottled) and water services, as well as any service competitive with the services specifically enumerated. The Communications Services Tax Simplification Law, as amended, being Chapter 202, Florida Statutes, as amended (the "Communications Services Tax Law") replaced the authority previously provided local governments under Chapter 166, Florida Statutes, as amended, to levy a public service tax on the purchase of telecommunications services. Except for certain exceptions for water services, as provided in Section 166.231, Florida Statutes, as amended, public service taxes shall be levied only upon purchases within the City and shall not exceed ten percent (10%) of the payments received by the seller of the taxable item from the purchaser for the purchase of such service; provided, however, that fuel oil shall be taxed at a rate which shall not exceed four cents ($0.04) per gallon.

City Levy and Exemptions. The City levies its public service tax under the provisions of City Code, Part II, Article III, Chapter 18, Section 18-36 *et seq.* Under such provisions of the City Code, the City established a public service tax rate of ten percent (10%) and a rate of four cents ($0.04) per gallon on the purchase of fuel oil, representing the maximum rate allowed under Florida law. Section 166.231, Florida Statutes, as amended, allows a municipality to exempt from the public service tax the first 500 kilowatts of electricity per month purchased for residential use. The City does not currently grant such an exemption. The City Code, however, does exclude from public service taxation purchases of the United States of America, the State of Florida and any political subdivision or agency thereof, and recognized churches for use exclusively for church purposes.

Collections. Public service taxes must be collected by the seller from purchasers at the time of sale and remitted to the City Clerk, as prescribed by City Code. Thus, for example, the tax will appear on the periodic bills rendered to consumers by Florida Power & Light Company for electricity and by the City for water service. A failure by a consumer to pay the portion of the bill attributable to the public service tax will result in a suspension of such consumer's utility service in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

Communications Services Tax Revenues. The Communications Services Tax Law authorizes counties and municipalities in the State to levy a local tax on all communications services, as such term is defined in Section 202.11, Florida Statutes, as amended. The Communications Services Tax Law contains provisions that are designed to ensure that the revenues collected by a municipality under its provisions are similar in amount to the revenues collected by such municipality under the provisions which provided for the levy of public service taxes on the purchase of telecommunications services. Communications services means the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of protocol used for such transmission or conveyance. For charter counties and municipalities, communications services taxes may not exceed 5.10% of the payments received by the providers of such communications services from purchasers. The maximum rate, however, does not include permitted add-ons of up to 0.12%, nor do they supersede conversion or emergency rates authorized by Section 202.20, Florida Statutes, as amended, which are in excess of the maximum rate.

City Levy and Exemptions. The City levies its communications services taxes under the provisions of City Code, Part II, Article IV, Chapter 18, Section 18-61 *et seq.* Under such provisions of the City Code, the City established a communications services tax rate of 5.22%, representing the maximum rate allowed in the Communications Services Tax Law, with the 0.12% ad-on. Section 202.125, Florida Statutes, as amended, exempts from the levy of communications services taxes:

(i) all purchases by the federal government and its agencies and instrumentalities;

(ii) the State and any county, municipality or political subdivision of the State; and

(iii) any home for the aged, religious or educational organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

Collections. The communications services tax must be collected by the provider from purchasers and remitted to the State of Florida Department of Revenue (the "FDOR"). The proceeds of the communications services tax, less FDOR's costs of administration, are transferred to the Local Communications Services Tax Clearing Trust Fund held by FDOR and distributed to the City on a monthly basis. The FDOR distributes to the appropriate local governments the amount of revenue collected pursuant to the Communications Services Tax Law which each local government is entitled to receive.

Business Tax Revenues. Sections 205.013 - 205.1975, Florida Statutes, as amended (the "Local Business Tax Act") authorizes any municipality within the State to levy a business tax for the privilege of engaging in or managing any business, profession or occupation within its jurisdiction (the "Business Tax"). The Business Tax may be levied upon businesses, professions or occupations within the City, excluding customary religious, charitable or educational activities of nonprofit religious, nonprofit charitable and nonprofit educational institutions, and excluding any business, occupation or profession if a business tax thereon is prohibited by Section 8, Article I of the United States Constitution.

The taxes authorized by the Local Business Tax Act do not include fees or licenses paid to any board, commission or officer for permits, registrations, examinations or inspections. Unless otherwise provided by law, such fees or licenses are deemed to be regulatory and in addition to, but not in lieu of, Business Taxes authorized under the Local Business Tax Act. Such fees and licenses collected by Palm

Beach County and remitted to the City and fees for business certifications of use are recorded by the City in the business tax category.

The Business Tax is required to be based upon reasonable classifications and must be uniform throughout each classification. Business Taxes are required to be paid annually and receipts evidencing payment of the Business Tax are effective from October 1 for the Fiscal Year paid, through September 30 of the following year. The Local Business Tax Act provides conditions for the establishment of the rate each municipality may charge as Business Taxes. Increases in the established Business Tax rate may only occur every other year, may not exceed five percent (5%) per rate increase, and must be enacted by ordinance by a vote of at least a majority, plus one, of the governing body of the municipality.

The Local Business Tax Act provides exemptions from the imposition of Business Taxes on (i) vehicles used for the sale and delivery of tangible personal property for a business that has paid its Business Tax; (ii) certain businesses conducting farm, horticultural and related activities, except when the product manufactured from such activities is intoxicating liquors, wine, or beer, (iii) temporary or transitory businesses or occupations regulated by the State's Department of Business and Professional Regulation when a Business Tax has been paid for the permanent business location, (iv) employees of any business that has paid its Business Tax, except for counties and municipalities that, pursuant to resolution or ordinance, imposed a Business Tax on employees prior to October 13, 2010, (v) individuals licensed and operating as a broker associate or sales associate under Chapter 475, Florida Statutes, as amended, (vi) certain disabled persons and veterans (including their unremarried spouses) physically incapable of manual labor, widows with minor dependents and persons 65 years of age or older, meeting all of the other conditions provided as qualifications for the exemption in the Local Business Tax Act and (vii) certain activities of religious and charitable organizations and mobile home operators relating to mobile home installation.

City Levy and Collections. The City levies its Business Tax under the provisions of City Code, Part II, Article V, Chapter 10, Section 10-131 *et seq.* Under such provisions of the City Code, the City imposes a Business Tax on every person engaging in or managing any business, profession or occupation who maintains a permanent business location or branch office within the City. Such persons are required to register their business with the City's business tax receipt division of the Department of Community Development and pay the Business Tax for such business on or before October 1 of each year.

Sales Tax Revenues. Pursuant to Chapter 212 Florida Statutes, as amended, and Part VI of Chapter 218, Florida Statutes, as amended (the "Half-Cent Sales Tax Act"), retail sales of tangible personal property and other taxable transactions described in Chapter 212 are taxed at a rate of 6% of the sales price of each item or transaction (the "Sales Tax") and 8.814% of the proceeds of the Sales Tax (the "Half-Cent Sales Tax") collected by the State in each county is required to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury.

Calculation and Distribution. The Half-Cent Sales Tax is distributed to each county and each participating municipality within each county in the State in accordance with the following formula:

[Remainder of page intentionally left blank]

$$\text{County's share (\% of Half-Cent Sales Tax)} = \frac{\text{unincorporated area population} + \text{2/3 incorporated area population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

$$\text{Municipality's share (\% of Half-Cent Sales Tax)} = \frac{\text{municipality population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

The formula is revised each year based upon the population estimates prepared by the University of Florida, Bureau of Economic and Business Research.

Revenues from the collection of Sales Taxes are required to be remitted to the State of Florida Department of Revenue (the "FDOR") each month. Half-Cent Sales Tax revenues are deposited by the FDOR into the Local Government Half-cent Sales Tax Clearing Trust Fund and earmarked for distribution to the governing body of the county and participating municipalities within the county from which the Sales Taxes were received. Distributions to local governments from the Local Government Half-cent Sales Tax Clearing Trust Fund are made to eligible counties and municipalities monthly.

Eligibility to Participate. To be eligible to participate in Half-Cent Sales Tax distributions, a county or municipality must satisfy various statutory requirements set forth in Section 218.23(1), Florida Statutes, as amended. For a description of such requirements, see "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - State Revenue Sharing Revenues - Eligibility to Participate" herein.

State Revenue Sharing Revenues. Pursuant to an allocation formula established in the Florida Revenue Sharing Act of 1972, as amended, being Chapter 218, Part II, Florida Statutes, as amended (the "State Revenue Sharing Act") the State is required to share with the cities and counties of the State certain non-ad valorem funds derived from State sales and use tax collections, State alternative fuel user decal fee collections and from the one-cent municipal fuel tax collections. From such collections the State is required to share with eligible municipalities no less than the aggregate amount such municipality received from the State during fiscal year 1971-1972 under the provisions of State law then existing for (i) the tax on cigarettes, (ii) the road tax and (iii) the tax on motor fuel and, additionally, the amount received by eligible municipalities each year may not decrease from the aggregate amount received by such municipality the preceding State fiscal year (collectively, the "Guaranteed Entitlement").

Calculation and Distribution. The State Revenue Sharing Act creates an apportionment factor for the participation in revenue sharing by eligible counties and a separate apportionment factor for the participation in revenue sharing by eligible municipalities. For eligible municipalities, the apportionment factor is composed of various criteria, including the following:

(i) the proportion of the population of a given municipality to the total population of all eligible municipalities in the State, as adjusted by certain factors according to the population of the given municipality;

(ii) the proportion of the Sales Tax collected within a given municipality to the total Sales Tax collected within all the eligible municipalities in the State. The Sales Tax collected within a given municipality is derived by allocating the amount of Sales Tax collections for the county in which the municipality is located to each municipality in the county on the basis of the proportion of each municipality's population to the total population of the county; and

(iii) additional criteria relating to the relative ability of the given municipality to raise revenue, based upon the population of the given municipality and its assessed property values.

These factors are also used to determine the amount of revenue sharing funds that will be shared with the municipalities in each State fiscal year.

Collections received and to be distributed to local governments are deposited into the Revenue Sharing Trust Fund for Counties or the Revenue Sharing Trust Fund for Municipalities. Distributions from the respective trust funds are made to eligible counties and municipalities monthly.

The Revenue Sharing Trust Fund for Municipalities receives 1.3409 percent of sales and use tax collections, the net collections from the one-cent municipal fuel tax and, beginning January 1, 2019, will receive 25 percent of the four-cent fuel tax on natural gas used as motor fuel. Municipalities must use the funds derived from the one-cent municipal fuel tax for transportation-related expenditures.

Eligibility to Participate. The Revenue Sharing Act specifically provides that each unit of local government will receive annually its minimum entitlement. "Minimum entitlement" is defined as "the amount of revenue, as certified by a unit of local government and determined by the FDOR, which must be shared with a unit of local government so that such unit will receive the amount of revenue necessary to meet its obligations as a result of pledges or assignments or trusts entered into which obligated funds received from revenue sources or proceeds which, by the terms of the State Revenue Sharing Act, shall henceforth be distributed out of revenue sharing trust funds."

The Revenue Sharing Act imposes certain requirements on units of local government described below that must be met to participate in revenue sharing beyond the minimum entitlement. To be eligible to participate in revenue sharing under the State Revenue Sharing Act beyond the minimum entitlement, a county or municipality must satisfy various statutory requirements set forth in Section 218.23(1), Florida Statutes, as amended. Such requirements include, without limitation, obligations to comply with State financial reporting requirements, a requirement for the production of ad valorem tax revenues at no less than a three (3) mills ad valorem tax levy, exclusive of taxes levied for debt service or other special millages authorized by voters, and requirements relating to the qualifications of enforcement personnel and firefighters. The City complies with such requirements and, although no assurance can be given, the City expects to continue to comply with such requirements in the future.

Gasoline Tax Revenues. Local governments are authorized by Florida Statutes to levy up to twelve-cents per gallon of local option fuel taxes in the form of three (3) separate levies. The first option is a tax of one to six cents on every net gallon of motor and diesel fuel sold within a county. This tax may be authorized by an ordinance adopted by a majority vote of the governing body of the county or voter approval in a countywide referendum. The proceeds from the one to six cents fuel tax, generally, may only be used to fund transportation expenditures.

The second tax is a one to five cents levy upon every net gallon of motor fuel sold within a county. Diesel fuel is not subject to this tax. This additional tax may be authorized by an ordinance adopted by a majority plus one vote of the governing body of the county or voter approval in a countywide referendum. Proceeds from the additional one to five cents fuel tax may only be used for transportation expenditures needed to meet the requirements of the capital improvements element of an adopted local government comprehensive plan.

The third tax is a one cent levy on every net gallon of motor and diesel fuel sold within a county. This tax is referred to as the "Ninth-Cent Fuel Tax." The Ninth-Cent Fuel Tax may be authorized by an ordinance adopted by an extraordinary vote of the governing body of the county or voter approval in a countywide referendum. Generally, the proceeds from the Ninth-Cent Fuel Tax may only be used to fund transportation expenditures.

These revenues are not legally available to pay debt service on the Series 2015 Bonds.

Calculation and Distribution. A county's proceeds from the one to six cents and the one to five cents fuel taxes are distributed by the FDOR according to the distribution factors determined at the local level by interlocal agreement between the county and municipalities within the county's boundaries. If no interlocal agreement is established, then a local government's distribution is based on the transportation expenditures of that local government for the immediately preceding five (5) fiscal years as a proportion of the sum total of such expenditures for the respective county and all municipalities within the county.

Palm Beach County levies the full twelve cents of fuel tax authorized to be levied by counties under Florida law. The amount of fuel tax revenues distributed to municipalities in Palm Beach County is determined by interlocal agreement. Pursuant to such agreement, the City receives 1.481% of the one to six cents fuel taxes collected in the County and 0.934% of the one to five cents fuel taxes collected in the County. With regard to the Ninth-Cent Fuel Tax, counties may, but are not required, to share the proceeds of such tax with the municipalities in the county. As a result, the City does not receive revenue from the Ninth-Cent Fuel Tax levy in Palm Beach County.

The FDOR administers the collection and distribution of local option fuel tax revenues. Local option fuel taxes remitted to the FDOR are deposited into the Local Option Fuel Tax Trust Fund. Distributions from the Local Option Fuel Tax Trust Fund to counties and municipalities are made monthly.

Eligibility to Participate. To be eligible to participate in local option fuel tax distributions, a county or municipality must satisfy various statutory requirements set forth in Section 218.23(1), Florida Statutes, as amended. For a description of such requirements, see "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - State Revenue Sharing Revenues - Eligibility to Participate" herein.

Insurance Premium Taxes. Insurance premium taxes constitute revenues collected pursuant to a levy of taxes on premiums paid to insurers within the City for insurance policies issued by such insurers. Revenues generated from insurance premium taxes are collected by the FDOR and deposited into the Department of Revenue Premium Tax Clearing Trust Fund. After subtracting an administration fee, the FDOR distributes to the appropriate local governments the amount of revenue generated from insurance premium taxes which each local government is entitled to receive. Such distributions are made by the FDOR within fifteen (15) days after the receipt of the insurance premium taxes. Under Chapter 624, Florida Statutes, as amended, insurance premium taxes are required to be paid quarterly.

Pursuant to Chapter 175, Florida Statutes, as amended, a portion of the insurance premium taxes available to the City are distributed to the City Firefighters' Share Plan and held as a separate benefit for the City's firefighters under the Riviera Beach Municipal Firefighters' Pension Plan. In addition, pursuant to Chapter 185, Florida Statutes, as amended, a portion of the insurance premium taxes available to the City are held as a separate benefit under the Riviera Beach Police Pension Plan for the City's police officers. As a result, the insurance premium taxes are not considered Non-Ad Valorem Revenues for the Series 2015 Bonds.

Franchise Fees. Franchise fees are derived from revenues received by the City pursuant to franchise agreements that the City has entered into with private entities to provide certain services within the City. Such services may include electric, gas, water, telephone, cable television, towing and rolloff container services. Section 337.401, Florida Statutes, as amended, also authorizes the City to grant public rights-of-way for the placing and maintaining along, across or on any road or publicly owned rail corridors within the jurisdiction of the City, electric transmission or other communication service lines or poles or pipelines, fences, gasoline tanks and pumps or other structures for any "utility," as such term is defined in Section 337.401, Florida Statutes, as amended. The City is authorized to charge franchise fees in connection with the granting of such public rights-of-way in accordance with Section 337.401, Florida Statutes, as amended.

The City's revenues from franchise fees currently consist of payments made by Florida Power & Light Company and Florida Public Utilities for the privilege of constructing upon and operating within rights-of-way owned by the City. Such franchise fees are paid pursuant to long-term agreements which provide for payment to the City of six percent (6%) of the entity's gross revenue derived from accounts within the City limits. The current franchise agreements with Florida Power & Light Company and Florida Public Utilities will expire during calendar years 2040 and 2020, respectively, unless extended.

Charges for Services. The City collects revenue from fees it charges for certain services it provides. Such fees include, without limitation: (i) fees received from the CRA and from the City of Riviera Beach Utility Special District for administrative services provided to the CRA and to the Utility Special District, respectively, by the City; (ii) payments made in lieu of taxes; and (iii) garbage, trash, solid waste disposal, recycling and storm water administration fees.

Intergovernmental Revenues. Intergovernmental revenues constitute amounts received by the City pursuant to federal, State and County statutory requirements or initiatives and local programs that are designed to fund specific needs and services within the City. Such revenues include, without limitation, amounts received from: (i) the State pursuant to (a) the State Revenue Sharing Act and (b) State grants for library services, emergency management and community affairs; (ii) federal grants for emergency management, homeland security, economic development, transportation and technology; (iii) Palm Beach County resulting from mobile home or liquor license fees, hazard materials cleanup and grants for emergency management, security and other City services; (iv) museums, community colleges and other local entities; (v) rents and royalties from the City's grant of licenses to provide certain services in the City and from its lease of certain property owned by the City, including, without limitation, fees received from its telecommunications license; (vi) police towing and storage and other specific police department service fees; (vii) fire inspection and other specific fire department service fees; (viii) fees for emergency medical services; (ix) fees for the use of parks, playgrounds and related facilities and equipment; (x) election filing and public hearing fees; (xi) certain charges for recreational activities, special events and certificates of use and (xii) interfund charges.

Licenses and Permits. Revenues from licenses and permits constitute amounts received by the City for fees charged (i) to obtain permits and pay taxes to operate a business within the City and to satisfy penalties assessed in connection with certain licenses or permits; (ii) to obtain nonbusiness licenses and permits; (iii) for planning and zoning matters, including, without limitation, building permits and impact fees; and (iv) for certain registrations and inspections, including, without limitation, building inspections and security system registration and monitoring fees. Some of these revenues are not legally available to pay debt service on the Series 2015 Bonds.

Fines and Forfeitures. Revenues from fines and forfeitures constitute amounts received by the City from fines assessed by the courts, charges imposed for municipal code violations, fines and penalties imposed for the commission of statutory offenses, violations for neglect of official duty and of administrative rules and regulations, including, without limitation, fines for parking or traffic violations and charges for false alarms. Revenues from forfeitures include amounts resulting from confiscation of deposits or bonds held as performance guarantees and proceeds from the sale of contraband property seized by law enforcement agencies.

Miscellaneous. Miscellaneous revenues include, without limitation, amounts received by the City from (i) the sale of surplus property; (ii) interest earnings on (a) the investment of moneys in the City's General Fund, (b) current or delinquent taxes and (c) liens on property; and (iii) contributions made to the City.

Riviera Beach Community Redevelopment Agency (CRA)

The City receives, and expects to continue to receive, a significant amount of revenues from the Riviera Beach Community Redevelopment Agency ("CRA"). The CRA was created by City Resolution No. 130-84 dated August 7, 1984 to develop and revitalize the blighted areas of the City. The CRA's services are rendered wholly within the boundaries of the City, and its activities and transactions are intended to benefit the City by returning improved property to the City's tax rolls to enhance the business and cultural environment of the CRA area and to provide employment to its citizens. The City Council serves as the governing body of the CRA. The CRA is responsible for over 858 acres within the City boundaries and over 185 acres of the Port of Palm Beach. The CRA is dependent on the City to fund deficits, meet debt service requirements, and pay other expenditures in the event that the revenues of the CRA are insufficient.

The CRA is funded primarily by revenues deposited each year into the CRA Redevelopment Trust Fund. Pursuant to Fla. Stat. Section 163.387, the annual funding of the CRA Redevelopment Trust Fund must be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking or carrying out by the CRA of the of its CRA Redevelopment Plan. The increment is an amount equal to ninety-five percent (95%) of the difference between:

(i) The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of the CRA; and

(ii) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the CRA, as shown on the most recent assessment roll used in connection with the taxation of such property by each taxing authority prior to the effective date of the ordinance establishing the CRA Redevelopment Trust Fund.

As a dependent district of the City, the CRA and the City have entered into financial arrangements to maximize efficiencies while accomplishing goals of both parties. The current financial arrangements are outlined below.

Administrative Services. The CRA operates with minimal in-house staff and contracts with the City for certain administrative, engineering and planning services. The City charges the CRA for the cost of services provided on an annual basis. The fees paid by the CRA are recorded as General Government expenditures and the fees received by the City are recorded under Charges for Services. The approximate cost of the fees for Fiscal Year 2014 were $300,000.

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

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

2009 Loan to CRA. The Ocean Mall, a retail property, and Municipal Beach are owned by the City. The properties are located within the CRA boundaries. The City loaned the CRA $10,400,000, who in turn provided a grant to a developer to make required infrastructure, parking and beach improvements. The current balance of the loan is $10,194,621. The CRA has been making annual interest only payments of $208,000 to the City since 2011. Beginning in Fiscal Year 2017, the CRA is required to amortize the principal. The annual payment from the CRA will therefore increase from $208,000 to $985,100. The final payment is due the City in 2031.

2006 Note. In 2006, the City issued a Community Redevelopment Projects Note in the amount of $7,175,876 to refinance previously issued CRA Notes. Through an interlocal agreement, the CRA pledged its tax incremental revenues to the City for the payment of the amounts due by the City pursuant to the 2006 Note. The annual payment on the 2006 Note is approximately $650,000. The final payment is due in 2022.

The CRA has requested that its payment obligations to the City be restructured in a manner that would significantly reduce the payments from the CRA to the City in future fiscal years. No decision has been made by the City on the CRA's request. The City is of the opinion that even if the City approves the requested restructuring it will not have a significant impact on the City's ability to pay the debt service on the Series 2015 Bonds when due.

Non-Ad Valorem Revenues Collections

The following table summarizes actual collections by the City of non-ad valorem funds for the Fiscal Years ended September 30, 2005 through September 30, 2014, the amount of such collections that would constitute Non-Ad Valorem Revenues under the Resolution, the debt service on obligations payable from Non-Ad Valorem Revenues and the debt service coverage amount. The availability of Non-Ad Valorem Revenues to be deposited into the Sinking Fund, as needed, may be effectively limited by the City's obligation to adopt a balanced budget, funding requirements for essential governmental services of the City and other limitations on the collection, appropriation or use of non-ad valorem funds by the City. Also see "SECURITY AND SOURCES OF PAYMENT - Pledged Funds" herein. Unless otherwise expressly noted in the following table, no attempt has been made to quantify what portion of the non-ad valorem funds of the City will be affected by such limitations.

Non-Ad Valorem Revenues by Source[1]

Non Ad-Valorem Revenues	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Fiscal Year Ended September 30,									
Public Service Taxes[2]	$ 4,147,569	$ 4,520,195	$ 4,567,262	$ 4,749,106	$ 5,016,652	$ 3,486,534	$ 3,467,981	$ 3,551,369	$ 4,060,124	$ 4,316,158
Franchise Fees[3]	834,169	1,688,074	1,904,193	1,820,555	2,377,371	1,505,458	2,552,850	2,482,954	2,507,601	2,721,401
Insurance Premium Taxes[4]	364,187	404,525	376,073	466,241	740,174	543,217	549,580	575,792	567,167	582,686
Licenses and Permits[5]	3,020,691	2,373,872	1,494,939	1,294,368	846,677	1,037,569	1,256,129	1,231,234	1,212,131	1,622,001
Fines and Forfeitures[6]	580,660	292,390	468,123	262,759	374,760	295,921	295,996	276,665	299,852	286,888
Intergovernmental[7][8]	3,788,059	4,002,634	3,867,692	3,861,956	3,432,964	4,905,478	4,758,236	4,780,363	6,231,962	4,323,834
Charges for Services[9]	4,456,306	5,560,335	5,751,929	5,667,657	5,733,909	6,149,617	6,452,185	11,654,369	5,753,143	6,009,118
Sales Taxes[8]	3,529,503	3,750,587	3,600,801	3,551,266	3,163,697	2,154,172	2,193,715	2,125,149	2,236,508	2,396,237
Business Taxes[10]	482,074	488,578	442,281	464,132	447,563	463,486	643,632	606,659	875,908	969,463
Gas Taxes	408,453	563,979	537,881	586,786	484,036	488,168	470,924	473,444	471,241	477,499
Miscellaneous[11]	1,238,812	1,736,786	2,015,552	1,557,875	1,031,927	1,240,037	1,400,091	1,861,308	2,327,449	830,569
TOTAL NON-AD VALOREM FUNDS	22,850,483	25,381,955	25,026,726	24,282,701	23,649,730	22,269,657	24,041,319	29,619,306	26,543,086	24,535,874
Less Amounts Not Legally Available[4][12]	(364,187)	(404,525)	(376,073)	(466,241)	(740,174)	(543,217)	(549,580)	(575,792)	(567,167)	(582,686)
Less Debt Service Requirements[13]	(1,112,751)	(843,223)	(832,224)	(273,973)	(273,972)	(273,974)	(273,974)	(372,553)	(372,553)	(372,553)
TOTAL AVAILABLE NON-AD VALOREM REVENUES[14]	$21,373,545	$24,134,207	$23,818,429	$23,542,487	$22,635,584	$21,452,466	$23,217,765	$28,670,961	$25,603,366	$23,580,635
DEBT SERVICE COVERAGE RATIO	19.21x	28.62x	28.62x	85.93x	82.62x	78.30x	84.74x	76.96x	68.72x	63.29x

Footnotes to table appear on the next page.

(1) Includes only non ad-valorem funds of the City that were deposited into the City's General Fund.
(2) Also referred to as "utility taxes" or "utility services taxes" and, up to Fiscal Year 2009, includes revenues collected pursuant to the Public Service Tax Law and pursuant to the Communications Services Tax Law. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Public Service Tax Revenues" and "- Communications Services Tax Revenues" herein. Beginning in Fiscal Year 2010, revenues collected pursuant to the Communications Services Tax Law are included in the line item for intergovernmental revenues.
(3) Decrease in Fiscal Year 2010 is the result of approximately $600,000 in franchise fees collected in Fiscal Year 2010 being attributed to Fiscal Year 2009. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Franchise Fees" herein.
(4) Represents the insurance premium taxes available to the City that are either (i) distributed to the City Firefighters' Share Plan and held as a separate benefit for the City's firefighters pursuant to Chapter 175, Florida Statutes, as amended; or (ii) held as a separate benefit for the City's police officers under the Riviera Beach Police Pension Plan pursuant to Chapter 185, Florida Statutes, as amended. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Insurance Premium Taxes" herein. Since revenues collected from insurance premium taxes are not legally available to pay debt service on obligations secured generally by the City's non-ad valorem funds, insurance premium taxes are not included in the City's budgeted non-ad valorem funds.
(5) Decrease in Fiscal Years 2009 and 2010 is the result of a decrease in building and other permits and licenses for businesses following the significant economic downturn experienced throughout the country. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Licenses and Permits" herein.
(6) Higher amounts in Fiscal Years 2005, 2007 and 2009 are the result of an increase in traffic fines in certain years and an increase in code enforcement fines resulting from efforts by the City to bring all buildings in the City into compliance with code requirements. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Fines and Forfeitures" herein.
(7) Beginning in Fiscal Year 2010, revenues collected pursuant to the Communications Services Tax Law were moved from the public service taxes line item to the intergovernmental revenues line item. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Communications Services Tax Revenues" and "- Intergovernmental Revenues" herein. Increase in Fiscal Year 2013 results from the inclusion of approximately $2,500,000 in franchise fees that were reflected in both the franchise fees collected for Fiscal Year 2013 and in the intergovernmental revenues collected for Fiscal Year 2013.
(8) Prior to Fiscal Year 2010, revenues for sales taxes included amounts collected pursuant to the Half-Cent Sales Tax Act and the State Revenue Sharing Act. Beginning in Fiscal Year 2010, revenues collected pursuant to the State Revenue Sharing Act were moved from the sales taxes line item to the intergovernmental revenues line item. For Fiscal Year 2010, amount received by the City pursuant to the State Revenue Sharing Act totaled approximately $887,075. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Sales Tax Revenues" and "- Intergovernmental Revenues" herein.
(9) Significant increase in Fiscal Year 2012 is the result of a grant received by the City being incorrectly reported as Charges for Services.
(10) Increase in Fiscal Year 2011 results from the collection of approximately (i) $90,000 of certificate of use revenues in response to an ordinance enacted by the City during Fiscal Year 2010 imposing a certificate of use fee and (ii) $22,000 from an increase in application fees. Increase in Fiscal Year 2013 results from an increase in tax receipts from Palm Beach County following a significant increase in business activity within the County. See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Business Tax Revenues" herein.
(11) See "NON-AD VALOREM REVENUES - Sources of Non-Ad Valorem Revenues - Miscellaneous" herein.
(12) Amount not legally available for Fiscal Year 2014 reflects grant reimbursement revenues, the use of which are legally restricted.
(13) Represents obligations for which Non-Ad Valorem Revenues, or one or more sources of the Non-Ad Valorem Revenues, were pledged to pay debt service on such obligations. None of such obligations were issued under the Bond Resolution.
(14) Represents Non-Ad Valorem Revenues, as defined in the Bond Resolution.

Obligations Payable from Non-Ad Valorem Revenues

The City has incurred indebtedness payable from its non-ad valorem funds which requires a portion of the Non-Ad Valorem Revenues to be used to pay such indebtedness. The portion of the Non-Ad Valorem Revenues used to pay such prior indebtedness of the City will not become Pledged Revenues and, therefore, will not be available to pay Debt Service on the Series 2015 Bonds. See "SECURITY AND SOURCES OF PAYMENT - Anti-Dilution; Issuance of Other Obligations" herein. Set forth below is a description of the obligations that have been entered into by the City which are payable from and secured by the City's covenant to budget and appropriate, on an annual basis, legally available non-ad valorem revenues.

Public Improvement Revenue Bonds, Series 2014. Pursuant to the authorization provided by the Bond Resolution, the City issued the Series 2014 Bonds in the aggregate principal amount of $22,000,000 on September 30, 2014. The Series 2014 Bonds were issued to finance various capital improvements within the City and to make a loan to the CRA, as set forth in the supplemental resolution relating thereto. Principal of and interest on the Series 2014 Bonds are payable semi-annually on April 1 and October 1. The Series 2014 Bonds bear interest at rates ranging from 2.00% per annum to 3.625% per annum, are currently outstanding in the aggregate principal amount of $22,000,000, and are scheduled to mature on October 1, 2034. The scheduled payment of the principal of and interest on the Series 2014 Bonds, when due, is guaranteed under a municipal bond insurance policy issued by Build America Mutual Insurance Company. The Series 2014 Bonds are not secured by a deposit to the Debt Service Reserve Account created under the Bond Resolution.

Capital Projects Notes, Series 2001. Pursuant to the authorization provided by Resolution No. 242-01 adopted by the City Council on December 19, 2001 (the "2001 Capital Projects Resolution"), the City issued its Capital Projects Notes, Series 2001 in the aggregate principal amount of $3,013,000 (the "Series 2001 Notes") on December 20, 2001. The Series 2001 Notes were issued to finance various capital improvements within the City, as set forth in the 2001 Capital Projects Resolution. Principal of and interest on the Series 2001 Notes are payable semi-annually on April 1 and October 1. The Series 2001 Notes bear interest at the rate of 4.11% per annum, are currently outstanding in the aggregate principal amount of $520,915.00, and are scheduled to mature on October 1, 2016.

Capital Lease Obligations. The City has the following capital lease obligations outstanding:

Pursuant to the authorization provided by Resolution No. 49-12, adopted by the City Council on April 23, 2012, the City entered into a Master Lease-Purchase Agreement dated as of May 28, 2012 with Oshkosh Capital to acquire a new fire ladder truck at a purchase price of $614,868. Interest on the amount due under the lease-purchase agreement accrues at the rate of 2.97% per annum. The lease-purchase agreement provides for payment over a period of seven (7) years, with annual installments of principal and interest in the amount of $98,578.67 due on May 28 of each year, until final maturity on May 28, 2019.

Pursuant to the authorization provided by Resolution No. 56-13, adopted by the City Council on May 1, 2013, the City entered into a Master Lease-Purchase Agreement dated as of May 1, 2013 with Fifth Third Bank to acquire 20 vehicles for the police department, at a total purchase price of $581,112. Interest on the amount due under the lease-purchase agreement accrues at the rate of 1.85% per annum. The lease-purchase agreement provides for payment over a period of three (3) years, with annual installments of principal and interest in the amount of $200,823.60 due on May of each year, until final maturity on May 1, 2016.

Pursuant to the authorization provided by Resolution No. 139-13, adopted by the City Council on November 6, 2013, the City entered into a Master Lease-Purchase Agreement dated as of October 21, 2013 with U.S. Bancorp Government Leasing and Finance to acquire 19 vehicles for the police department, at a total purchase price of $611,557. Interest on the amount due under the lease-purchase agreement accrues at the rate of 1.45% per annum. The lease-purchase agreement provides for payment over a period of three (3) years, with annual installments of principal and interest in the amount of $209,792.42 due on October 21 of each year, until final maturity on October 21, 2016.

Pursuant to the authorization provided by Resolution No. 128-14, adopted by the City Council on November 5, 2014, the City entered into a Master Lease-Purchase Agreement dated as of October 1, 2014 with U.S. Bancorp Government Leasing and Finance to acquire two (2) emergency rescue vehicles for the fire department, at a total purchase price of $580,668. Interest on the amount due under the lease-purchase agreement accrues at the rate of 1.78% per annum. The lease-purchase agreement provides for payment over a period of five (5) years, with annual installments of principal and interest in the amount of $122,408.07 due on October of each year, until final maturity on October 1, 2019.

Pursuant to the authorization provided by Resolution No. 129-14, adopted by the City Council on November 5, 2014, the City entered into a Master Lease-Purchase Agreement dated as of October 1, 2014 with U.S. Bancorp Government Leasing and Finance to acquire two (2) fire engines (pumpers) for the fire department, at a total purchase price of $995,697. Interest on the amount due under the lease-purchase agreement accrues at the rate of 1.78% per annum. The lease-purchase agreement provides for payment over a period of five (5) years, with annual installments of principal and interest in the amount of $209,898.51 due on October of each year, until final maturity on October 1, 2019.

Pursuant to the authorization provided by Resolution No. 144-14, adopted by the City Council on December 17, 2014, the City entered into a Master Lease-Purchase Agreement dated as of December 1, 2014 with U.S. Bancorp Government Leasing and Finance to acquire sixteen (16) police vehicles and two (2) code enforcement vehicles for the police department, at a total purchase price of $611,557. Interest on the amount due under the lease-purchase agreement accrues at the rate of 1.45% per annum. The lease-purchase agreement provides for payment over a period of three (3) years, with annual installments of principal and interest in the amount of $209,792.42 due on December of each year, until final maturity on December 1, 2017.

Set forth below is a table that shows all of the currently outstanding debt of the City that is payable from legally available non-ad valorem funds of the City. The City does not have any obligations outstanding that have a lien on, or are secured solely by, any of the specific sources of revenue comprising the non-ad valorem funds of the City.

Outstanding Non-Ad Valorem Debt

Outstanding Obligation	Final Maturity	Outstanding Principal Amount	Percent of Total	Maximum Annual Debt Service
Public Improvement Revenue Bonds, Series 2014	2034	$22,000,000	84.09%	$1,970,072
Capital Projects Notes, Series 2001	2016	520,915	1.99	273,974
Capital Lease Obligations	2019	3,642,099	13.92	1,051,294
TOTAL		$26,163,014	100.00%	$3,295,340

In addition to the Series 2014 Bonds, the Series 2001 Notes, the City's existing capital lease obligation described above and the Series 2015 Bonds to be issued, the City may incur other indebtedness in the future secured by the City's covenant to budget and appropriate legally available non-ad valorem funds. Further, the City may pledge as security for other obligations certain specified funds which are currently available to be Non-Ad Valorem Revenues. Such specified funds would be required to be applied to the obligations for which they are pledged and, to the extent so applied, would not be available for use as Non-Ad Valorem Revenues under the Resolution. However, see "SECURITY AND SOURCES OF PAYMENT - Anti-Dilution; Issuance of Other Obligations" herein. The City does not have any current plans to issue obligations secured by its covenant to budget and appropriate legally available non-ad valorem funds.

Historical and Projected Debt Service Coverage

Set forth below is a table that shows (i) the Non-Ad Valorem Revenues for Fiscal Years 2009 through 2014 and the amount budgeted for Fiscal Year 2015, (ii) the Maximum Debt Service for all obligations currently secured by the City's covenant to budget and appropriate legally available non-ad valorem funds, and assuming the Series 2015 Bonds were Outstanding during such Fiscal Years, and (iii) the coverage of the Maximum Debt Service on all obligations currently secured by the City's covenant to budget and appropriate legally available non-ad valorem funds, and assuming the Series 2015 Bonds were Outstanding during such Fiscal Years.

[Remainder of page intentionally left blank]

Historical Non-Ad Valorem Revenues, Debt Service and Coverage

	A	B	C=A/B
Fiscal Year	Total Non-Ad Valorem Revenues [1]	Maximum Debt Service on Obligations Secured by Non-Ad Valorem Revenues [2]	Debt Service Coverage on Obligations Secured by Non-Ad Valorem Revenues [2]
2009	$22,635,584	$10,354,045	2.19x
2010	21,452,466	10,354,045	2.07
2011	23,217,765	10,354,045	2.24
2012	28,670,961	10,354,045	2.77
2013	25,603,366	10,354,045	2.47
2014	23,580,635	10,354,045	2.28
2015[3]	23,975,090	10,354,045	2.32

---

(1) Represents Non-Ad Valorem Revenues, as defined in the Bond Resolution. See "NON-AD VALOREM REVENUES - Non-Ad Valorem Revenues Collections.

(2) Represents Maximum Debt Service, as defined in the Bond Resolution, and includes the Maximum Debt Service requirement for (i) the Series 2001 Notes of $273,974.08, (ii) the City's existing capital lease obligation described above of $1,051,293.69, (iii) the Series 2014 Bonds of $1,970,071.88 and (iv) the Series 2015 Bonds of $7,058,705.60. The Maximum Debt Service requirement for the Series 2015 Bonds is included solely for purposes of showing the amount of coverage that would have been available if the Series 2015 Bonds had been issued prior to Fiscal Year 2015. For Debt Service on the Series 2014 Bonds and the Series 2015 Bonds, see "DEBT SERVICE REQUIREMENTS" herein.

(3) Non-Ad Valorem Revenues reflect amount budgeted for the Fiscal Year.

[Remainder of page intentionally left blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth the Debt Service requirements for the Series 2014 Bonds and the Series 2015 Bonds.

Fiscal Year Ending September 30	Series 2015 Bonds Principal	Series 2015 Bonds Interest	Series 2015 Bonds Total	Series 2014 Bonds	Total Series 2015 Bonds and Series 2014 Bonds
2016	$ 1,430,000.00	$ 1,467,009.26	$ 2,897,009.26	$ 753,043.76	$ 3,650,053.02
2017	575,000.00	2,509,359.80	3,084,359.80	1,232,293.76	4,316,653.56
2018	780,000.00	2,499,481.30	3,279,481.30	1,276,143.76	4,555,625.06
2019	1,005,000.00	2,482,188.70	3,487,188.70	1,318,893.76	4,806,082.46
2020	1,240,000.00	2,456,722.00	3,696,722.00	1,357,068.76	5,053,790.76
2021	1,570,000.00	2,420,960.40	3,990,960.40	1,400,243.76	5,391,204.16
2022	1,850,000.00	2,370,029.60	4,220,029.60	1,441,468.76	5,661,498.36
2023	2,220,000.00	2,304,465.60	4,524,465.60	1,480,743.76	6,005,209.36
2024	2,600,000.00	2,220,105.60	4,820,105.60	1,522,993.76	6,343,099.36
2025	2,525,000.00	2,117,405.60	4,642,405.60	1,563,143.76	6,205,549.36
2026	2,760,000.00	2,015,143.10	4,775,143.10	1,600,593.76	6,375,736.86
2027	3,390,000.00	1,899,223.10	5,289,223.10	1,639,693.76	6,928,916.86
2028	3,840,000.00	1,751,758.10	5,591,758.10	1,686,693.76	7,278,451.86
2029	4,445,000.00	1,578,958.10	6,023,958.10	1,732,018.76	7,755,976.86
2030	4,970,000.00	1,372,265.60	6,342,265.60	1,768,965.63	8,111,231.23
2031	5,925,000.00	1,133,705.60	7,058,705.60	1,810,484.38	8,869,189.98
2032	5,080,000.00	830,582.60	5,910,582.60	1,852,075.01	7,762,657.61
2033	4,580,000.00	570,689.80	5,150,689.80	1,889,381.26	7,040,071.06
2034	3,470,000.00	336,377.00	3,806,377.00	1,932,168.76	5,738,545.76
2035	3,105,000.00	158,851.80	3,263,851.80	1,970,071.88	5,233,923.68
Total	$57,360,000.00	$34,495,282.66	$91,855,282.66	$31,228,184.56	$123,083,467.22

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law, the Series 2015 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2015 Bonds. INTEREST ON THE SERIES 2015 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2015 BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2015 BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2015 BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2015 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND

FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2015 BONDS.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Series 2015 Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2015 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2015 Bonds (including their status as U.S. owners). In addition, non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Series 2015 Bonds.***

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on a Series 2015 Bond and the proceeds of the sale of a Series 2015 Bond to non-corporate holders of the Series 2015 Bonds, and "backup withholding," currently at a rate of 28%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Series 2015 Bond that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the City has agreed in the Series 2015 Supplemental Resolution to provide, within two hundred ten (210) days following the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2015, certain financial information and operating data relating to the City and the Series 2015 Bonds. The City has also agreed in the Series 2015 Supplemental Resolution to provide notices of the occurrence of certain enumerated events in a timely manner not in excess of ten (10) business days after the occurrence of the event. Such enumerated events are as described in the Rule. See "APPENDIX D- Form of the Resolution."

The City has complied in all material respects with its previous undertakings made with respect to the Rule and is currently in compliance with such undertakings. Any failure to comply with the continuing disclosure undertaking established for the Series 2015 Bonds does not constitute an event of default under the Resolution or the Series 2015 Bonds.

The water and sewer system within the City is owned and operated by City of Riviera Beach Utility Special District (the "District"), a dependent special district of the City. The District is considered an enterprise fund of the City and constitutes an integral component of the City's Comprehensive Annual Financial Report for financial reporting purposes. In connection with the issuance of its water and sewer revenue bonds in 2004 (the "District's Series 2004 Bonds"), the District entered into a continuing disclosure undertaking for purposes of the Rule. Such undertaking required the District to file certain information relating to the District and operating data relating to the water and sewer system within the City by March 31 of each year following issuance of the District's Series 2004 Bonds (the "District's Annual Report") and notice of events, if material, in a timely manner following the occurrence of the event.

Although District's Annual Report was filed in each of the past five (5) years, it was not filed by March 31. For the filing due March 31, 2013, the District's Annual Report was filed on April 1, 2013. For the filing due March 31 in the years 2010, 2011, 2012 and 2014, the District's Annual Report was filed significantly later than March 31. However, as contemplated by the continuing disclosure undertaking relating to the District's Series 2004 Bonds, unaudited financial statements of the City were filed prior to the filing of the District's Annual Report. Except for March 31, 2010, unaudited financial statements of the City were filed by March 31 in such years. The unaudited financial statements of the City for the filing due March 31, 2010 were filed on April 1, 2010. All of the District's Series 2004 Bonds were defeased on August 7, 2014 pursuant to the issuance by the District of its Water and Sewer Revenue Refunding Bonds, Series 2014. On the date of delivery of such refunding bonds, the District entered into a new continuing disclosure undertaking in accordance with the requirements of the Rule, which changed the deadline for delivery of the District's Annual Report from March 31 to within two hundred ten (210) days following the end of each Fiscal Year (approximately April 28). The District has not failed to comply with the requirements of its new continuing disclosure undertaking.

Payment of the principal of and interest on the District's Series 2004 Bonds, when due, was insured by a municipal bond new issue insurance policy issued by Financial Guaranty Insurance Company ("FGIC"). Moody's Investors Service, Inc. ("Moody's") and Fitch (as hereinafter defined) issued ratings for the District's Series 2004 Bonds, based on the insurance policy issued FGIC. Within the past five (5) years both Moody's and Fitch have announced ratings downgrades of the insurance policies issued by FGIC. The District, however, has not made any material event notice filings with respect to such ratings downgrades. Based on the amendments to the Rule which became effective on December 1, 2010 and which, among other things, changed the standard for the filing of material event notices, the District has determined that it intends to file notices of future rating changes of insurers providing a policy of insurance for any outstanding bonds of the District.

Except as otherwise set forth above, the District has complied in all material respects with its previous undertakings made with respect to the Rule and is currently in compliance with such undertakings. Any failure to comply with the continuing disclosure undertaking established for the District's Series 2004 Bonds did not constitute a default under the Resolutions pursuant to which such bonds were issued.

In order to provide continuing disclosure with respect to the Series 2015 Bonds in accordance with the Rule, the City will retain the services Digital Assurance Certification, L.L.C. ("DAC"). The obligation of DAC to deliver the information at the times, and with the contents described in the Series 2015 Supplemental Resolution is limited by and in all respects subject to the receipt by DAC of such information from the City in the time periods required for its delivery.

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AA" to the Series 2015 Bonds, with the understanding that upon delivery of the Series 2015 Bonds the Policy insuring the payments, when due, of the principal of and interest on the Series 2015 Bonds will be issued by the Bond Insurer. See "MUNICIPAL BOND INSURANCE" herein. In addition, S&P and Fitch Ratings ("Fitch") have assigned ratings of "A+" and "A," respectively, to the Series 2015 Bonds, without regard to issuance of the Policy by the Bond Insurer. Such ratings reflect the view of such organizations and an explanation of the significance of such ratings may be obtained only from S&P and Fitch, respectively. An explanation of the ratings assigned by S&P may be obtained from S&P at 55 Water Street, 38th Floor, New York, New York 10041, (212) 438-2124. An explanation of the ratings assigned by Fitch may be obtained from Fitch at 33 Whitehall Street, New York, New York 10004, (212) 908-0500.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings provided by S&P and Fitch, respectively, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Series 2015 Bonds.

LITIGATION

There is no litigation or administrative proceeding, other than as is disclosed in this Official Statement, of any nature, now pending or, to the best knowledge of the City, threatened against the City which, in the opinion of Pamala Hanna Ryan, B.C.S., City Attorney (the "City Attorney"), will have any material adverse effect on the collection, pledge or use of the Pledged Revenues in the manner contemplated by the Resolution or the ability of the City to comply with its obligations under the Resolution. At the time of the delivery of the Series 2015 Bonds, an opinion will be delivered by the City Attorney to the effect that no litigation or other proceedings are pending or, to her best knowledge, threatened against the City in any way (i) restraining or enjoining the issuance, sale or delivery of the Series 2015 Bonds or (ii) questioning or affecting the validity of the Series 2015 Bonds or any proceedings of the City taken with respect to the authorization, sale, execution or issuance of the Series 2015 Bonds or of the pledge of any moneys or other security provided for the Series 2015 Bonds.

The City experiences routine litigation and claims incidental to the conduct of municipal affairs. In the opinion of the City Attorney, there are no lawsuits presently pending or, to her best knowledge, threatened, the adverse outcome of which would impair the City's ability to perform its obligations under the Resolution.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2015 Bonds by the City are subject to the approving opinion of Greenspoon Marder, P.A., West Palm Beach, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2015 Bonds. Greenspoon Marder, P.A. is also serving as Disclosure Counsel to the City and its opinion as Disclosure Counsel also will be available at the time of delivery of the Series 2015 Bonds. Certain other legal matters will be passed on for the City by its counsel, Pamala Hanna Ryan, B.C.S., City Attorney, and for the Underwriters by their counsel, Mark E. Raymond, Esq., Palm Beach Gardens, Florida.

The proposed text of the approving legal opinion of Bond Counsel to be delivered concurrently with the delivery of the Series 2015 Bonds is set forth as APPENDIX E to this Official Statement. The actual legal opinion to be delivered may vary from the text of APPENDIX E, if necessary, to reflect facts and law on the date of delivery of the Series 2015 Bonds.

The legal opinions to be delivered by Bond Counsel, Disclosure Counsel and the City Attorney concurrently with the delivery of the Series 2015 Bonds are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made as of the date thereof. The attorneys rendering legal opinions concurrently with the delivery of the Series 2015 Bonds assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective. In addition, such legal opinions express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed in such opinions. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2015 Bonds upon an event of default under the Resolution are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for in the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2015 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally, and by equitable remedies and proceedings generally.

FINANCIAL ADVISOR

Public Financial Management, Inc., Coral Gables, Florida, is acting as financial advisor (the "Financial Advisor") to the City in connection with the issuance of the Series 2015 Bonds. The Financial Advisor has acted as advisor to the City in connection with the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2015 Bonds. The Financial Advisor has not undertaken to make independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement.

The Financial Advisor is a registered municipal advisory firm. The Financial Advisor is not engaged in the business of underwriting, marketing or trading of municipal securities. Investors should not base any investment decision on the fact that the Financial Advisor has advised the City on the Series 2015 Bonds.

UNDERWRITING

The Series 2015 Bonds are being purchased by RBC Capital Markets, LLC and Academy Securities, Inc. (the "Underwriters"). The Underwriters have agreed to purchase the Series 2015 Bonds at a price of $57,226,773.20 (representing the par amount of the Series 2015 Bonds, minus an Underwriters' discount of $133,226.80), subject to certain terms and conditions set forth in the purchase contract between the City and the Underwriters. The Underwriters' obligation is subject to certain conditions precedent and they will be obligated to purchase all of the Series 2015 Bonds if any of the Series 2015 Bonds are purchased. The Series 2015 Bonds may be offered and sold to certain dealers (including dealers depositing Series 2015 Bonds into investment trusts) at prices lower than the public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2015 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (including the fee of Underwriters' Counsel) are each contingent upon the issuance of the Series 2015 Bonds.

FINANCIAL STATEMENTS

The general purpose financial statements of the City for the Fiscal Year ended September 30, 2014 and the report of HCT Certified Public Accountants & Consultants, LLC, independent certified public accountants (the "Auditor"), in connection therewith, dated May 4, 2015, are included in APPENDIX C as part of the public records of the City. The consent of the Auditor was not requested for the reproduction of its audit report in this Official Statement. The Auditor has performed no services in connection with the preparation of this Official Statement and is not associated with the offering of the Series 2015 Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the City to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). Florida law further provides, however, that if the City in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The City is not and has not been in default as to principal and interest on bonds or other debt obligations which it has issued as the principal obligor or guarantor.

MISCELLANEOUS

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each reference or summary is qualified in its entirety by reference to such document, statute, report or other instrument. The information herein has been compiled from official and other sources and, while not guaranteed by the City, is believed to be correct. So far as any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

[Remainder of page intentionally left blank]

AUTHORIZATION AND APPROVAL

The delivery of this Official Statement by the City has been duly authorized and approved by the City Council of the City.

CITY OF RIVIERA BEACH, FLORIDA

By: /s/ Thomas Masters
THOMAS MASTERS, Mayor

By: /s/ Randy M. Sherman
RANDY M. SHERMAN,
Finance Director/Chief Financial Officer

APPENDIX A

SUPPLEMENTAL INFORMATION- CITY OF RIVIERA BEACH

General Information

The City of Riviera Beach, Florida (the “City”) was originally incorporated in 1923. The City is located in the east central portion of Palm Beach County (the “County”), approximately 5 miles north of West Palm Beach and 70 miles north of Miami. The City is bounded to the north by the Town of Lake Park, to the south by the Town of Mangonia Park, the Town of Palm Beach Shores and the City of West Palm Beach, to the east by the Atlantic Ocean and to the west primarily by unincorporated Palm Beach County. The City currently has a land area of approximately 8.53 square miles, and had an estimated population of 33,369, as of January 1, 2014. The City is primarily an urban area where services and industry play a major role in the economy. The City is empowered to levy a property tax on real property located within its boundaries. The City also has the power by statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

City Government

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

City of Riviera Beach City Council

NAME	OFFICE	CURRENT TERM ENDS
Thomas Masters	Mayor	March 2016
Dawn S. Pardo	Council Chairperson	March 2018
Terence D. Davis	Council Chair Pro Tempore	March 2016
Bruce A. Guyton	Council Member	March 2016
KaShamba L. Miller	Council Member	March 2018
Cedrick A. Thomas	Council Member	March 2016

City Employees

The City's workforce consists of approximately 406 full-time and 84 part-time employees. The City negotiates with four unions: PBA, IAFF, SEIU and PMSA- concerning wages, benefits and working conditions.

Bargaining Unit	Number of Employees
Police Benevolent Association	93
IAFF- Fire	68
SEIU- Public Works/Parks	217
PMSA – Supervisors and Managers	11

Population, Demographics

The following table provides population and other selected demographic information for the City and Palm Beach County for the periods indicated:

Year	Palm Beach County Population (1)	City of Riviera Beach Population (2)	Palm Beach County Per Capita Personal Income (3)	City Per Capita Personal Income (4)	City Unemployment Rate (5)
2005	1,262,956	34,184	51,694	N/A	4.4 %
2006	1,265,707	35,846	56,665	$23,234	4.1
2007	1,264,648	36,138	59,240	23,234	5.6
2008	1,269,745	36,430	58,358	23,234	7.9
2009	1,279,745	36,722	57,461	21,694	11.4
2010	1,320,134	32,488	52,526	21,702	12.8
2011	1,323,394	32,496	53,787	21,702	11.8
2012	1,335,187	32,861	53,500	22,399	10.4
2013	1,356,545	33,129	53,500	22,399	7.9
2014	1,372,171	33,369	53,242	22,159	6.1

Sources:
(1) U.S. Census Bureau, Population Estimates Program (July 1, 2013 estimate).
(2) U.S. Census Bureau, Population Estimates Program (July 1, 2013 estimate) City of Riviera Beach, Community Development Department.
(3) Bureau of Economic Analysis - http://www.bea.gov/regional/bearfacts/action.cfm (2013).
(4) U.S. Census Bureau - http://factfinder.census.gov.
(5) U.S. Bureau of Labor Statistics (Sept. 2014).

Notes:
- Palm Beach County population for 2005 to 2014 is based on U.S. Census Bureau population estimates as of July 1 of each year.
- The City's per capita personal income is based on U.S. Census Bureau, 2007-2013 American Community Survey.

Culture and Recreation

The City offers a variety of recreational facilities, including the beach, bays, golf courses, tennis and shuffleboard courts. Shelling, water skiing, scuba diving, power boating, sailing and fishing are popular activities in the City. Parks and Recreation Department has 12 parks, 11 of which are developed, swimming pools, ball fields, fitness trails, and handball, racquetball and tennis courts. Peanut Island, a spoil island in the Intracoastal Waterway which runs through the City, is a popular destination for recreational boaters. In addition, the City is in close proximity to several area attractions, including the Palm Beach Zoo at Dreher Park, Rapids Water Park, Lion Country Safari, Kravis Center for the Performing Arts and the Palm Beach Kennel Club Entertainment Complex.

The City also has a municipal beach, one of the largest in northern Palm Beach County. It fronts on the Atlantic Ocean, and includes beach volleyball courts and a boardwalk, and shower and restroom facilities.

Municipal Marina

The City operates a marina on the Intracoastal Waterway that has 113 wet slips for boats of 32 feet or more. Other facilities at the municipal marina include water, lighting, electric and fuel facilities, an automotive parking area, laundry facilities, dockmaster and restroom facilities, a restaurant, a convenience store and a banquet hall.

Transportation Facilities

Highways: US Highways 1-95, No. 1 and A1A and State Highways 710 pass through the City. Florida State Turnpike access is available nearby through interchanges at Okeechobee Blvd. and the Beeline Highway.

Railroads: The Florida East Coast Railway lines pass through the City but there are currently no train stations.

Buses: The local bus service (Palm Tran), owned and operated by the County, serves the City.

Airlines: The City has easy access to the Palm Beach International Airport, administered by the Department of Airports, Palm Beach County. The airport is classified as a Port of Entry. Air transportation service is provided by all major national airlines, as well as a number of regional airlines.

Maritime Services: The Port of Palm Beach, the 21st busiest port in the continental United States and the 4th largest container port in Florida, is located in the City. The port provides dockage and cargo facilities for ocean vessels.

[Remainder of page intentionally left blank]

Education

The Palm Beach County School District is the 5th largest in Florida and the 13th largest nationwide with approximately 170,000 students enrolled in 250 schools. The City is included as part of the County's School District. There are 4 public elementary schools, 1 public middle schools and 1 public high school located in the City, with 4,102 students enrolled. There are also a number of private elementary and middle schools. Suncoast High School, a public high school located in the City, consistently ranks as one of the top public schools in the United States.

Higher education is offered by a number of nearby public and private schools, including Palm Beach State College, Florida Atlantic University, Nova Southeastern University, Northwood University and Palm Beach Atlantic University.

The Palm Beach County Public Library System and the Riviera Beach Public Library provide library services for residents in the City.

Medical

The City is served by several nearby hospitals. The Veteran's Administration Medical Center, a 236 bed facility, is located in the City.

Utilities

Public water supply and public sewer service are provided by the City. Electricity is provided by Florida Power and Light, and natural gas is provided by Florida Public Utilities.

Solid Waste

Solid waste collection is provided by Waste Management, Inc., pursuant to a franchise agreement that expires September 30, 2016. The Solid Waste Authority of Palm Beach County owns and operates five waste transfer stations, a resource recovery facility and a sanitary landfill which dispose of the solid waste generated in and by the City.

Pension and Other Post Employment Benefits

During the Fiscal Year ended September 30, 2014, the City sponsored three (3) separate single employer defined benefit pension funds: City of Riviera Beach General Employees' Retirement System, Riviera Beach Police Pension Fund, and Riviera Beach Municipal Firefighters' Pension Trust Fund.

In addition all full time employees of the City who satisfy the disability, early or normal retirement provisions of the applicable City sponsored pension plan may be eligible for certain Other Post-Employment Benefits (OPEB). OPEB includes lifetime access to coverage for the retiree and dependents under the City's 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.

A more complete discussion of the City's pension funds and OPEB can be found in Appendix B - "EMPLOYEE PENSION PLANS OF THE CITY AND OTHER POST EMPLOYMENT BENEFITS" and in "APPENDIX C - General Purpose Financial Statements of the City for the Fiscal Year Ended

September 30, 2014," beginning on page 95 under Note 11 and continuing through Note 12 ending on page 114.

Financial Information

The following tables provide selected financial information about the City. For detailed information, see "APPENDIX C - General Purpose Financial Statements of the City for the Fiscal Year Ended September 30, 2014."

Assessed Value and Estimated Actual Value of
Taxable Property Last Ten Fiscal Years

		Taxable Value for Operating Millage						
Fiscal Year Ended Sep 30	Tax Year	Real Property	Personal Property	Centrally Assessed	Total Property	Exemptions and Adjustments	Gross Assessed Value	Total Direct Tax Rate
2005	2004	$2,110,301,652	$251,083,375	$4,704,917	$2,366,089,944	$ 3,998,553	$2,362,091,391	9.5000
2006	2005	2,655,732,462	285,383,378	4,596,842	2,945,712,682	9,667,056	2,936,045,626	9.0000
2007	2006	3,461,716,447	312,107,614	5,188,700	3,779,012,761	39,074,442	3,739,938,319	8.7500
2008	2007	3,665,329,272	335,919,182	5,306,193	4,006,554,647	9,017,535	3,997,537,112	8.4260
2009	2008	3,681,580,819	336,072,996	8,881,910	4,026,535,725	25,127,340	4,001,408,385	8.4260
2010	2009	3,351,772,451	308,308,269	8,804,706	3,668,885,426	78,132,343	3,590,753,083	8.4260
2011	2010	2,854,182,893	304,388,248	4,542,328	3,163,113,469	(7,147,834)	3,170,261,303	8.9980
2012	2011	3,437,386,175	302,134,311	4,855,627	3,744,376,113	720,587,888	3,023,788,225	8.9980
2013	2012	3,423,577,683	280,218,177	5,108,721	3,708,904,581	716,488,332	2,992,416,249	8.9980
2014	2013	3,826,250,140	301,145,150	4,657,362	4,132,052,652	750,387,922	3,381,664,730	8.9520

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

[Remainder of page intentionally left blank]

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Tax Roll Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy*		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2004	$22,439,868	$21,705,012	96.73%	$29,771	$21,734,783	96.86%
2006	2005	26,424,411	25,499,975	96.50	31,145	25,531,120	96.62
2007	2006	32,724,460	31,502,034	96.26	116,235	31,618,269	96.62
2008	2007	33.759,229	32,406,580	95.99	151,798	32,558,378	96.44
2009	2008	33,927,590	32,332,320	95.30	512,816	32,845,136	96.81
2010	2009	30,999,758	27,175,818	89.41	387,193	28,103,011	90.66
2011	2010	28,461,695	28,257,434	99.28	351,497	28,608,931	100.52
2012	2011	27,217,043	25,871,229	95.06	243,621	26,114,850	95.95
2013	2012	27,020,224	25,713,920	95.17	406,352	26,120,271	96.67
2014	2013	27,693,990	27,257,403	98.42	736,387	27,993,790	101.08

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

* Taxes collected during the Fiscal Year of the levy include legally available early payment discounts ranging from four percent (4%) to one percent (1%).

[Remainder of page intentionally left blank]

Direct and Overlapping Governmental
Activities Debt - as of September 30, 2014

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable to City of Riviera Beach [1]	Amount Applicable to City of Riviera Beach
Direct Debt:			
City of Riviera Beach Direct Debt [2]	$ 32,263,477	100%	$ 32,263,477
Overlapping Debt:			
Debt Payable from Ad Valorem Taxes			
Palm Beach County School Board [3]	26,370,000	2.40	63,288,000
Palm Beach County [4]	187,210,000	2.43	454,920,300
Debt Payable from Non-Ad Valorem Taxes			
Palm Beach County School Board [3]	1,733,108,000	2.40	4,159,459,200
Palm Beach County [4]	737,229,800	2.43	1,791,468,414
Total Overlapping Debt[5]			**$6,469,135,914**
Total Direct and Overlapping Debt[5]			**$6,501,399,391**

Sources:
(1) City of Riviera Beach, Finance Department.
(2) Palm Beach County School Board, Comprehensive Annual Financial Report for Fiscal Year ended September 30, 2014.
(3) Palm Beach County, Office of Financial Management and Budget.
(4) Palm Beach County Property Appraiser's Office.

Notes:
(1) Estimated percentage applicable to the City of Riviera Beach is computed based on the ratio of Palm Beach County and Palm Beach County School Board's total taxable assessed value to that within the City of Riviera Beach.
(2) 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, 2014.
(3) 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, 2014.
(4) Details regarding Palm Beach County's outstanding debt for fiscal year ended September 30, 2014 are available from Palm Beach County, Office of Financial Management and Budget.
(5) Overlapping government units are those with geographic areas that coincide, at least in part, with the geographic boundaries of the City of Riviera Beach.

[Remainder of page intentionally left blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

Employee Pension Plans of the City and Other Post Employment Benefits

[THIS PAGE INTENTIONALLY LEFT BLANK]

EMPLOYEE PENSION PLANS OF THE CITY AND OTHER POST EMPLOYMENT BENEFITS

DEFINITIONS

All defined terms used in the body of this Official Statement shall have the same meaning when used in this Appendix B as was ascribed to such terms therein. In addition, when used in the body of this Official Statement or in this Appendix B, the following terms shall have the meaning provided below:

"Actuarial Accrued Liability" or "AAL" means that portion, as determined by a particular Actuarial Cost Method, of the actuarial present value of pension plan benefits and expenses that is not provided for by future Normal Costs.

"Actuarial Cost Method" means a method used to develop the actuarial present value of benefits and the allocations of such costs to certain periods of time in order to develop the AAL.

"Actuarial Value of Assets" (or "AVA") means the value of cash, investments, and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation. An Actuarial Value (in contrast to a current market value) attempts to smooth annual investment return performance over multiple years to reduce annual return volatility.

"Amortization Period" means the period over which the UAAL is amortized, which can be either a "fixed" (or "closed") period or a "rolling" (or "open") period. During a fixed period, the UAAL is amortized over a declining number of years; for example, 30 years the first year, 29 years the second year, etc. During a rolling period, the UAAL is amortized over an unchanging number of years; for example, 15 years the first year, 15 years the second year, etc.

"Annual Pension Cost" or "APC" means the aggregate in a particular year of (i) the ARC, (ii) one year's interest on the NPO, and (iii) an adjustment to the ARC to offset, approximately, the amount included in item (i) for amortization of past contribution deficiencies.

"Annual Required Contribution" or "ARC" means the aggregate in a particular year as calculated by the actuary comprised of (i) the Normal Cost and (ii) payments made to amortize the UAAL in accordance with the adopted Actuarial Cost Method of the pension plan or system.

"Assumptions" means an actuarial report will utilize demographic and economic assumptions as to the occurrence of future events affecting pension costs, such as investment rate, inflation rate, interest credited to member contributions, salary increase rate, annual cost-of-living adjustment, rates of separation from active membership, post-retirement mortality, active member mortality, and rates of retirement.

"Funded Ratio" means the ratio of (A) the AVA or market value of assets to (B) AAL. Such valuation can be on an actuarial or a market value basis. If a plan has a Funded Ratio of less than 100%, then the plan has a UAAL.

"GASB" means Governmental Accounting Standards Board of the Financial Accounting Foundation.

"Market Value of Assets" means as of the valuation date, the value of assets as if they were liquidated on that date.

"Net Pension Obligation" or "NPO" means the cumulative difference between the APC and the actual employer contribution (e.g., does not include contributions by the employees) in a particular year.

"Normal Cost" means the present value of the benefits that a pension plan projects to become payable in the future that are attributable to a valuation year of service.

"Smoothing" or "Smoothing Method" means a method used in determining AVA that is intended to reduce the impact of market volatility on the assets of a pension plan. Under a Smoothing Method, the annual investment return performance is "smoothed" over multiple years to reduce annual contribution volatility. For example, by use of a "five-year smoothing" methodology, a percentage difference between the net market value and the net book value for each of the most recent five years is calculated. The resulting percentages are averaged for the five-year period and applied to the valuation's year's market value of assets to arrive at the actuarial value of assets, with the result that only 20% of investment gains or losses in a particular year are taken into account in the annual actuarial valuation.

"Unfunded Actuarial Accrued Liability" or "UAAL" means the difference between (A) the AVA or market value of assets and (B) the AAL. Such valuation can be on an actuarial or a market value basis.

BACKGROUND INFORMATION

General

The City has three (3) defined benefit pension funds, (a) General Employees Retirement System (the "GERS"), (b) Police Pension Fund (the "PPF") and (c) Firefighters' Pension Trust Fund (the "FPTF") (collectively, the "Pension Funds"). Each of the Pension Funds is a single-employer defined benefit plan. The Pension Funds do not issue separate financial statements, as the Pension Funds are considered part of the City for financial reporting purposes and each plan is included in the City's Comprehensive Annual Financial Report as a pension system trust fund. However, the Pension Funds each prepare their own actuarial valuation reports each year. Copies of the most recent actuarial valuation reports for each of the Pension Funds may be obtained from the City's Finance Department.

The GERS covers all regular full time employees, excluding members of the PPF and FPTF. As of October 1, 2014, the GERS had 207 covered employees and 194 retirees. See "DEFINED BENEFIT PLANS - General Employees Retirement System" herein.

The PPF covers all regular full time employees of the City classified as police officers, which includes both law enforcement officers and supervisory and command personnel. As of October 1, 2014, the PPF had 91 covered employees and 91 retirees. See "DEFINED BENEFIT PLANS - Police Pension Fund" herein.

The FPTF covers all regular full time employees of the City classified as firemen, which includes fire department officers. As of October 1, 2014, the FPTF had 61 covered employees and 59 retirees. See "DEFINED BENEFIT PLANS - Firefighter's Pension Trust Fund" herein.

Recent Plan Amendments.

Pursuant to Ordinance No. 4058 enacted by the City Council on February 4, 2015, all general employees and firemen hired by the City or after May 1, 2015, and elected officials, as of March 1, 2015, are required to participate on the Florida Retirement System ("FRS") instead of the Pension Funds. See "FLORIDA RETIREMENT SYSTEM" herein. General employees and firemen hired by the City before May 1, 2015, also were required to become compulsory participants in FRS, except for those general employees and firemen who elected prior to May 1, 2015 not to participate in FRS. Of the 266 general employees and firemen hired by the City before May 1, 2015 who were previously in the Pension Funds, 241 elected to stay in the Pension Funds and not participate in FRS. For each of the 25 current employees opting to leave the Pension Funds and transfer to FRS, the City agreed to purchase up to 5-years of past service credits in FRS. The cost of these past service credits is expected to be approximately $325,000. The City also agreed to purchase up to 5-years of past service credits in FRS for approximately 70 part-time employees at an estimated cost of $300,000. In exchange for the City's purchase of past service credits in FRS, the Pension Funds retain all prior contributions made to the Pension Funds on behalf of full-time employees and the investment earnings thereon. Part-time employees were not members of the Pension Funds.

Based on the number of general employees and firemen who are now participants in FRS, the City estimates that its total required annual contribution to the Pension Funds and to FRS will be approximately $130,000 less than if all general employees and firemen continued to be participants in the Pension Funds.

Ordinance No. 4058 does not apply to police officers, because the police officers voted not to join FRS. However, the City and the union representing the police officers have re-entered negotiations to discuss pension concessions. Discussions revolve around another FRS vote or modifications to the current plan to generate savings to the City equal to those that would be realized from joining FRS. If the police officers opt to join FRS, there is no way to predict how many police officers would elect to stay in the PPF and not participate in the FRS, although based on the experience with the City's general employees and firemen, it is expected that most current police officers would remain in the PPF.

Actuarial Methods and Assumptions

The funding policy of the Pension Funds provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the respective plans when they become due. The actuarial cost method used for determining the contribution requirements for each plan is the Entry Age Method, which determines the Annual Required Contribution based upon the amount of Normal Cost and amortization payment required to fund the UAAL each year. Other information relating to actuarial methods and assumptions used to determine the Annual Required Contribution for each plan is as follows:

Actuarial Methods and Assumptions - GERS

Valuation Date	October 1 of each year
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll, closed
Single Equivalent Amortization Period	21 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.5%
Projected Salary Increases	6.2% to 11%, based on service
Inflation and Other General Increases Included above	3%
Assumed Payroll Growth	4%
Cost of Living Adjustments	None

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

Actuarial Methods and Assumptions - PPF

Valuation Date	September 30 of each year
Actuarial Cost Method	Individual entry age normal
Amortization Method	Level percent of payroll, closed
Amortization Periods	5 to 25 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.5%
Projected Salary Increases	5.6% to 8.6%, based on seniority/merit
Inflation and Other General Increases Included above	4.5%
Cost of Living Adjustments	None

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

Actuarial Methods and Assumptions - FPTF

Valuation Date	October 1 of each year
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.15% (will be reduced to 7% the following year)
Projected Salary Increases	7.5%
Inflation and Other General Increases	3%

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

THE AMOUNTS AND PERCENTAGES SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING THIS APPENDIX B, RELATING TO THE PENSION FUNDS, INCLUDING, FOR EXAMPLE, ACTUARIAL ACCRUED LIABILITIES AND FUNDED RATIOS, ARE BASED UPON NUMEROUS DEMOGRAPHIC AND ECONOMIC ASSUMPTIONS, INCLUDING INVESTMENT RETURN RATES, INFLATION RATES, SALARY INCREASE RATES, COST OF LIVING ADJUSTMENTS, POSTEMPLOYMENT MORTALITY, ACTIVE MEMBER MORTALITY, AND RATES OF RETIREMENT. PROSPECTIVE PURCHASERS OF THE SERIES 2015 BONDS ARE CAUTIONED TO REVIEW AND CAREFULLY ASSESS THE REASONABLENESS OF THE ASSUMPTIONS SET FORTH IN THE DOCUMENTS THAT ARE CITED AS THE SOURCES OF SUCH INFORMATION. IN ADDITION, THE PROSPECTIVE PURCHASERS OF THE SERIES 2015 BONDS ARE CAUTIONED THAT SUCH SOURCES AND THE UNDERLYING ASSUMPTIONS SPEAK AS OF THEIR RESPECTIVE DATES, AND ARE SUBJECT TO CHANGE.

Unfunded Actuarial Accrued Liability

The annual contribution the City must make to satisfy the requirements of the Pension Funds is comprised of two components, the Normal Cost and the payments for the amortization of the unfunded actuarial liability. Pension fund obligations can increase for employers for various reasons, including, without limitation, changes in accrued benefits of the pension plan, changes in pay levels of employees, changes in the demographics of the employee base, changes in Assumptions affecting Annual Pension Costs and differences in the actual versus the projected rate of return on the investments of the pension plan. The City has experienced such changes in one or more of the Pension Funds during the past several years. As a result, the City's Annual Required Contribution to the Pension Funds has increased each year since 2008. Such increases have in some years been significant and, based on current actuarial calculations and estimates, are expected to continue for several years.

Based on the valuations for the fiscal year ended September 30, 2014 for each of the Pension Funds, which constitutes the most recent valuation for each of the plans, the Pension Funds currently have a collective UAAL, based on an Actuarial Value of Assets and Actuarial Accrued Liability (the "Actuarial UAAL"), of $56.1 million and a collective UAAL, based on a Market Value of Assets and Actuarial Accrued Liability (the "Market Value UAAL"), of $42.8 million.

Set forth below is a table to reflect the UAAL of the Pension Funds.

Pension Funds Current UAAL

Pension Fund	Actuarial UAAL	Actuarial Funded Ratio	Market Value UAAL	Market Value Funded Ratio
GERS	$31,132,097	65.9%	$25,621,344	71.9%
PPF	12,425,818	81.5	8,590,879	87.2
FPTF	12,532,148	80.7	8,577,318	86.8
Total	**$56,090,063**	**74.9%**	**$42,789,541**	**80.8%**

Source: Actuarial Valuation Reports as of October 1, 2014, prepared by Gabriel Roeder Smith & Company.

The following table sets forth the contribution made by the City to each of the Pension Funds over the last four fiscal years:

Year:	**2014**	**2013**	**2012**	**2011**
GERS:				
Annual Required Contribution	$4,843,648	$4,254,523	$3,375,976	$3,097,988
Percent of APC contributed	99.2%	98.9%	100.6%	101.9%
FPTF:				
Annual Required Contribution	$2,267,060	$1,945,188	$1,586,612	$1.951,123
Percent of APC contributed	98.12%	101.93%	97.76%	99.76%
PPF:				
Annual Required Contribution	$2,340,959	$874,392	$1,968,170	$1,961,489
Percent of APC contributed	100%	100%	96%	100%

Investment Returns

By its terms, the liability to fund benefits to the GERS participants requires assets of the fund to realize an assumed rate of return of 7.5% per annum (which was gradually reduced from 8.0% over a five year period beginning October 1, 2010), for the PPF to realize an assumed rate of return of 7.5% per annum, and for the FPTF to realize an assumed rate of return of 7.15% (which was gradually reduced from 7.75% over a four year period beginning October 1, 2011, and which will be further reduced to 7% for the period beginning October 1, 2015) . Although for the fiscal years ended September 30, 2013 and 2014, the rate of return on the investments in each of the Pension Funds has been greater than the rate its assets are assumed to earn, for 11 of the 12 years before that, the rate of return on the investments in each of the Pension Funds has been less than the rate its assets are assumed to earn. Such rates constitute two components, one to reflect the return needed to cover payments to beneficiaries of the Pension Funds (which is 4.5% per annum for the GERS, 3% for the PPF and 4.15% for the FPTF, all as of October 1, 2014) and one to reflect inflation (which is 3% for the GERS and the FPTF and 4.5% for the PPF as of October 1, 2014). However, the rate of return on the investments in each of the Pension Funds has fluctuated significantly, and in many years has been significantly less than the rate its assets are assumed to earn. The following table shows the history of the investment return rates for each of the Pension Funds

[Remainder of page intentionally left blank.]

Pension Fund History of Market Value Investment Returns

Plan Year Ending September 30	GERS (1)	PPF	FPTF (2)(3)
2000	16.9%	NA	2.6%
2001	(23.8)	NA	(3.7)
2002	(2.8)	NA	9.3
2003	10.7	NA	16.4
2004	13.3	NA	8.3
2005	10.2	NA	6.0
2006	2.9	NA	8.0
2007	12.9	NA	13.5
2008	(5.6)	NA	(9.1)
2009	(0.3)	NA	1.8
2010	10.6	3.5%	7.6
2011	2.8	2.2	(0.1)
2012	19.1	3.4	19.1
2013	13.9	8.2	13.9
2014	10.1	8.9	9.5
Average Returns			
Last 5 Years	11.2%	5.2%	9.4%
Last 10 Years	7.4	NA	6.7
All Years	5.5	NA	9.5(4)

Source: Actuarial Valuation Reports as of October 1, 2014, prepared by Gabriel Roeder Smith & Company.

(1) Net of investment expense after 2006
(2) Net of investment expense after 2005
(3) Before 2005, years ending December 31
(4) Since 1981

DEFINED BENEFIT PENSION FUNDS

General Employees Retirement System

The GERS covers all regular full time employees, excluding members of the PPF and FPTF. The provisions of the GERS are codified in Article II, Sections 14-21 through 14-34 of the Code of Ordinances for the City of Riviera Beach, as amended by Ordinance No. 4058 of the City enacted on February 4, 2015. The plan is administered by a seven (7) person board, of which four (4) members are appointed by the Mayor, with approval of the City Council, and three (3) members are elected by plan participants. The plan may be amended by the City Council from time to time. As of October 1, 2014, the GERS had 207 covered employees and 194 retirees (which includes beneficiaries, DROP, disability retirees and terminated vested members), compared to 199 covered employees and 189 retirees as of October 1, 2013.

Funding Requirements.

Employees are required to contribute six percent (6%) of their earnings. The City funding is as described in the succeeding paragraph.

Actuarially Determined Contributions.

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 the pension expense, based on the required employer contribution amount, as determined by the actuarial valuation.

Plan Beneficiaries. The following table provides demographic and financial data relating to the participants in the GERS (not including the effect of Ordinance No. 4058):

[Remainder of page intentionally left blank.]

PARTICIPANT DATA - GERS

	October 1, 2014	October 1, 2013
ACTIVE MEMBERS		
Number	207	199
Covered Annual Payroll	$ 10,002,888	$ 9,318,567
Average Annual Payroll	$ 48,323	$ 46,827
Average Age	47.3	47.1
Average Past Service	8.8	9.3
Average Age of Hire	38.5	37.8
RETIREES, BENEFICIARIES & DROP		
Number	188	184
Annual Benefits	$ 6,096,762	$ 5,803,087
Average Annual Benefit	$ 32,430	$ 31,539
Average Age	66.3	66.1
DISABILITY RETIREES		
Number	5	5
Annual Benefits	$ 66,564	$ 42,562
Average Annual Benefit	$ 13,313	$ 8,512
Average Age	68.6	70.0
TERMINATED VESTED MEMBERS		
Number	1	0
Annual Benefits	$ 6,060	$ 0
Average Annual Benefit	$ 6,060	$ 0
Average Age	47.4	NA

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company

Plan Description. Under the vesting provisions of the GERS, employees are entitled to 50% of normal retirement benefits after 8 years of service, 75% of normal retirement benefits after 9 years of service, and 100% of normal retirement benefits after 10 or more years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at three percent (3%) per year. Employees are eligible to retire at the earlier of:

1. Age 65 regardless of years of credited service;
2. Age 55 with 10 years of credited service;
3. Age 52 1/2 with 15 years of credited service;
4. Age 50 with 20 years of credited service; or
5. When the total of age and years of credited service equals 75.

Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (the “DROP”). Each participant of the GERS in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than sixty (60) months after normal retirement.

Annual Pension Cost and Changes in Net Pension Assets.

The City's annual pension cost ("APC") and net pension obligations for the GERS for the past three (3) years are summarized below:

City of Riviera Beach, Florida
Pension Fund Cost and Obligations (GERS)

	Fiscal Year ended September 30,		
	2014	2013	2012
Annual Required Contribution	$ 4,843,648	$4,254,523	$3,375,976
Deduct: Interest on Net Pension Asset	(58,714)	(63,221)	(62,588)
Adjustment to Annual Required Contribution	(98,908)	(112,217)	(118,576)
Annual Pension Cost	4,686,026	4,303,519	3,431,964
Less: Actual Contribution	4,843,648	4,254,523	3,450,987
(Decrease) / Increase in Net Pension	40,194	48,996	(19,023)
Net Pension Asset, Beginning of Year	(782,856)	(831,852)	(812,829)
Net Pension Asset, End of Year	(742,662)	(782,856)	(831,852)
Percent of APC contributed each year	99.2%	98.9%	100.6%

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

[Remainder of page intentionally left blank.]

Funded Status and Funding Progress.

The funded status of the GERS as of September 30, 2014, 2013 and 2012, respectively, was as follows:

City of Riviera Beach, Florida
Pension Fund Current Funding Status
(GERS) (in thousands)

Actuarial Valuation Date	(a) Actuarial Value of Plan Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	([b-a]/c) UAAL as a Percent of Covered Payroll
10/1/14	$60,041	$91,173	$31,132	65.9%	$10,003	311.2%
10/1/13	54,987	87,987	33,000	62.5	9,319	354.1
10/1/12	51,660	85,053	33,393	60.7	9,009	370.7

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 23, 2015.

Actuarial Value of Benefits and Assets.

The actuarial value of the benefits and assets of the GERS as of September 30, 2014 and 2013, respectively, was as follows:

[Remainder of page intentionally left blank.]

ACTUARIAL VALUE OF BENEFITS AND ASSETS

			October 1, 2014	October 1, 2013
A.	Valuation Date		October 1, 2014	October 1, 2013
B.	Actuarial Present Value of All Projected Benefits for			
	1. Active Members			
	a.	Service Retirement Benefits	$ 46,041,004	$ 44,039,076
	b.	Vesting Benefits	1,157,682	1,169,246
	c.	Disability Benefits	1,599,046	1,463,938
	d.	Preretirement Death Benefits	788,052	715,130
	e.	Return of Member Contributions	195,363	184,105
	f.	Total	49,781,147	47,571,495
	2. Inactive Members			
	a.	Service Retirees & Beneficiaries	63,012,260	59,879,318
	b.	Disability Retirees	464,618	249,822
	c.	Terminated Vested Members	16,533	-
	d.	Total	63,493,411	60,129,140
	3. Total for All Members		$113,274,558	$107,700,635
C.	Actuarial Accrued (Past Service) Liability per GASB No. 25		$ 91,173,230	$ 87,987,086
D.	Actuarial Value of Accumulated Plan Benefits per FASB No. 35		84,349,723	81,544,409
E.	Plan Assets			
	1.	Market Value	65,551,886	60,293,128
	2.	Actuarial Value	60,041,133	54,986,987
F.	Unfunded Accrued Liability: C - E2		31,132,097	33,000,099
G.	Actuarial Present Value of Projected Covered Payroll		88,304,496	81,196,131
H	Actuarial Present Value of Projected Member Contributions		5,298,270	4,871,768
I.	Accumulated Contributions of Active Members		5,285,806	5,314,722

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 23, 2015.

Plan Observations. As discussed in the Actuarial Valuation Report for the GERS as of September 30, 2014, prepared by Gabriel Roeder Smith & Company, dated February 23, 2015 (the "GERS Actuarial Report"), year-to-year differences between assumed experience and observed experience are inevitable in the operation of a defined benefit pension plan. Examples of favorable experience are: higher than anticipated member termination rates, higher than projected investment returns, a low incidence of disability and delayed retirement. Examples of unfavorable experience are: earlier than anticipated retirement, higher than projected pay increases, increases in longevity after retirement and decreases in the number of active members. Each annual actuarial valuation takes observed experience differences into account. If on net balance the differences are favorable, the UAAL is less than projected (an experience gain) otherwise it is more than projected (an experience loss).

As reported in the GERS Actuarial Report, observed experience during the fiscal year for the GERS ended September 30, 2014 was in the aggregate more favorable than anticipated, resulting in net actuarial gain of $1,031,794, compared to last year's gain of $1,161,956. The gain was primarily due to higher than expected return on investments. The net gain decreased the required contribution by 0.83% of covered payroll.

The investment return for the year was 10.1% based on market value of assets and 10.7% based on the actuarial value of assets. The assumed rate of return is currently 7.5%. The funding progress indicators described in the GERS Actuarial Report indicate that the accrued obligations of the GERS, as measured by the entry age actuarial cost method, are 65.9% funded. Last year funding progress indicators showed the GERS to be 62.5% funded.

As noted in the GERS Actuarial Report, under the asset smoothing method, investment gains and losses are recognized over five (5) years. As of September 30, 2014, the market value of assets exceeded the actuarial value by $5,510,753. Once all the gains and losses through September 30, 2014 are fully recognized in the actuarial asset value, the contribution rate will decrease by roughly 4.0% of payroll, unless there are further gains or losses.

Police Pension Fund

The PPF covers all regular full time employees of the City classified as police officers, which includes both law enforcement officers and supervisory and command personnel. The provisions of the PPF are codified in Article II, Section 14-72 through 14-93 of the Code of Ordinances for the City of Riviera Beach, as amended by Ordinance No. 4058 of the City enacted on February 4, 2015. The plan is administered by a five (5) person board, of which two (2) members are appointed by the City Council, and three (3) members are elected by plan participants. The plan may be amended by the City Council from time to time. As of October 1, 2014, the PPF had 91 covered employees and 91 retirees (which includes beneficiaries, DROP, disability retirees and terminated vested members), compared to 87 covered employees and 87 retirees as of October 1, 2013.

Funding Requirements.

Employees are required to contribute eight percent (8%) of their earnings. The State of Florida contributes premium taxes collected on certain forms of casualty insurance written on property in the City pursuant to Chapter 185, Florida Statutes. The City funding is as described in the succeeding paragraph.

Actuarially Determined Contributions.

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 the pension expense, based on the required employer contribution amount, as determined by the actuarial valuation.

Plan Beneficiaries. The following table provides demographic and financial data relating to the participants in the PPF (not including the effect of Ordinance No. 4058):

PARTICIPANT DATA - PPF

	October 1, 2014	October 1, 2013
ACTIVE MEMBERS		
Number	91	87
Covered Annual Payroll	$ 5,111,412	$ 4,815,433
Average Annual Payroll	$ 56,169	$ 55,350
Average Age	38.3	39.1
Average Past Service	8.0	8.4
Average Age of Hire	30.3	30.7
RETIRED MEMBERS AND BENEFICIARIES		
Age and Service		
Number	81	77
Annual Benefits	$ 4,460,327	$ 4,279,447
Average Annual Benefit	$ 55,065	$ 55,577
Average Age	N/A	N/A
Disability		
Number	8	8
Annual Benefits	$ 127,040	$ 127,040
Average Annual Benefit	$ 15,880	$ 15,880
Average Age	N/A	N/A
Terminated Vested Members		
Number	2	2
Annual Benefits	$ 30,929	$ 30,929
Average Annual Benefit	$ 15,465	$ 15,465
Average Age	N/A	N/A

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company

Plan Description. Under the vesting provisions of the PPF, employees are entitled to 100% of normal retirement benefits after 10 or more years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at four percent (4%) per year. Employees are eligible to retire at the earlier of age 55 with 10 years of credited service, or after 20 years of credited service regardless of age. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option

Plan (the "DROP"). Each participant of the PPF in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than sixty (60) months after normal retirement.

Annual Revenues and Expenditures.

The annual revenues and expenditures for the PPF for the past two (2) years are summarized below:

City of Riviera Beach, Florida
Revenues and Expenditures (PPF)

	Fiscal Year ended September 30,	
	2014	2013
Revenues:		
Member Contributions	$ 405,708	$ 441,333
City Contributions	2,256,744	874,392
Premium taxes from Fla. Stat. Chapter 185	222,041	199,931
Interest and dividends	1,213,724	1,366,894
Realized gains (losses) on investments	0	0
Unrealized gains (losses) on investments	4,972,003	5,015,853
Other Revenue	1,394	64,032
Total Revenues	**$9,071,614**	**$7,962,435**
Expenditures:		
Refunds of member contributions	$ 150,075	$ 113,633
Benefits paid	4,660,119	3,699,037
Administrative expenses	147,766	162,849
Investment expenses	343,869	300,300
Other expenditures	0	0
Total Expenditures	**$5,301,829**	**$4,275,819**
Revenues minus expenditures	**$3,769,785**	**$3,686,616**

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 17, 2015.

__Funded Status and Funding Progress.__

The funded status of the PPF as of September 30, 2014, 2013 and 2012, respectively, was as follows:

City of Riviera Beach, Florida
Pension Fund Current Funding Status
(PPF) (in thousands)

Actuarial Valuation Date	(a) Actuarial Value of Plan Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	([b-a]/c) UAAL as a Percent of Covered Payroll
10/1/14	$54,705	$67,130	$12,426	81.5%	$ 5,111	243.1%
10/1/13	50,353	63,457	13,104	79.4	4,815	272.1
10/1/12	49,402	63,842	14,440	77.4	5,364	269.2

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 17, 2015.

__Actuarial Value of Benefits and Assets.__

The actuarial balance sheet of the PPF as of September 30, 2014 was as follows:

[Remainder of page intentionally left blank.]

PRESENT RESOURCES AND EXPECTED FUTUTRE RESOURCES

A. Net assets available for benefits:		
1.	Accumulated member contributions	$ 3,112,808
2.	From employer contributions	51,591,698
3.	Total	54,704,506
B. Actuarial present value of expected future Employer contributions (incl. Ch. 185):		
1.	For normal costs	$ 4,679,815
2.	For unfunded actuarial accrued liability	12,425,818
3.	Total	17,105,633
C. Actuarial present value of expected future member contributions:		2,460,234
D. Total present and expected future resources:		$74,270,373

ACTUARIAL PRESENT VALUE OF EXPECTED FUTUTRE BENEFIT PAYMENTS AND RESERVES

A. To retirants and beneficiaries:		$ 47,946,528
B. To vested terminated members:		274,388
C. To present active members:		
1.	Allocated to service rendered prior to valuation date (1):	16,415,114
2.	Allocated to service likely to be rendered After valuation date:	7,140,049
3.	Total	23,555,163
D. Funding reserve:		0
E. Reserve for additional premium tax revenue:		399,576
F. DROP Reserve:		2,094,718
G. Total actuarial present value of expected future Benefit payments and reserves:		$74,270,373

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 23, 2015.

Plan Observations. As discussed in the Actuarial Valuation Report for the PPF as of September 30, 2014, prepared by Gabriel Roeder Smith & Company, dated February 17, 2015 (the "PPF Actuarial Report"), year-to-year differences between assumed experience and observed experience are inevitable in the operation of a defined benefit pension plan. Examples of favorable experience are: higher than anticipated member termination rates, higher than projected investment returns, a low incidence of disability and delayed retirement. Examples of unfavorable experience are: earlier than anticipated retirement, higher than projected pay increases, increases in longevity after retirement and decreases in the number of active members. Each annual actuarial valuation takes observed experience differences into account. If on net balance the differences are favorable, the UAAL is less than projected (an experience gain) otherwise it is more than projected (an experience loss).

As reported in the PPF Actuarial Report, observed experience during the fiscal year for the GERS ended September 30, 2014 was in the aggregate slightly more favorable than anticipated, resulting in net actuarial gain of $143,509, compared to last year's gain of $1,130,612. Higher than expected recognized investment gains were offset somewhat by lower than expected retired mortality and the change from a request for refund to an early retirement.

The investment return for the year was 8.9% based on market value of assets. The assumed rate of return is currently 7.5%. The funding progress indicators described in the PPF Actuarial Report indicate that the accrued obligations of the PPF, as measured by the entry age actuarial cost method, are 81.5% funded. Last year funding progress indicators showed the PPF to be 79.4% funded.

As noted in the PPF Actuarial Report, under the asset smoothing method, investment gains and losses are recognized over five (5) years. As of September 30, 2014, the market value of assets exceeded the actuarial value by $3,834,939.

The average annual payroll growth over the last 10 years was 1.0% versus 1.9% last year. By statute, this necessitates an increase in contribution rate for unfunded actuarial accrued liabilities. As a result, the City's contribution rate will increase by about 4.9% of payroll.

Firefighters' Pension Trust Fund

The FPTF covers all regular full time employees of the City classified as firemen, which includes fire department officers. The provisions of the FPTF are codified in Article II, Sections 14-46 through 14-62 of the Code of Ordinances for the City of Riviera Beach, as amended by Ordinance No. 4058 of the City enacted on February 4, 2015. The plan is administered by a five (5) person board, of which two (2) members are appointed by the City Council, and three (3) members are elected by plan participants. The plan may be amended by the City Council from time to time. As of October 1, 2014, the FPTF had 61 covered employees and 59 retirees (which includes beneficiaries, DROP, disability retirees and terminated vested members), compared to 63 covered employees and 57 retirees as of October 1, 2013.

Funding Requirements.

Employees are required to contribute eight percent (8%) of their earnings. The State of Florida contributes premium taxes collected on certain forms of casualty insurance written on property in the City pursuant to Chapter 185, Florida Statutes. The City funding is as described in the succeeding paragraph.

Actuarially Determined Contributions.

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 the pension expense, based on the required employer contribution amount, as determined by the actuarial valuation.

Plan Beneficiaries. The following table provides demographic and financial data relating to the participants in the FPTF (not including the effect of Ordinance No. 4058):

PARTICIPANT DATA - FPTF

	October 1, 2014	October 1, 2013
ACTIVE MEMBERS		
Number	61	63
Covered Annual Payroll	$ 4,452,746	$ 4,463,814
Average Annual Payroll	$ 72,996	$ 70,854
Average Age	42.2	41.2
Average Past Service	11.7	10.9
Average Age of Hire	30.5	30.3
RETIREES, BENEFICIARIES & DROP		
Number	43	37
Annual Benefits	$ 2,937,447	$ 2,409,318
Average Annual Benefit	$ 68,313	$ 65,117
Average Age	61.5	62.0
DROP RETIREES		
Number	2	7
Annual Benefits	$ 193,535	$ 666,737
Average Annual Benefit	$ 96,768	$ 95,248
Average Age	55.9	53.3
DISABILITY RETIREES		
Number	12	12
Annual Benefits	$ 369,575	$ 369,575
Average Annual Benefit	$ 30,798	$ 30,798
Average Age	58.8	57.8
TERMINATED VESTED MEMBERS		
Number	2	1
Annual Benefits	$ 43,996	$ 15,196
Average Annual Benefit	$ 21,998	$ 15,196
Average Age	51.9	45.3

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 9, 2015

Plan Description. Under the vesting provisions of the FPTF, employees are entitled to 100% of normal retirement benefits after 10 or more years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at five and a half percent (5.5%) per year. Employees are eligible to retire at the earlier of age 55 with 10 years of credited service, or after 20 years of credited service regardless of age. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (the "DROP"). Each participant of the FPTF in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than sixty (60) months after normal retirement, and not beyond 30 years of credited service.

Annual Pension Cost and Changes in Net Pension Assets.

The City's annual pension cost ("APC") and net pension obligations for the FPTF for the past three (3) years are summarized below:

City of Riviera Beach, Florida
Pension Fund Cost and Obligations (FPTF)

	Fiscal Year ended September 30,		
	2014	2013	2012
Annual Required Contribution	$2,267,060	$1,945,188	$1,586,612
Deduct: Interest on Net Pension Asset	(75,549)	(74,249)	(78,514)
Adjustment to Annual Required Contribution	(119,063)	(107,921)	(121,026)
Annual Pension Cost	2,310,574	1,978,860	1,629,124
Less: Actual Contribution	2,267,060	2,017,145	1,592,684
(Decrease) / Increase in Net Pension	43,514	(38,285)	36,440
Net Pension Asset, Beginning of Year	(1,034,922)	(996,637)	(1,033,077)
Net Pension Asset, End of Year	(991,408)	(1,034,922)	(996,637)
Percent of APC contributed each year	98.12%	101.93%	97.76%

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

[Remainder of page intentionally left blank.]

Funded Status and Funding Progress.

The funded status of the FPTF as of September 30, 2014, 2013 and 2012, respectively, was as follows:

City of Riviera Beach, Florida
Pension Fund Current Funding Status
(FPTF) (in thousands)

Actuarial Valuation Date	(a) Actuarial Value of Plan Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	([b-a]/c) UAAL as a Percent of Covered Payroll
10/1/14	$52,416	$64,948	$12,532	80.7%	$4,453	34.22%
10/1/13	48,982	61,591	12,610	79.5	4,464	32.80
10/1/12	46,831	58,172	11,341	80.5	4,217	31.05

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 9, 2015.

Actuarial Value of Benefits and Assets.

The actuarial value of the benefits and assets of the FPTF as of September 30, 2014 and 2013, respectively, was as follows:

[Remainder of page intentionally left blank.]

ACTUARIAL VALUE OF BENEFITS AND ASSETS

			October 1, 2014	October 1, 2013
A.	Valuation Date		October 1, 2014	October 1, 2013
B.	Actuarial Present Value of All Projected Benefits for			
	1. Active Members			
	a.	Service Retirement Benefits	$ 32,586,284	$ 31,087,191
	b.	Vesting Benefits	559,915	567,194
	c.	Disability Benefits	2,917,797	2,950,122
	d.	Preretirement Death Benefits	388,206	471,772
	e.	Return of Member Contributions	38,769	46,770
	f.	Total	36,490,971	35,123,049
	2. Inactive Members			
	a.	Service Retirees & Beneficiaries	37,144,765	36,017,330
	b.	Disability Retirees	4,249,975	4,206,177
	c.	Terminated Vested Members	431,536	88,008
	d.	Total	41,826,276	40,311,515
	3. Total for All Members		$78,317,247	$75,434,564
C.	Actuarial Accrued (Past Service) Liability		$64,948,160	$61,591,384
D.	Actuarial Value of Accumulated Plan Benefits per FASB No. 35		60,014,766	56,373,617
E.	Plan Assets			
	1.	Market Value	56,370,842	52,387,225
	2.	Actuarial Value	52,416,012	48,981,836
F.	Unfunded Accrued Liability: C - E2		12,532,148	12,609,548
G.	Actuarial Present Value of Projected Covered Payroll		33,664,211	36,362,159
H	Actuarial Present Value of Projected Member Contributions		2,693,136	2,908,973
I.	Accumulated Contributions of Active Members		4,235,126	3,698,748

Source: Actuarial Valuation Report as of September 30, 2014, Gabriel Roeder Smith & Company, February 23, 2015.

Plan Observations. As discussed in the Actuarial Valuation Report for the FPTF as of September 30, 2014, prepared by Gabriel Roeder Smith & Company, dated February 9, 2015 (the "FPTF Actuarial Report"), year-to-year differences between assumed experience and observed experience are inevitable in the operation of a defined benefit pension plan. Examples of favorable experience are: higher than anticipated member termination rates, higher than projected investment returns, a low incidence of disability and delayed retirement. Examples of unfavorable experience are: earlier than anticipated retirement, higher than projected pay increases, increases in longevity after retirement and decreases in the number of active members. Each annual actuarial valuation takes observed experience differences into account. If on net balance the differences are favorable, the UAAL is less than projected (an experience gain) otherwise it is more than projected (an experience loss).

As reported in the FPTF Actuarial Report, observed experience during the fiscal year for the FPTF ended September 30, 2014 was in the aggregate more favorable than anticipated, resulting in net actuarial gain of $1,717,694, compared to last year's gain of $352,262. The gain was primarily due to lower salary increases than assumed and higher than expected investment return than expected. The net actuarial gain decreased the required contribution by 2.55% of covered payroll.

The investment return for the year was 9.53% based on market value of assets and 9.1% based on the actuarial value of assets. The assumed rate of return is currently 7.15%. The funding progress indicators described in the FPTF Actuarial Report indicate that the accrued obligations of the FPTF, as measured by the entry age actuarial cost method, are 80.7% funded. Last year funding progress indicators showed the FPTF to be 79.5% funded.

As of September 30, 2014, the market value of assets exceeded the actuarial value by $3,954,830. Once all the gains and losses through September 30, 2014 are fully recognized in the actuarial asset value, and based on the other assumptions in the FPTF Actuarial Report that legally have to be taken into account the contribution rate will decrease by an additional 1.52% of covered payroll.

FLORIDA RETIREMENT SYSTEM

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Florida Comprehensive Annual Financial Reports available at

http://www.myfloridacfo.com/Division/AA/Reports/#.Uv6UdCf4KQk .

No representation is made by the City as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

FRS is a cost sharing, multiple-employer, public employee retirement system. FRS is one system with two primary plans, a defined benefit pension plan (the "FRS Pension Plan") and a defined contribution plan known as the Public Employee Optional Retirement Program (the "FRS Investment Plan"). FRS membership is required for all employees filling a regularly established position in a state agency, county, state university, state community college, or district school board. Some municipalities, special districts, charter schools and metropolitan planning organizations also choose to participate in the FRS; however, participation is generally irrevocable after the entity elects to participate.

There are five general classes of membership in the FRS: (1) Senior Management Service Class ("SMSC") members which include, among others, senior management level positions in state and local governments and assistant state attorneys, prosecutors and public defenders; (2) Special Risk Class which includes, among others, positions such as law enforcement officers, firefighters, correctional officers, emergency medical technicians and paramedics; (3) Special Risk Administrative Support Class which include, among others, non-special risk law enforcement, firefighting, emergency medical care or correctional administrative support positions within a FRS special risk-employing agency; (4) Elected Officers' Class ("EOC") which includes members who are elected state and city officers and the elected officers of cities and special districts that choose to place their officials in this class; and (5) Regular Class members includes members that do not qualify for membership in the other classes.

The Department of Management Services, Division of Retirement administers the FRS Pension Plan and the Florida State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through investment earnings of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. A member vests immediately in all employee contributions paid to the FRS Investment Plan. If a member elects to transfer amounts from the FRS Pension Plan to that member's FRS Investment Plan account, the member must meet the six-year vesting requirement for any such transferred funds and associated earnings.

The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.03% employer contribution and forfeited benefits. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

The FRS Pension Plan provides for vesting of benefits after six years of creditable service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the various plan requirements applicable to each class of membership. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement, although reinstatement of the adjustment is possible in 2016 under certain circumstances.

All members of FRS are required to contribute 3% of their gross compensation toward their retirement. For FRS Pension Plan members initially enrolled on or after July 1, 2011, the average final compensation upon which retirement benefits are calculated is based on the eight highest fiscal years of compensation prior to retirement, the normal retirement age is 65, 33 years of creditable service is required for full retirement and the vesting period is eight years (formerly six).

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2014, the FRS Trust Fund projected $3,389,125,451 in accumulated benefits and interest for 38,058 current and prior participants in the DROP.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The current contribution rate is 1.26% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. As of June 30, 2014, the balance of legally required reserves for all defined benefit Pension Funds was $150,107,677,822. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

Based on the number of City employees currently enrolled in FRS, the City estimates that its total initial annual contribution to FRS will be approximately $450,000.

OTHER POST EMPLOYMENT BENEFITS

The City's Other Post Employment Benefits Plan is reported in accordance with Government Accounting Standard Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions (OPEB)* issued in June 2004. GASB 45 requires employer governments to account for and report the annual cost of other post employment benefits in the same manner as they do for pensions. The City recognizes the cost of post employment 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, as amended, 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, which is referred to as the "implicit rate subsidy" by GASB.

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 makes contributions to advance fund the obligation, as it does for its Pension Funds. Therefore, the ultimate subsidies which are provided over time are financed directly by the general assets of the City. All approved benefits are paid by the City when due. None of the proceeds of the Series 2015 Bonds will be used to pay or fund OPEB benefits.

Plan membership

Based on the actuarial valuation results as of October 1, 2014, the number of participants included in the plan is as follows:

Active participants	353
Retired participants and surviving spouses	42
Total participants	395

[Remainder of page intentionally left blank.]

Actuarial Methods and Assumptions

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

Actuarial methods:	
Actuarial valuation date	October 1, 2014
Actuarial cost method	Entry age
Amortization method	Level % closed
Single equivalent amortization period	25 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	3.75%
Projected salary increases	3.0%
Inflation rate for above items	3.0%
Payroll growth assumptions	4.0%

Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2014, the most recent actuarial valuation, is as follows:

City of Riviera Beach, Florida
OPEB Current Funding Status
(in thousands)

Actuarial Valuation Date	(a) Actuarial Value of Plan Assets	(b) Actuarial Accured Liability (AAL) Entry Age	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Percent Funded	(c) Annual Covered Payroll	([b-a]/c) UAAL as a Percent of Covered Payroll
10/1/14	- 0 -	$4,103	$4,103	0%	19,723	20.80%

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

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 annual OPEB cost accrued for the Fiscal Year was $533,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The annual OPEB cost and the net OPEB obligation (asset) for the Fiscal Year ended September 30, 2014 and the preceding years are presented below:

City of Riviera Beach, Florida
OPEB Cost and Obligations

Fiscal year ending September 30	2014	2013	2012
Normal cost (service cost for one year)	$379,000	$729,154	$701,423
Amortization of Unfunded Actuarial Accrued Liability	154,000	327,980	315,365
Annual Required Contribution (ARC)	533,000	1,057,134	1,016,788
Net OPEB obligation (NOO), beginning of year	3,619,135	2,767,145	1,927,832
Annual Required Contribution (ARC)	533,000	1,057,134	1,016,788
Interest on Normal Cost and Amortization	136,000	103,768	72,294
Adjustment to ARC	(149,000)	(95,649)	(66,637)
Annual OPEB Cost (expense)	520,000	1,065,253	1,022,445
Employer contributions made	(149,000)	(213,263)	(183,132)
Increase (decrease) in NOO	371,000	851,990	839,313
Net OPEB obligation (NOO), end of year	$3,990,135	$3,619,135	$276,714

Source: City of Riviera Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

ADDITIONAL INFORMATION

For detailed information relating to the actuarial methods and assumptions used to determine annual required contributions for the Pension Funds, see "APPENDIX C – General Purpose Financial Statements of the City for the Fiscal Year ended September 30, 2014" and, in particular, the subsection entitled "Actuarial Methods and Assumptions" in Note 11 of the Notes to the Financial Statements. In addition, more detailed information relating to the GERS may be obtained from the GERS Actuarial Report, relating to the PPF from the PPF Actuarial Report and relating to the FPTF from the FPTF Actuarial Report. Copies of such statements and reports may be obtained from the City's Finance Department.

APPENDIX C

General Purpose Financial Statements of the City

For the Fiscal Year Ended September 30, 2014

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the General Employees' Retirement System- Fiduciary Fund and the aggregate remaining fund information of City of Riviera Beach, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Riviera Beach Municipal Firefighters' Pension Trust Fund and the Riviera Beach Police Pension Fund, which represent 31.83% and 30.80%, respectively, of the assets and revenues of the Fiduciary Funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Police and Firefighter's Pension funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Riviera Beach Municipal Firefighters' Pension Trust Fund were not audited in accordance with Governmental Auditing Standards.

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

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

West Palm Beach
Phone (561) 655-2664

Miami
Phone (305) 331-8768

Hollywood
Phone (954) 966-4435

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, General Employees' Retirement System- Fiduciary Fund and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and Schedule of Funding Progress and Employer's Contributions on pages 121 and 123 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules for nonmajor special revenue funds and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and budgetary comparison schedules for nonmajor special revenue funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison schedules for nonmajor special revenue funds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2015, 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* in considering the City's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
May 4, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

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, 2014. The information included in the Management's Discussion and Analysis (MD&A) should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Government-wide analysis:

- Assets and deferred outflow of resources for the primary government exceeded liabilities and deferred inflow of resources (net position) by $179.1M as of September 30, 2014, an increase of $8.1M or 4.7% over last fiscal year. Of this amount, $71.9M is unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase of $28.9M or 6.8% over last year.

- Net position of governmental activities was $106.7M, a reduction of $1.5M or 1.4%.

- Business-type activities reported ending net position of $72.4M, an increase of $9.6M or 15.2% over the prior fiscal year.

Governmental funds analysis:

- Governmental funds ending fund balance of $70.5M as of September 30, 2014 increased by $9.8M, from the prior year ending fund balance of $60.7M. Of this amount, 24.7% or $17.4M is available for spending (unassigned fund balance).

- Unassigned fund balance for the General Fund increased by $2.1M or 13.6% moving from $15.3M to $17.4M, which equates to 34.6% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis (MD&A) is an overview and analysis of the City of Riviera Beach for the fiscal years ended September 30, 2014 and 2013. The City's financial statements are presented in accordance with GASB Statement No. 34 "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."* The 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

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

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

1. Governmental activities – 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.

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

The government-wide financial statements include:

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant funds. 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.

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 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.

Proprietary funds - Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two different types of proprietary funds: 1) enterprise funds and 2) internal service fund.

- **Enterprise funds** - The City uses enterprise funds to account for its water and sewer utility system, stormwater, the Marina, and refuse collection.

- **Internal service fund** – This fund is used to accumulate and allocate costs internally among the City's various departments. The City 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.

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.

Required Supplementary Information

This section includes information regarding the City's funding progress of its obligation to provide pension and OPEB benefits to its employees and the required pension and OPEB contributions.

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator over time of the City's financial position. Assets and deferred outflow of resources exceed liabilities and deferred inflow of resources (net position) by $179.1M as of September 30, 2014, an increase of $8.1M or 4.7% over last fiscal year. The following is a condensed version of the Statement of Net Position presented in the basic financial statements of this report**.**

Condensed Statement of Net Position

	Governmental Activites		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	$ 99,076,697	$ 81,647,431	$35,543,252	$30,078,830	$134,619,949	$111,726,261
Non-Current Assets	76,604,302	73,319,305	67,326,089	64,321,427	143,930,391	137,640,732
Total Assets	175,680,999	154,966,736	102,869,341	94,400,257	278,550,340	249,369,006
Current Liabilities	6,679,640	5,939,080	3,012,946	4,445,463	9,692,856	10,384,543
Non-Current Liabilities	58,003,817	36,887,069	27,431,624	27,132,403	85,435,441	64,019,742
Total Liabilities	64,683,457	42,826,149	30,444,570	31,577,866	95,128,027	74,404,015
Deferred Inflows	4,257,426	3,886,183	34,390	-	4,291,816	3,886,183
Net Position						
Invested in Capital Assets	21,562,964	41,055,828	30,641,963	37,769,604	52,204,927	78,825,432
Restricted	44,583,925	37,122,826	10,481,565	12,242,586	55,065,490	49,365,412
Unrestricted	40,593,227	30,075,750	31,266,853	12,810,201	71,860,080	42,885,951
Total Net Position	$ 106,740,116	$108,254,404	$72,390,381	$62,822,391	$179,130,497	$171,076,795

Assets and liabilities – In the governmental activities, total assets increased by $20.7M resulting from an increase of $17.4M in current assets and an increase of $3.3M in capital assets, net of depreciation. Total liabilities and deferred inflow of resources increased by $22.2M due to an increase in current liabilities of $7.4M, an increase of $21.1M in non-current liabilities, and an increase of $3.7M in deferred inflows of resources.

In the business-type activities, total assets increased by $8.5M mainly from an increase in cash and cash equivalents and capital assets. Total liabilities decreased by $1.1M due mainly to reduction in current liabilities as the result of the refunding of long term debt with a realized savings.

Net Position – Net position is the difference between the City's assets and deferred outflow of resources exceed liabilities and deferred inflow of resources. Total net position increased by $8.1M or 4.7%. Capital assets less any related debt used to acquire capital assets represents $52.2M or 29.1% of total net position. 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 position represents $55.1M or 30.7% of total net position. These are resources that are subject to external restrictions that stipulate how these resources may be used. The remaining balance of net position is unrestricted which is $71.9M or 40.1% of total net assets which may be used for the City's ongoing obligations to its citizens and creditors.

As of September 30, 2014, 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 position for fiscal years ended September 30, 2014 and 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. As such, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

CITY OF RIVIERA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2014

Statement of Activities

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	$14,220,287	$8,276,669	$30,096,651	$27,907,560	$44,316,938	$36,184,229
Grants and contributions	1,725,695	2,813,409	-	2,328,640	1,078,287	5,142,049
Total program revenues	15,945,982	11,090,078	30,096,651	30,236,200	45,395,225	41,326,278
General revenues:						
Property taxes	33,986,648	31,558,773	-	-	27,993,790	31,558,773
Utility taxes	4,316,158	4,060,124	-	-	4,316,158	4,060,124
Franchise fees	2,721,401	2,507,601	-	-	2,721,401	2,507,601
Intergov't and shared revenue	6,631,201	6,757,906	-	-	5,408,630	6,757,906
Investment earnings	(1,209,881)	673,917	(63,547)	121,163	(1,273,428)	795,080
Miscellaneous	1,151,114	2,436,162	(9,459)	232,500	1,141,655	2,668,662
Transfers in (out)	(1,901,014)	(737,485)	1,901,014	737,485	-	-
Total general revenues	45,695,627	47,256,998	1,828,008	1,091,148	40,308,206	48,348,146
Total revenues	**61,641,609**	**58,347,076**	**31,924,659**	**31,327,348**	**85,703,431**	**89,674,424**
Expenses:						
Governmental activities:						
General government	21,820,264	16,785,692	-	-	21,820,264	16,785,692
Public safety	28,913,127	26,612,208	-	-	28,913,127	26,612,208
Culture and recreation	8,354,852	5,910,024	-	-	8,354,852	5,910,024
Transportation	953,676	5,437,862	-	-	953,676	5,437,862
Human services	692,929	588,169	-	-	692,929	588,169
Physical & economic environment	630,946	923,927	-	-	630,946	923,927
Interest on long term debt	1,791,966	1,884,050	1,401,885	-	3,193,851	1,884,050
Business-type activities:						
Water and sewer	-	-	14,077,433	17,245,348	14,077,433	17,245,348
Marina	-	-	1,325,128	1,561,294	1,325,128	1,561,294
Stormwater and refuse	-	-	5,552,227	5,474,999	5,552,227	5,474,999
Total expenses	**63,157,760**	**58,141,932**	**22,356,673**	**24,281,641**	**85,514,433**	**82,423,573**
Adjustment for internal service fund	-	1,007,604	-	(1,007,607)	1,007,604	
Change in net position	(1,516,151)	1,212,748	9,567,986	6,038,103	188,998	7,250,851
Net position, beginning	108,256,267	107,041,656	62,822,395	56,784,288	163,825,944	152,305,396
Net position, ending	**$ 106,740,116**	**$ 108,254,404**	**$ 72,390,381**	**$ 62,822,391**	**$164,014,942**	**$ 159,556,247**

Governmental Activities

- Total revenues decreased by $4.6M or 8.5%. Program revenues increase by $4.2M or 10.1%.
- Total expenses increased by $5.0M or 8.6%, mainly from cost saving realized in culture and leisure as a result of reduced programming and a reduction in expenditures for transportation costs associated with the repair and maintenance of the City's aging fleet, much of which was replaced in 2014.
- Net position, decreased by $1.7M or 1.6% over the prior fiscal year. The City's expenditures were below revenues, as a result of a hold the line budget initiative. Revenues increased during the fiscal year, which indicates a modest improvement in the economy.

Business-type Activities

- Total revenues, increased by $597k or 1.9%, due mainly to the increase in operation of Florida Power & Lighting, the Marina re-opening, as well as increased collections.
- Total expenses decreased by $1.9M or 8.6% due to payments to ECR being reduced by over a million dollars as a result in the renewal and replacement account reaching is maximum limit.
- Net position, for business-type activities, increased by $12.7M or 7.4% over last year.

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, revenue sharing 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 increased by $10.3M and total expenditures decreased by $11.5M. The increase in expenditures was primarily due to an increase in capital outlay and an increase in general government expenditures, which include 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 2013/2014 with FY 2012/2013:

General Fund Revenues

	2014		2013			
Revenues	**Amount**	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease) $**	**Increase (Decrease) %**
Taxes	$35,246,989	67.87 %	$33,464,468	67.89 %	$1,782,521	5.33 %
Licenses and permits	1,642,699	3.16	1,212,134	2.46	$430,565	35.52
Intergovernmental	6,466,606	12.45	6,231,962	12.64	$234,644	3.77
Charges for services	8,056,137	15.51	6,469,086	13.12	$1,587,051	24.53
Fines and forfeitures	286,888	0.55	299,852	0.61	($12,964)	(4.32)
Capital lease proceeds	-	-	-	-	$0	-
Investment earnings	33,297	0.06	28,095	0.06	$5,202	18.52
Miscellaneous	200,372	0.39	1,583,411	3.21	($1,383,039)	(87.35)
Total Revenues	**$51,932,988**	**100.00** %	**$49,289,008**	**100.00** %	**$2,643,980**	**4.00** %

As a measure of the general fund, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of September 30, 2014, the unassigned fund balance of the general fund was $17.4M, which is 34.6% to total general fund expenditures.

The combined fund balances for all other governmental (major and non-major) funds increased by $9.5M.

Total governmental funds reported revenues of $1.2M below expenditures after transfers for fiscal year ended September 30, 2014.

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 position for the enterprise funds increased by $9.6M resulting from increases in Utility Special District of $4.5M, Marina of $4.9M, and Stormwater of $166K.

BUDGETARY ANALYSIS FOR THE GENERAL FUND

The difference between the original budget and the final amended appropriations for the general fund is $1.2M. The following summarizes the major changes from the original budget to the final budget by function:

Function	Amount
General Government	$ 1,811,645
Public Safety	(695,606)
Human Services	6,169
Transporation	(7,192)
Culture & Recreation	103,561
	$ 1,218,577

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 variances are as follows:

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 33,831,769	$ 33,831,769	$ 35,246,989	$ 1,415,220
Licenses and permits	1,010,900	1,010,900	1,642,699	631,799
Intergovernmental	6,235,638	6,235,638	6,466,606	230,968
Charges for services	7,791,772	7,791,772	8,056,137	264,365
Fines and forfeitures	291,516	291,516	286,888	(4,628)
Investment earnings	33,000	33,000	33,297	297
Miscellaneous	130,000	130,000	(16,529)	(146,529)
Grants and contributions	125,350	125,350	216,901	91,551
Total revenues	49,449,945	49,449,945	51,932,988	2,483,043
Expenditures:				
Current:				
General government	16,862,014	17,001,871	15,190,226	1,811,645
Public safety	26,963,047	27,273,307	27,968,913	(695,606)
Transportation	1,242,601	1,331,958	1,325,789	6,169
Human services	204,866	204,866	212,058	(7,192)
Culture and recreation	4,108,186	4,286,820	4,183,259	103,561
Economic environment	-	-	208,090	(208,090)
Capital outlay	69,231	135,967	59,787	76,180
Total expenditures	49,449,945	50,234,789	49,148,122	1,086,667
Excess (deficiency) of revenues over expenditures	-	(784,844)	2,784,866	1,396,376
Other financing sources (uses):				
Operating transfers in	-	-	362,299	362,299
Operating transfers out	(911,582)	(1,236,582)	(1,586,572)	(349,990)
Total other financing sources (uses)	(911,582)	(1,236,582)	(1,224,273)	12,309
Net change in fund balance			1,560,593	
Fund balance - beginning			16,797,301	
Fund balance - ending			$ 18,357,894	

General fund revenues were above the amended budget by $2.0M or 4.0% due mainly to an increase in collection of taxes, and sale of land. General fund expenditures were above the amended budget by $0.2M or 0.5% due to an increase in personnel costs in public safety, human resources and culture and recreation.

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 $130.1M an increase of $5.2M over September 30, 2013. Infrastructure includes roadways and streets and related improvements such as sidewalks, traffic calming devices and street lighting. Investment in capital assets also includes land, buildings, improvements, furniture, fixtures, machinery, and equipment. Major capital assets placed in service during this year include, street improvements, park improvements, building for public safety and public works operations, machinery and equipment acquisitions for police and fire, water and sewer improvements and infrastructure, and stormwater (canal) improvements and infrastructure. Additional information on the City's capital assets is included in the *Notes to the Financial Statements* section.

Schedule of Capital Assets

	Governmental activities		Business-type activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Land	$6,180,237	$6,946,546	$1,331,512	$1,331,512	$7,511,749	$8,278,058
Construction in progess (CIP)	21,912,462	15,708,797	20,199,489	15,084,215	42,111,951	30,793,012
Capital assets, not being depreciated	**28,092,699**	**22,655,343**	**21,531,001**	**16,415,727**	**49,623,700**	**39,071,070**
Infrastructure	39,983,821	39,918,807	-	-	39,983,821	39,918,807
Buildings & improvements	39,014,524	38,857,677	20,957,824	20,957,824	59,972,348	59,815,501
Waterside improvements	-	-	-	2,979,132	-	2,979,132
Furniture, fixtures, machinery & equipment	18,158,175	17,229,349	6,840,374	6,412,397	24,998,549	23,641,746
Utility plant & systems	-	-	56,943,239	56,819,288	56,943,239	56,819,288
Capital assets, being depreciated	**97,156,520**	**96,005,833**	**84,741,437**	**87,168,641**	**181,897,957**	**183,174,474**
Accumulated depreciation	(51,822,920)	(47,159,651)	(49,631,439)	(50,246,087)	(101,454,359)	(97,405,738)
Total capital assets, net	**$73,426,299**	**$71,501,525**	**$56,640,999**	**$53,338,281**	**$130,067,298**	**$124,839,806**

Outstanding debt - As of September 30, 2014, the City had $31.9M 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.

Schedule of Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds and notes payables	$23,168,501	$31,728,926	$25,385,872	$26,020,115	$48,554,373	$57,749,041
Capital lease obligation	1,253,250	534,551	-	-	1,253,250	534,551
Utility purchase obligation	-	-	766,038	886,823	766,038	886,823
OPEB obligation	3,288,898	3,015,897	641,977	603,238	3,930,875	3,619,135
Compensated absences	4,287,347	4,469,764	527,827	580,580	4,815,174	5,050,344
Total	**$31,997,996**	**$39,749,138**	**$27,321,714**	**$28,090,756**	**$59,319,710**	**$67,839,894**

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. During fiscal year 2014, the City's economic performance will be influenced by the pace of national economic growth, as well as the local real estate market.

Governmental Activities

For FY 2015, the total general fund budget is $53.954M which represents an increase of $4.5M above FY 2014 adopted budget of $49.450. This is supported by the increase in the City's assessed taxable value of $3.382B for FY 2015 compared to $2.992B in FY 2014, an increase of $390M or 13%. As a result of the increase in property values for the City, the additional property tax revenue has allowed the City to eliminate furlough days, add new positions, and continue with capital improvement projects which were placed on hold.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2015 budget is balanced based on the current millage rate of 8.952, with a rolled back rate of 8.5052. Property taxes continue to comprise a significant portion of the general fund revenues totaling $27.694M in FY 2015 compared to $27.020M, an increase of $674k or 2.5%. The City's other significant revenue sources are generated from sales taxes, state revenue sharing, franchise fees, and investment income which are also projected to increase during FY 2015. It is anticipated that sales tax will increase $240k or 10.37%, state revenue sharing up $90k or 9.3%, franchise fees up $155k or 5.93% and investment income up $35k or 1.4%.

Business-type Activities

For FY 2015, revenues of $23.94M have been projected for Utility Special District, an increase of $6.5M or 37% over FY 2014 due to an increase of 2% in water and sewer rates in FY 2014. Additionally, the City has improved upon its process for reading of water meters for usage, as well as the reopening of the FPL facility which added of $1.2M to revenue.

Revenues for the Marina are projected to increase by $25k or 1.5% moving from $1.602M in FY 2014 to $1.628M in FY 2015. This marginal increase is due mainly from fuel, oil and retail sales. The Marina operations continue to be affected by the ongoing construction relating to the redevelopment project.

Stormwater utility has budgeted revenues of $1.5M for FY 2015 which is a decrease of $126k or a 7% reduction over budgeted revenue in FY 2014.

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:

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

The City's financial statements, operating budgets, and 5-Year Capital Improvement Plans for current and prior years are also available on the City's website at: http://www/rivierabch.com.

BASIC FINANCIAL STATEMENTS

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government		
	Government Activities	Enterprise Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 50,816,353	$ 35,474,256	$ 86,290,609
Investments	9,586,009	186,628	9,772,637
Receivables, Net			
Accounts	13,228,550	6,258,045	19,486,595
Unbilled Accounts	47,880	890,595	938,475
Interest	4,036	-	4,036
Internal Balances	8,023,224	(8,023,224)	-
Prepaid Assets and Other Items	26,740	697,726	724,466
Deposits Paid in Escrow	223	-	223
Inventory	1,070,473	59,226	1,129,699
Restricted Cash and Cash Equivalents	16,273,209	-	16,273,209
Total Current Assets	99,076,697	35,543,252	134,619,949
Non-Current Assets			
Investment in WasteWater Treatment Plant	-	10,481,565	10,481,565
Net Pension Plan Asset	1,734,070	-	1,734,070
Capital Assets, not being depreciated	28,092,788	21,531,001	49,623,789
Capital Assets, being depreciated, net	46,777,444	35,313,523	82,090,967
Total Non-Current Assets	76,604,302	67,326,089	143,930,391
Total Assets	175,680,999	102,869,341	278,550,340
Liabilities			
Current Liabilities			
Accounts Payable	1,615,823	371,022	1,986,845
Accrued Liabilities	1,302,218	119,002	1,421,220
Current portion of compensated balances	316,311	-	(316,311)
Deposits and other liabilities	763,148	2,522,922	3,286,070
Current portion of bonds & notes payable	2,511,822	-	(2,511,822)
Current portion of capital leases payable	170,318	-	170,318
Total Current Liabilities	6,679,640	3,012,946	9,692,586
Non-Current Liabilities			
Accrued Compensated Absencs	4,089,791	527,827	4,617,618
OPEB Liability	3,288,898	701,236	3,990,134
Long-term portion of bonds and notes payable	49,311,168	26,202,561	75,513,729
Long-term portion of capital leases payable	1,313,960	-	1,313,960
Total Non-Current Liabilities	58,003,817	27,431,624	85,435,441
Total Liabilities	64,683,457	30,444,570	95,128,027
Deferred Inflows	4,257,426	34,390	4,291,816
Net Position			
Invested in Capital Assets, net of related debt	21,562,964	30,641,963	52,204,927
Restricted for			
Debt Service	252,724	-	252,724
Community Redevelopment	13,757,915	-	13,757,915
Capital Project	30,573,286	10,481,565	41,054,851
Unrestricted	40,593,227	31,266,853	71,860,080
Total Net Position	$ 106,740,116	$ 72,390,381	$ 179,130,497

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
September 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Primary Government		
Function/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Enterprise Activities	Total
Governmental Activities							
General Government	$ 21,820,264	$ 12,141,552	$ 110,790	$ -	$ (9,567,922)	$ -	$ (9,567,922)
Public Safety	28,913,127	1,454,827	763,990	-	(26,694,310)	-	(26,694,310)
Transportation	953,676	8,063	-	647,408	(298,205)	-	(298,205)
Human Services	692,929	500	75,341	-	(617,088)	-	(617,088)
Culture and Recreation	8,354,852	254,456	13,550	-	(8,086,846)	-	(8,086,846)
Economic & Physical Environment	630,946	360,889	114,616	-	(155,441)	-	(155,441)
Interest and debt service costs	1,791,966	-	-	-	(1,791,966)	-	(1,791,966)
Total Government Activities	$ 63,157,760	$ 14,220,287	$ 1,078,287	$ 647,408	$ (47,211,778)	$ -	$ (47,211,778)
Enterprise Fund Activities							
Water and Sewer Special District	$ 14,077,433	$ 20,102,058	$ -	$ -		$ 6,024,625	$ 6,024,625
Marina	1,325,128	4,323,779	-	-		2,998,651	2,998,651
Refuse Collection	4,042,914	3,998,842	-	-		(44,072)	(44,072)
Stormwater	1,509,313	1,671,972				162,659	162,659
Interest and debt service costs	1,401,885	-	-	-		(1,401,885)	(1,401,885)
Total Enterprise Activities	22,356,673	30,096,651	-	-		7,739,978	7,739,978
Total Primary Government	$ 85,514,433	$ 44,316,938	$ 1,078,287	$ 647,408	$ (47,211,778)	$ 7,739,978	$ (39,471,800)
General Revenues							
Property Taxes					$ 27,993,790	$ -	$ 27,993,790
Property Taxes Incremental					5,992,858	-	5,992,858
Utility Taxes					4,316,158	-	4,316,158
Franchise Fees					2,721,401	-	2,721,401
Communications Service Tax					1,222,571	-	122,571
Intergovernmental					5,408,630	-	5,408,630
Investment Earnings					(1,209,881)	(63,547)	(1,273,428)
Miscellaneous					1,151,114	(9,459)	1,141,655
Transfers In (Out)					(1,901,014)	1,901,014	-
Total General Revenues					$ 45,695,627	$ 1,828,008	$ 47,523,635
Change in Net Position					(1,516,151)	9,567,986	8,051,835
Net Position - Beginning					108,256,267	62,822,395	171,078,662
Net Position - Ending					$106,740,116	$ 72,390,381	$179,130,497

The accompanying Independent Auditors Report and Notes are an integral part of these financial statements

CITY OF RIVIERA BEACH, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014

	Major Funds				
	General	CRA	Capital Bond Fund	Non-Major Funds	Total
Assets					
Current Assets					
Cash and Cash Equivalents	$ 6,496,519	$ 4,525,407	$ 22,075,386	$ 11,014,547	$ 44,111,859
Restricted Cash and Cash Equivalents	6,500	16,207,340	59,369	-	16,273,209
Investments	-	66,169	9,519,840	-	9,586,009
Receivables, Net	3,580,950	14,788	4,036	1,887,340	5,487,114
Due from other Funds	10,772,869	-	-	-	10,772,869
Prepaid Assets and Other Items	15,000	11,202	-	538	26,740
Deposits Paid in Escrow	-	223	-	-	223
Inventory	942,298	-	-	128,175	1,070,473
Total Assets	21,814,136	20,825,129	31,658,631	13,030,600	87,328,496
Liabilities					
Current Liabilities					
Accounts Payable	1,340,792	7,754	117,406	133,773	1,599,725
Accrued Liabilities	712,062	103,010	-	12,827	827,899
Due to other Funds	5,013	10,552,792	967,939	1,418,522	12,944,266
Other Liabilities	598,103	34,150	-	130,895	763,148
Total Liabilities	2,655,970	10,697,706	1,085,345	1,696,017	16,135,038
Deferred Inflows	800,272	-	-	224,382	1,024,654
Fund Balance					
Nonspendable					
Inventory	942,298	-	-	128,175	1,070,473
Prepaids	15,000	11,202	-	538	26,740
Restricted					
Community Redevelopment	-	10,116,221	-	-	10,116,221
Debt Service	-	-	-	252,724	252,724
Special Revenue	-	-	-	1,437,377	1,437,377
Capital Project	-	-	30,573,286	6,057,107	36,630,393
Committed	-	-	-	-	-
Emergency Reserves	-	-	-	3,468,375	3,468,375
Assigned - Special Revenue	-	-	-	(234,095)	(234,095)
Unassigned - General	17,400,596	-	-	-	17,400,596
Total Fund Balance	18,357,894	10,127,423	30,573,286	11,110,201	70,168,804
Total Liabilities, Deferred Inflows, Fund Balance	$ 21,814,136	$ 20,825,129	$ 31,658,631	$ 13,030,600	$ 79,231,779

Total Net Position Reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	74,870,232
Related party receivable not due in the current period and therefore, not reported in the funds	6,798,000
Compensated absences not due and payable in the current period and therefore not reported in the funds	(4,406,102)
Long-term liabilities, including notes/bonds, are not due and payable in the current period,	(53,307,268)
Net Pension Plan Asset	1,734,070
Accrued Interest on Long-Term Debt, not reported in the Funds	(474,319)
OPEB obligation not due and payable in the current period and therefore not reported in the funds	(3,288,898)
Net assets - Internal Service Fund	14,645,597
Net Position of Governmental Activities	$ 106,740,116

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
September 30, 2014

	Major Funds				
	General	CRA	Capital Bond Fund	Non-Major Government	Total
Revenues					
Taxes	$ 35,246,989	$ 5,992,858	$ -	$ 227,764	$ 41,467,611
Licenses and Permits	1,642,699	-	-	15,475	1,658,174
Intergovernmental	6,466,606	-	-	-	6,466,606
Charges for Services	8,056,137	-	-	-	8,056,137
Fines and Forfeitures	286,888	-	-	82,648	369,536
Restricted Investment Earnings	-	38,820	-	-	38,820
Investment Earnings	33,297	17,215	35,691	13,116	99,319
Miscellaneous	(16,529)	911	-	(291,982)	(307,600)
Grants and Contributions	216,901	-	-	1,672,768	1,889,669
Total Revenues	51,932,988	6,049,804	35,691	1,719,789	59,738,272
Expenditures					
Current					
General Government	15,190,226	8,805,321	426,976	6,500	24,429,023
Public Safety	27,968,913	-	-	314,333	28,283,246
Transportation	1,325,789	-	-	22,904	1,348,693
Human Services	212,058	-	-	482,465	694,523
Culture and Recreation	4,183,259	-	139,129	44,589	4,366,977
Economic Environment	208,090	-	-	15,589	223,679
Capital Outlay	1,252,456	3,685,796	1,451,428	2,112,589	8,502,269
Debt Service					
Principal	-	2,157,092	-	518,034	2,675,126
Interest and debt service costs	-	1,473,400	99,141	55,340	1,627,881
Total Expenditures	50,340,791	16,121,609	2,116,674	3,572,343	72,151,417
Excess (deficiency) Revenue over Expenditures	1,592,197	(10,071,805)	(2,080,983)	(1,852,554)	(12,413,145)
Other financing sources (uses)					
Loan Proceeds	1,192,669	92,628	22,495,158	-	23,780,455
Transfers In	362,299	-	-	1,361,023	1,723,322
Transfers Out	(1,586,572)	-	-	(2,037,764)	(3,624,336)
Total other financing Sources/Uses	(31,604)	92,628	22,495,158	(676,741)	21,879,441
Net Changes in Fund Balance	1,560,593	(9,979,177)	20,414,175	(2,529,295)	9,466,296
Fund Balance (deficit)- Beginning	16,797,301	20,106,600	10,159,111	13,636,496	60,702,508
Fund Balance (deficit) - Ending	$ 18,357,894	$ 10,127,423	$ 30,573,286	$ 11,110,201	$ 70,168,804

The accompanying Independent Auditors Report and Notes are an integral part of these financial statements

CITY OF RIVIERA BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATE OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES
September 30, 2014

Net Change in Fund balances - Total Governmental Funds		$ 9,466,296
Amount reported or governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives and reported as depreciation expense.		
Expenditures for Capital Outlays	$ 7,509,366	
Less Basis for Sales of Assets	(921,207)	
Less Current Year Depreciation	(3,219,454)	
	$ 3,368,705	$ 3,368,705
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the 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. These amounts are the net effect of these differences in the treatment of long-term debt and related items.		
Principal Repayments	$ 2,675,126	
Accrued Interest on Long-Term Debt	(164,085)	
Proceeds from Long-Term Debt	(23,780,455)	
	$ (21,269,414)	$ (21,269,414)
Internal service funds are shown as a proprietary fund for governmental fund presentations, while they are included in the statement of activities as a governmental activity		
Change in Net Assets for Internal Service Funds	$ 353,633	$ 353,633
Some amounts reported as expenditures in governmental funds are for long term advances paid during the fiscal year end and consume current financial resourc of government funds wihtout any current repayment terms. These amounts increa the statement of net position.		
Related party construction advances	$ 6,798,000	$ 6,798,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds		
Other Post Employment Benefits (OPEB)	$ (273,001)	
Net Pension Plan Asset for the Year End	(83,708)	
Compensated Absense	125,200	
	$ (231,509)	$ (231,509)
Change in Net Position of Governmental Activities		$ (1,514,289)

CITY OF RIVIERA BEACH, FLORIDA
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2014

	Enterprise Funds					
	Utility Special District	Refuse Collection	Marina	Stormwater	Total Enterprise Funds	Internal Service Fund
Assets						
Current Assets						
Cash and Cash Equivalents	$ 32,667,896	$ 1,204,376	$ 2,003	$ 1,599,981	$ 35,474,256	$ 6,704,494
Investments	186,628	-	-	-	186,628	-
Receivables, Net						
Accounts	2,565,666	170,441	3,260,396	261,542	6,258,045	995,352
Unbilled Accounts	734,666	75,632	-	58,341	868,639	-
Due from other Funds	-	-	-	-	-	-
Advance to CRA	-	-	-	-	-	10,194,621
Inventory	59,226	-	-	-	59,226	-
Total Current Assets	$ 36,214,082	$ 1,450,449	$ 3,262,399	$ 1,919,864	$ 42,846,794	$ 17,894,467
Non-Current Assets						
Investment in WasteWater Treatment Plant	$ 10,481,565	$ -	$ -	$ -	$ 10,481,565	$ -
Capital Assets - not being depreciated	3,357,388	-	16,880,665	1,292,948	21,531,001	-
Capital Assets - being depreciated	29,643,007	1,017,500	879,799	3,773,217	35,313,523	-
Total Non-Current Assets	$ 43,481,960	$ 1,017,500	$ 17,760,464	$ 5,066,165	$ 67,326,089	$ -
Total Assets	79,696,042	2,467,949	21,022,863	6,986,029	110,172,883	17,894,467
Deferred outflows	719,682	-		-	719,682	-
Liabilities						
Current Liabilities						
Accounts Payable	$ 218,888	$ 69,671	$ 77,324	$ 19,013	$ 384,896	$ 16,098
Accrued Liabilities	89,829	-	-	15,299	105,128	-
Due to other Funds	-	-	8,023,224	-	8,023,224	-
Deposits and Other Liabilities	2,029,424	497,513	30,191	184	2,557,312	3,232,772
Total Current Liabilities	$ 2,338,141	$ 567,184	$ 8,130,739	$ 34,496	$ 11,070,560	$ 3,248,870
Non-Current Liabilities						
Accrued Compensated Absenses	$ 417,598	$ -	$ 53,497	$ 56,732	$ 527,827	$ -
OPEB Liability	553,088	-	59,259	88,889	701,236	-
Bonds and Notes Payable	26,202,561	-	-	-	26,202,561	-
Total Non-Current Liabilities	$ 27,173,247	$ -	$ 112,756	$ 145,621	27,431,624	$ -
Total Liabilities	$ 29,511,388	$ 567,184	$ 8,243,495	$ 180,117	$ 38,502,184	$ 3,248,870
Net Position						
Invested in Capital Assets net of Related Debt	17,279,399	1,017,500	17,760,464	5,066,165	41,123,528	-
Restricted for						
Debt Service	-	-	-	-	-	-
Capital Project	-	-	447,315	716,012	1,163,327	-
Unrestricted	33,624,397	883,265	(5,428,412)	1,023,735	30,103,525	14,645,597
Total Net Position	$ 50,904,336	$ 1,900,765	$ 12,779,368	$ 6,805,912	$ 72,390,381	$ 14,645,597

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Enterprise Funds					
	Utility Special District	Refuse Collection	Marina	Stormwater	Total Enterprise	Internal Service Fund
Operating Revenues						
Charges for services	$ 20,102,058	$ 4,038,118	$ 839,661	$ 1,671,972	$ 26,651,809	$ -
Grants and Contributions	-	-	3,588,699	-	3,588,699	4,134,155
Miscellaneous	(41,799)	-	(111,517)	-	(153,316)	230,467
Total Operating Revenue	20,060,259	4,038,118	4,316,843	1,671,972	30,087,192	4,364,622
Operating Expenses						
Personnel Services	4,366,882	-	526,861	644,425	5,538,168	805,977
Contractual Services and Operations	5,948,170	3,941,829	597,843	405,670	10,893,512	1,945,145
Supplies, materials and maintenance	1,477,476	-	85,565	350,037	1,913,078	22,420
Utilities	620,139	-	186,624	-	806,763	-
Rent and Leases	-	-	726	3,964	4,690	-
Bad Debts	(228,521)	46,085	-	6,237	(176,199)	-
Depreciation	1,880,184	55,000	90,935	182,982	2,209,101	-
Total Operating Expenses	14,064,330	4,042,914	1,488,554	1,593,315	21,189,113	2,773,542
Operating Income (loss)	5,995,929	(4,796)	2,828,289	78,657	8,898,079	1,591,080
Non-Operating Revenue (Expense)						
Settlement Payment	-	-	-	-	-	(1,527,020)
Transfers In (Out)	1	-	1,901,013	-	1,901,014	-
Capital acquisitions	(13,103)		163,426	84,002	234,325	
Investment Earnings	(95,003)	2,111	25,970	3,375	(63,547)	289,573
Interest debt service expense	(1,401,885)	-	-	-	(1,401,885)	-
Total Non operating Revenue/Expense	(1,509,990)	2,111	2,090,409	87,377	669,907	(1,237,447)
Change in Net Position	4,485,939	(2,685)	4,918,698	166,034	9,567,986	353,633
Net Position - Beginning	46,418,397	1,903,450	7,860,667	6,639,878	62,822,392	14,291,964
Net Position - Ending	$ 50,904,336	$ 1,900,765	$ 12,779,365	$ 6,805,912	$ 72,390,378	$ 14,645,597

CITY OF RIVERA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Utility Special District	Refuse Collection	Marina	Stormwater	Total
Cash flows from operating activities					
Receipts	$ 20,315,374	$ 4,089,059	$ 909,401	$ 1,704,252	$ 27,018,086
Intergovernmental grants	-	-	3,588,699	-	3,588,699
Net interfund transfers from governmental funds	(123,951)	-	1,901,013	-	1,777,062
Investment income	(95,003)	2,111	25,970	3,375	(63,547)
Interest paid on long-term debt	(1,401,885)	-	-	-	(1,401,885)
Cash paid to suppliers	(9,697,448)	(3,989,869)	(958,693)	(948,890)	(15,594,900)
Cash paid to employees	(4,313,142)	-	(549,718)	(633,063)	(5,495,923)
Net cash provided by (used in) operating activities	4,683,945	101,301	4,916,672	125,674	9,827,592
Cash flows from capital and related financing activities					
Acquisitions and construction of capital assets	(2,043,456)	(1,100,000)	(5,620,804)	(2,561,723)	(11,325,983)
Principal paid on long-term debt	(799,757)	-	-	-	(799,757)
Net cash provided by (used in) Capital and related financing activities	(2,843,213)	(1,100,000)	(5,620,804)	(2,561,723)	(12,125,740)
Cash flows from non-capital and related financing activities					
Interfund transfers	-	-	2,208,370	-	2,208,370
Net cash provided by (used in) Noncapital and related financing activities	-	-	2,208,370	-	2,208,370
Net increase (decrease) in cash and cash equivalents	1,840,732	(998,699)	1,504,238	(2,436,049)	(89,779)
Cash and cash equivalents - beginning	27,962,543	1,103,075	984,746	2,138,778	32,189,142
Cash and cash equivalents - ending	32,646,488	1,204,376	2,003	1,599,981	35,660,884
Cash and cash equivalents - actual	27,962,543	1,103,075	984,746	2,138,778	32,189,142
Difference to actual	4,683,945	101,301	(982,743)	(538,797)	3,471,742
Reconciliation of operating income to net cash provided by (used in) operating activities					
Change in net position	4,375,092	2,685	4,755,272	82,032	9,215,081
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,880,184	55,000	90,935	182,982	2,209,101
Unrealized loss on investment in water treatment plant	1,307,285	-	-	-	1,307,285
Change in assets and liabilities					
(Increase) decrease in:					
Due from other governments					
Due from other funds					
Accounts receivables	805,970	16,104	185,717	34,868	1,042,659
Unbilled Accounts	(110,370)	11,443	-	(2,772)	(101,699)
Inventory	(21,034)	-	17,891	-	(3,143)
Prepaid expenses	-	2,395	-	-	2,395
Increase (decrease) in:	-				
Accounts payable	151,235	440	(241,443)	(22,981)	416,099
Bond / Notes payable-current	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deposits and Other Liabilities	440,488	(23,394)	4,460	184	421,738
Accrued Liabilities	8,856	-	(12,931)	4,014	(61)
OPEB liability	90,374	-	9,683	14,524	114,581
Compensated absences	(19,343)	-	7,968	3,705	(7,670)
Total adjustments	4,533,645	61,988	545,166	260,486	5,401,285
Net cash provide by (used in) operating activities	$ 8,908,737	$ 64,673	$ 5,300,438	$ 342,518	$ 14,616,366

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
September 30, 2014

	General Employee's Retirement System	Police Pension	Municipal Firefighters Pension	Total
Assets				
Cash and Cash Equivalents	$ 2,879,144	$ 1,944,488	$ 2,042,376	$ 6,866,008
Investments				
US Government Securities	10,604,359	10,950,402	3,761,242	25,316,003
Corporate Obligations	6,432,774	6,149,619	11,660,887	24,243,280
Equity Securities	45,263,158	31,205,597	27,481,938	103,950,693
Other Fixed Income	-	5,622,223	8,306,728	13,928,951
Real Estate Funds	-	2,755,514	6,123,186	8,878,700
Mutual Funds	6,022,932		355,576	6,378,508
Total Investments	68,323,222	56,683,355	57,689,557	182,696,134
Receivables				
Interest and Dividends	130,426	133,690	69,299	333,415
Contributions -Members	-	-	15,802	15,802
Contributions _ Employer and State	-	-	360,646	360,646
Unsettled Trades	-	-	557,295	557,295
Total Receivables	130,426	133,690	1,003,042	1,267,158
Prepaid Expense	-	13,131	16,699	29,830
Total Assets	71,332,792	58,774,664	60,751,674	190,859,130
Liabilities				
Accounts Payable and Accrued Liabilities	170,716	201,471	19,361	391,548
DROP Payable	-	33,748	-	33,748
Deferred Contributions	-	-	6,405	6,405
Unsettled Trades	-	-	545,164	545,164
Total Liabilities	170,716	235,219	570,930	976,865
Net Position				
Held in Trust for Pension Benefits				
Total Net Position	$ 71,162,076	$ 58,539,445	$ 60,180,744	$ 189,882,265

CITY OF RIVIERA BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
September 30, 2014

	General Employee's Retirement System	Police Pension	Municipal Firefighters Pension	Total
Additions				
Contributions				
Employer	$ 4,997,167	$ 2,256,744	$ 2,180,604	$ 9,434,515
Plan Members	556,389	405,708	349,055	1,311,152
State	-	222,041	360,646	582,687
Total Contributions	5,553,556	2,884,493	2,890,305	11,328,354
Investment Income				
Interest and Dividends	1,308,442	1,213,724	1,127,200	3,649,366
Realized Gains	3,728,816	-	-	3,728,816
Net (depreciation)appreciation in fair value	1,818,048	4,972,003	4,473,975	11,264,026
Other Investment Income	30,272	1,394	-	31,666
Total Investment Income	6,885,578	6,187,121	5,601,175	18,673,874
Investment Expenses	(526,835)	(343,869)	(294,451)	(1,165,155)
Total Investment Expense	(526,835)	(343,869)	(294,451)	(1,165,155)
Net Investment Income	6,358,743	5,843,252	5,306,724	17,508,719
Deductions				
Benefits Paid	5,101,513	4,660,119	4,154,314	13,915,946
Refunds & Share Distributions	-	150,075	199,144	349,219
Administrative and Other Expenses	14,557	147,766	101,092	263,415
Total Deductions	5,116,070	4,957,960	4,454,550	14,528,580
Change in Net Position	6,796,229	3,769,785	3,742,479	14,308,493
Net Position - Beginning	64,365,847	54,769,660	56,438,265	175,573,772
Net Position - Ending	$ 71,162,076	$ 58,539,445	$ 60,180,744	$189,882,265

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The City 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, zoning, public works, storm water drainage, culture and recreation (parks maintenance, recreational activities, library services, and cultural events), marina, and water and sewer utilities. The City Council is responsible for legislative and fiscal control of the City.

The accounting policies and the presentation of the financial statements of the City have been governmental units. The Governmental Accounting Standards Board ("GASB") is the standard setting body for governmental accounting and financial reporting. The financial statements of the City have been prepared in accordance with the Governmental Accounting Standards Board. 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly appointed board.

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. Blended component units, while legally separate entities, are in substance part of the government's operations, therefore, data from these units are presented with data of the City, the primary government. Each blended component unit also has a fiscal year end of September 30.

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

Riviera Beach Community Redevelopment Agency (CRA) – The Riviera Beach Community Redevelopment Agency was established by a special act in 1969 of the Florida Legislature under Chapter 163 to develop and revitalize the blighted areas of the City. The CRA's services are rendered wholly within the boundaries of the City, and its activities and transactions are intended to benefit the City by returning improved property to the City's tax rolls to enhance the business and cultural environment of the CRA area and to provide employment to its citizens. The CRA was created by City Resolution No. 130-84 dated August 7, 1984. 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. The CRA is dependent on the City to fund deficits, meet debt service requirements, and pay other expenditures in the event that the revenues of the CRA are insufficient. Separate financial statements are also issued for the CRA and may be obtained from Riviera Beach Community Redevelopment Agency, 2001 Broadway, Suite 300, Riviera Beach, Florida, 33404.

Utility Special District (USD) – In June 2004, USD was created pursuant to City Ordinance No. 2972, the Florida Constitution, Chapter 189 of the 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Trust Funds - The Riviera Beach Firefighters' Pension Fund ("Firefighters' Pension") and the Riviera Beach Police Pension Fund ("Police Pension") (collectively, the "Pension Trust Funds") are each separate entities established to account for the financial activity of the separate pension plans. A board of trustees governs each plan. The board of the Firefighters' Pension and Police Pension are each comprised of five members, two are elected by and from plan membership, two are citizens of the City appointed by the Mayor and one is elected by the other four members. Although each plan is administered by its respective Board of Trustees, the Pension Trust Funds are fiscally dependent on the City. The City is obligated to fund liabilities of each pension system based upon actuarial evaluations.

The Pension Trust Funds are accounted for as pension trust funds and are not incorporated into the government-wide statements. Pension cost for the Pension Trust Funds is reported in the accompanying financial statements with actuarial data disclosed in the notes to financial statements. The Pension Trust Funds and the OPEB Trust Fund constitute all such funds included in the accompanying statements of fiduciary net positon and changes in fiduciary net position under the Pension Trust Funds caption.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been eliminated from these statements. Notable exceptions are payment-in-lieu of taxes ("PILOT") and other charges of the City's water and sewer function and the City's Marina function to the various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. The major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds are aggregated and reported as non-major funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements: 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.

Governmental fund financial statements: Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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, other than those related to state and federal expenditure driven grants, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues related to expenditure driven grants are considered to be available when collected within one year of the end of the current fiscal year. 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. Expenditures related to pension and other post-employment benefits are recognized when the City has made a decision to fund those obligations with current available resources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Funds and Basis of Presentation*:* The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenses/expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of assets, liabilities, revenues or expenses/expenditures of either fund category and the governmental and enterprise combined), for the determination of major funds. The City electively added funds, as major funds, which either have significant outstanding debt or a specific community focus. The aggregated non-major funds are presented in one column in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund. Revenue is derived primarily from property taxes, state and federal distributions, grans and other intergovernmental revenue. The general operating expenditures, fixed charges, and capital outlay costs that are not paid through other funds are paid from this fund.

Community Redevelopment Fund – This fund is used to account revenue received from the Community Redevelopment Agency ("CRA"). The fund is restricted to use for carrying out redevelopment in the designated redevelopment area.

Capital Bond 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. This capital projects fund also accounts for the restricted funds issued under the Public Improvement Revenue Bonds Series 2014. The funds are being held in escrow and are to be used for specified City projects to include the reconstruction or resurfacing of streets located throughout the City as well as a portion of which shall be used as a City loan to the CRA for the acquisition, construction and installation of improvements to property within the CRA Redevelopment Area.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (drainage) 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 the following other funds:

Internal Service Fund – This fund accounts for services provided to other departments of the City on a cost reimbursement basis. These services include: risk management services, (workers' compensation, general liability insurance, and property insurance).

Fiduciary Funds – These funds account for the activities of the General Employees' Retirement Plan, the Firefighters' Pension and the Police Pension, which accumulate resources for pension benefit payments to certain employees, all firefighters and fire department officers and non-civilian police department employees respectively.

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.

In the government-wide financial statements, 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 and the internal service funds are charges to customers for sales and services. The Water and Sewer System Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City employs a cost allocation system. An administrative service fee is charged by the General Fund to the other operating funds to address services provided that are accounted for in the General Fund, such as finance, personnel, purchasing, legal services and general administration. This fee is included in the revenue section of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance—Budget to Actual. However, for General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP basis), the fee has been treated as a reimbursement of expenses for the other funds by reducing both the revenues and expenditures of the General Fund.

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.

C. Assets, liabilities, deferred outflows/inflows and net position/fund balance

1a. Cash and Cash Equivalents

The City maintains a cash and investment pool that is available for use by all funds. The City's cash and investment pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty, and thus, the City is internally managing a fund which is considered to be a cash equivalent. Cash and cash equivalents as reported in the government-wide financial statements includes cash on hand, all highly liquid deposits and investments with original maturities of three months or less when purchased, and each fund's equity in the City's cash and investment pool. The City's cash and investment pool consists of U.S. Government Securities, Federal Agency Securities, U.S. Government Securities held under repurchase agreements, Corporate Bonds, Mortgage Backed Securities, Certificates of Deposit and Cash. Cash balances and requirements of all funds are considered in determining the amount to be invested. Interest earned on pooled cash and investments is allocated to funds based on their average weekly balances of equity in the pool. The City's banking contract requires that a compensating balance be maintained, this balance is adjusted quarterly based on charges for services utilized by the City in the prior quarter and the City's earnings credit rate (an interest factor on collected funds). As September 30, 2014, the compensating balance was $22,000,000.

1b. Investments

For all funds, except the Pension Trust Funds, investments are guided by the City's adopted Investment Policy. The City's investment portfolio is held by a trust custodian. Investment decisions for the City's short term portfolio are under the direction of the Finance Department's Treasury Division personnel in conjunction with the investment advisor. Holdings during the year just ended 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"). Assets of the General Employee's Pension Fund are invested in accordance with specific investment policies and objectives included in Section 112.661 of the Florida Statutes, which establishes investment guidelines for Florida municipal employee pension funds. Assets of the Firefighters' Pension Fund and the Police Pension Fund are invested in accordance with Chapter 175 and Chapter 185, Florida Statutes. Permissible investments of the Firefighter's and Police Pension Funds include obligations of the U.S. Treasury and U.S. agencies, high capitalization common or

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

preferred stocks, pooled equity funds, high quality bonds or notes and fixed income funds, real estate and derivative investments. In addition, the governing boards of the Firefighters' and Police Pensions requires that plan assets be invested with no more than 70% stocks and convertible securities measured at market value at the end of each reporting period. For all funds, purchases and sales of investments are recorded on trade date basis. Net realized gains and losses on sales of investments are reflected in current operating results as investment earnings along with interest and dividends.

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-7 like" pool and, thus, these investments are valued using the pooled share price. The Local Government Surplus Funds Trust Fund – Fund B, is separate from Fund A, and is not subject to demand withdrawal, the City has received all distributions from Fund B, except for a small amount as discussed in Note 3. For all funds, purchases and sales of investments are recorded on the trade date. Net realized gains and losses on sales of investments are reflected in current operating results as investment earnings along with interest and dividends.

Investments are stated at fair value. The City determines fair value for most investments based upon unadjusted quoted prices in active markets for identical assets. In the unlikely event that quoted market price is not available, the City will base its valuation on observable inputs that are significant to the asset valuation. In the case of short term discounted notes, including U.S. Treasury Bills and Commercial Paper, valuations are stated at original cost.

2. Inter-fund Receivables and Payables

During the course of its operations, the City has numerous transactions between funds to provide services, construct assets and service debt. To the extent that certain transactions between funds were not paid for or received as of September 30, 2014, balances of inter-fund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of inter-fund receivables and payables not expected to be liquidated within one year are recorded as advances to and advances from other funds. Balances of advances to other funds are classified as non-spendable in the fund balances of the respective governmental funds since these balances are not available for appropriation.

3. Unbilled Accounts Receivables

The Utility Special District's 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 USD by prorating actual subsequent billings.

4. Other Receivables

All trade and property tax receivables on the Statement of Net Position are shown net of an allowance for un-collectibles. Management determines the allowance based on a review of accounts and their knowledge of the creditors and their ability to pay. Delinquent property tax

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

receivables are all included in the allowance for uncollectibles. Other long-term receivables are analyzed for collectability based on terms and conditions of the agreements and are included in the allowance for un-collectibles if deemed appropriate.

5. Inventories

Inventory, consisting principally of materials and supplies held for use or consumption, are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise funds. Inventories of the enterprise funds are accounted for under the consumption method, 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 Balance Sheet as of September 30, 2014. 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.

During the fiscal year 2013/14, the City determined that certain properties which the City acquired in previous years was surplus and accordingly the City Council approved the sale of the properties. The City held an auction in February and March of 2014 and a total of 23 properties with a cost basis of $921,000 were sold to the highest bidders, with proceeds in the amount of $321,000 allocated to the General Fund.

6. Prepaid Items

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

7. Restricted Assets

Certain proceeds of the Utility Special District fund revenue bonds, as well as certain resources set aside for their repayment and in accordance with bond covenants or local ordinance are classified as restricted assets on the fund level Statement of Net Position of the enterprise funds. These include: operating accounts for the enterprise funds which are used for accumulations of resources equal to operating costs for specified period; renewal and replacement accounts used for accumulation of resources to provide for replacement of existing system assets; debt service accounts used for accumulation of resources needed to meet debt service requirements as they become due; capital projects accounts used for acquisition and construction of assets funded by revenue bond proceeds; the impact fee construction account used for accumulations and expenditure of amounts restricted by local ordinance for future plant expansion; and customers'

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

deposit accounts restricted from use by local ordinance.

The *Capital Acquisition 2004* fund is used to report those proceeds of revenue bond issuance that are restricted for use in construction and are maintained in a separate bank account and its use is limited by applicable bond covenants.

The *Public Improvement Revenue 2014* fund is used to report those proceeds of the revenue bond issuance that are restricted for use in the reconstruction or resurfacing of streets located throughout the City. Additionally, funds shall be used as a loan to the CRA which shall be utilized to acquire, construct and install improvements to property within the CRA's Redevelopment Area.

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

8. Capital Assets and Depreciation

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 and proprietary fund 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 or greater 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 back-trending (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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In governmental funds, the acquisition or construction cost of capitalized assets are reported as expenditures and no depreciation is recorded.

Asset Description	Period
Buildings and Improvements	15 to 40 years
Utility Plant and Systems	20 to 50 years
Regional Sewer Systems	30 to 99 years
Furniture, Fixtures, Machinery and Equipment	3 to 10 years
Marina and Waterside Improvements	20 to 40 years

9. Capital Leases

The City has entered into several significant leasing arrangements constituting capital leases for which the City is the lessee.

10. Investment in Joint Venture

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

11. Compensated Absences

Employees may accumulate 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. The current portion of compensated absences payable is the amount estimated to be used or paid in the following fiscal year. Liability for earned compensated absences is reported at the government wide level and in the proprietary fund financial statements.

12. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premiums or discounts and deferred refunding amounts. Bond premiums, discounts, and issuance costs are amortized over the life of the bonds using the effective interest method. Deferred amounts on

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method, which does not result in a material difference from the effective interest method. Costs of issuing bonds and deferred charges on refunding bonds are capitalized in the governmental activities statement of net position.

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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payment of debt principal is reported as expenditure.

13. Deferred Inflows

Deferred inflows are recorded for governmental fund receivables that are not yet available. Inflows that do not meet the criteria for revenue recognition, such as occupational licenses (business tax) collected in advance are recorded as unearned revenues in the governmental funds, enterprise funds and the government-wide financial statements.

14. Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category.

15. Net Position Flow Assumption

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

Net position of the government-wide and proprietary funds is displayed in three categories:

a. **Net position, invested in capital assets, net of related debt** – This component of net position is the difference between assets, deferred outflows, deferred inflows and liabilities that consists of accumulated depreciation, accumulated amortization, outstanding balance of debt directly attributable to the acquisition, construction or improvement of those assets, and deferred outflows and deferred inflows of resources attributable to the acquisition, construction of those assets or related debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b Restricted Net Position - This component of net position is the difference between assets, deferred outflows, deferred inflows and liabilities that consists of assets with constraints placed on their use by externally imposed creditors, grantors, contributors or laws or regulations of other governments or imposed by law through enabling legislation or constitutional provisions

c. Unrestricted Net Position – This component of net position is the difference between assets, deferred outflows, deferred inflows and liabilities not reported as *net position, invested in capital assets, net of related debt* or *restricted net position*.

16. Fund Balance Flow Assumptions

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

17. Fund Balance Policies

GASB issued Statement No. 54, *Fund Balance Reporting Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. The City adopted GASB No. 54 for the fiscal year ended September 30, 2011. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the City is legally bound to honor the specific purposes for which amounts in fund balance may be spent. Amounts which are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislations are classified as restricted fund balances. Amounts which can only be appropriated, modified, or rescinded for specific purposes pursuant to constraints imposed by the City Council through an ordinance are classified as committed fund balances. An ordinance is the highest level of decision making authority and requires two City Council "readings" to effect or rescind. Amounts which are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Fund balances, including the appropriation of fund balances to eliminated projected deficits in the subsequent fiscal year's budget, can only be assigned by the City Council. Non-spendable fund balances include amounts which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Fund balances for each of the City's governmental funds (general fund, special revenue funds, capital projects funds, and debt service funds) are displayed in the following classifications

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. The fund balance classifications are summarized below:

- ***Non-spendable fund balances*** - include amounts that cannot be spent because they are either (a) not in a spendable form (such as inventories and prepaid amounts), or (2) legally or contractually required to remain intact.
- ***Restricted fund balances*** - include amounts that are restricted for specific purposes either by (a) constraints imposed by external providers (such as grantors, creditors, bondholders, contributors, or laws or regulations of other governments), or (2) imposed by constitutional provisions or through enabling legislation.
- ***Committed fund balances*** - include amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, set in place prior to the end of the period. Such amounts cannot be changed unless the City Council takes the same action to remove or change the constraint.
- ***Assigned fund balances*** - include amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made by City management based upon the direction of City Council. The City's assigned fund balance for special revenue is to be used specifically for law enforcement, major disaster, capital improvement projects, and social services.
- ***Unassigned fund balances*** - include amounts that are assigned to other funds and are not restricted, committed or assigned to specific purposes.

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

18. Interfund Transactions

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from management's estimates. Significant estimates used in these financial statements include the amount of insurance claims payable, actuarial assumptions related to pension plans, and allowances for uncollectible accounts.

20. Minimum Fund Balance

The duties, responsibilities and powers of the City's Finance Director include the establishment and maintenance of the general fund balance representing an emergency reserve equivalent to 10% of operating revenues. For purposes of established the balance and maintenance thereafter, the Finance Director shall transfer the calculated amount from unassigned fund balance to the emergency reserve, to the extent available, to satisfy the requirement and shall report such balances as part of the annual audited financial statement. If upon completion of any fiscal year the ending balance in such emergency reserve is less than the requirement and sufficient monies do not exist in the unassigned fund balance, then the Finance Director shall recommend an amendment to the current year budget and include in succeeding fiscal year budgets reserved appropriations sufficient to cover the deficiency over a period not to exceed three fiscal years (deficiency requirement). The emergency reserve shall be used exclusively for emergencies declared by the City Council, and the appropriation there from shall be made by resolution adopted by four-fifths vote of the membership. Any monies available in the unassigned fund balance shall be used prior to using the emergency reserve to fund authorized emergencies. Appropriation from the minimum balance shall require City Council approval and shall generally be for one time expenditures such as capital purchases and not for ongoing expenditures unless a viable revenue plan designed to sustain expenditures is approved.

21. Net Position

Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. The "net investment in capital assets" component of net position consists of property, plant, equipment and infrastructure reduced by depreciation, outstanding debt, and deferred outflows or inflows used to construct or purchase the capital asset. The "restricted" component of net position consists of restricted assets less liabilities and deferred inflows of resources related to those assets. Restricted assets are those with limits on their use that are externally imposed (by creditors, grantors, contributors, or the laws or regulations of other governments), or that are imposed by the City's own constitutional provisions, or by enabling legislation. The "unrestricted" component of net positon consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or the restricted component of net position. Designations of unrestricted net position, representing management's intentions for the use of resources, are not reported in the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

22. 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 and 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 tax requirements levied by the County, County School Board, and Special Taxing Districts. During the month of November, the Palm Beach County Property Appraiser's Office prepares and delivers a *Notice of Property Taxes and Non-Ad Valorem Assessments* to each taxpayer listed on the current year's assessment roll.

For the fiscal year 2013/2014 (2013 Tax Roll Year), the City levied a millage rate of 8.998 mills ($8.998 for each $1,000 of assessed valuation) for the General Fund operations. The current year's tax levy is based on final taxable property values of $3.166 billion.

All taxes imposed are due and payable starting in November. Discounts for early payment are: November – 4%, December – 3%, January – 2%, February 1%, March – no discount. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. 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% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

At September 30, 2014, unpaid delinquent taxes owed are de-minimus and have not been recorded by the City.

23. 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

D – PRONOUNCEMENTS AND REPORTING CHANGES

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement specifies the items that were previously reported as assets and liabilities that should not be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources or inflows of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2012 and are expected to have a significant impact on the City's financial statements and their presentation. The City has applied the requirements, as applicable, of Statement No. 65 effective September 30, 2014 and it has not had a material impact on the City's financial statements.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources or deferred inflows of resources. Concepts Statement No. 4 also provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by GASB in authoritative pronouncements that were established after applicable due process. This statement amends the financial statement classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The requirements of this statement have been implemented by the City for the fiscal year ending September 30, 2014.

GASB Statement No. 66, Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply

NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES (Continued)

Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively.

GASB Statement No. 67, *Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25.* This statement replaces the requirements of statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2013 and are expected to have a significant impact on the City's financial statements and their presentation. The City has applied the requirements, as applicable, of Statement No. 67 effective October 1, 2013 and it has not had a material impact on the City's financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.* This statement replaces the requirements of statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirement of statements no. 27 and no. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this statement are effective for fiscal years beginning after June 15, 2014 and are expected to have a significant impact on the City's financial statements and their presentation. The requirements, if any, of this statement will be effective for the City for the fiscal year ending September 30, 2015.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This statement provides guidance for (1) determining whether a combination is a merger, acquisition, or transfer of operations, (2) using carrying values to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations, (3) measuring acquired assets, liabilities, deferred outflows of resources, and deferred inflows of resources based on their acquisition values in a government acquisition, and (4) reporting the disposal of government operations that have been transferred or sold. The City has applied the requirements, as applicable, of Statement No. 69 effective October 1, 2013 and it has not had a material impact on the City's financial statements.

GASB Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a non-exchange transaction to recognize revenue to the extent of the reduction in its

NOTE 2 – PRONOUNCEMENTS AND REPORTING CHANGES (Continued)

guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity non-exchange financial guarantees involving blended component units. The City has applied the requirements, as applicable, of Statement No. 70 effective October 1, 2013 and it has not had a material impact on the City's financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68*). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions,* concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The requirements of this statement will be effective for the City for the fiscal year ending September 30, 2015.

The City will conduct an analysis of the effects, if any, of the above GASB statements on the City's financial statements and implement as required.

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.

Cash and Cash Equivalents

At September 30, 3014, the carrying amount of the City's cash deposit accounts, including all funds, was $83.75 million. The City's cash deposits are held by banks that qualify as public depositories ("QPD") under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. As such, the City's cash deposits are fully insured by the Public Deposits Trust Fund.

Authorized Investments and Credit Risk

On October 2, 2013, the City of Riviera Beach adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the City's cash and investment assets. The City has no formal policy relating to foreign currency risk. For the year ended September 30, 2014, the City had no investment exposure to foreign currency. The City's policy regarding derivative products specifically states that City Council approval is

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

required prior to the use of derivatives. For the year ended September 30, 2014, the City had no investment exposure to derivative products.

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy.

The City's Investment Policy permits the following investments, which are limited to credit quality ratings from Nationally Recognized Statistical Ratings Organizations ("NRSRO") as follows:

U.S. Treasury obligations which are guaranteed by the full faith and credit of the United States which maturities not to exceed five years from the date of purchase. It should be noted that on August 5, 2011, the long term rating for U.S. Treasury obligations was lowered from AAA to AA+ by Standard and Poor's. The downgrade reflected, Standard and Poor's, opinion that the governments agreed to fiscal consolidation plan fell short of what would be necessary to stabilize the government's debt dynamics.

Money Market Mutual Fund shares in open-end, no-load funds that are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. §270.2a-7. The prospectus of such funds must indicate that the average weighted maturity shall be 90 days or less and the share value shall not fluctuate.

Intergovernmental Investment Pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in §163.01, Florida Statutes and provided that said funds contain no derivatives.

Corporate obligations or notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a minimum long term debt rating, at the time of purchase of AA or better by any Nationally Recognized Statistical Ratings Organization ("NRSRO"). Maximum term for corporate notes and obligations shall be three years.

In addition, under the Investment Policy, the Short Term and Long Term portfolios may invest in the following investments: U.S. Government Agencies, State and Local Government Debt, Commercial Paper rated "Prime-1" by Moody's and "A1" by Standard & Poor's or equivalent by another NRSRO, Banker's Acceptances rated Prime-1 by Moody's and A1 by Standard & Poor's, Registered Investment Companies (Mutual Funds) rated AAA or better by Standard & Poor's.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2014, the City had the following investment types and effective duration presented in terms of days:

	Credit Risk			Fair Value as of September 30, 2014		
Investment Vehicle	**Rating**	**% of Portfolio**	**Duration (Days)**	**Total Portfolio**	**Cash Equivalents**	**Investments**
State Board of Administration	A-1+	18.30 %	39 days			
	A-1	28.37	39 days			
Bank Instruments - Fixed Rate				*$11,295,453*	*$ -*	*$ 11,295,453*
Bank Instruments - Floating Rate				*7,621,500*	*-*	*7,621,500*
Commercial Paper - Fixed Rate				*6,214,454*	*6,214,454*	*-*
Mutual Funds - Money Market				*5,159,169*	*5,159,169*	*-*
Corporate Notes - Floating Rate				*3,673,954*	*-*	*3,673,954*
Repurchase Agreements				*2,227,823*	*2,227,823*	*-*
Asset Backed Securities - Fixed Rate				*2,110,569*	*-*	*2,110,569*
Asset Backed Securities - Floating Rate				*390,846*	*-*	*390,846*
Commercial Paper - Floating Rate				*390,846*	*390,846*	*-*
Bank of America - DDA	N/R	0.12	N/A	101,103	101,103	-
Branch Banking & Trust- DDA	N/R	51.64	N/A	43,246,028	43,246,028	-
Wells Fargo - Capital Acquisition Ser 2001	N/R	1.57	N/A	1,318,794	1,318,794	-
		100.00 %		$83,750,539	$58,658,217	$25,092,322

(1) Reconciliation to the Statement of Net Position

Portfolio Value	$83,750,539
Petty Cash	-
Cash & Investments - Statement of Net Position	$83,750,539

Custodial Credit Risk

Custodial Credit Risk is defined as the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral security that are in the possession of an outside party. The City's investment portfolio is held in safekeeping by, Branch Banking & Trust (BB&T), Bank of America, Wells Fargo and the Florida SBA fund is held in safekeeping with BNY Mellon, in the name of the City of Riviera Beach, thereby eliminating exposure to custodial credit risk.

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 SBA - Florida Prime, the prices of the fixed income securities in which the Fund

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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. As of September 30, 2014, Florida Prime has a dollar weighted average days to maturity (WAM) of 39 days.

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

As of September 30, 2014, the City has no investments that have embedded options allowing the issuer to call the obligation or demand a stated increase in the interest rate.

Effective Duration

Short Term Portfolio: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy requires that 100% of the short term portfolio ("operating funds") be invested in maturities of less than twenty-four (24) months.

Long Term Portfolio: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's Investment Policy requires that the duration of the long-term ("Core funds") be invested in maturities not to exceed thirty six (36) months.

Concentration of 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 (see Note 3). 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 to have credit risk.

The worst rating for the City's other investments in debt securities at September 30, 2014, are summarized as follows:

Security Description	Credit Rating	Balance
Government Advantage Money Market	AAAm	$ 59,369
SBA Florida Prime	AAAm	39,084,614
		$ 39,143,983

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Investment Policy permits up to 100% of the portfolio to be invested in any single Federal Instrumentality. As of September 30, 2014 the City had no investments in Federal Instrumentalities which exceeded 5% of the portfolio.

The Investment Policy has established asset allocation and issuer limits on the investment portfolio which are designed to reduce the concentration of credit risk within the City's investment portfolio.

A maximum of 20% of available funds may be invested in the SBA, Florida PRIME Fund, 100% of available funds may be invested in United States Treasury Securities, 50% of available funds may be invested in United States Government Agencies, with a 25% limit on individual issuers, 80% of available funds may be invested in Federal Instrumentalities with a 50% limit on individual issuers, 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposit with a 15% limit on individual issuers, 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements with a 25% limit on any one institution, 25% of available funds may be directly invested in prime commercial paper with a 5% limit on individual issuers, 25% of available funds may be directly invested in Bankers' acceptances with a 5% limit on individual issuers, 20% of available funds may be invested in taxable and tax-exempt debts with a limit of 20% on individual issuers, 40% of available funds may be invested in mutual funds with a limit of 20% with any one non-SEC Rule 2a-7 investment mutual funds, 25% of available funds may be invested in intergovernmental investment pools, 15% of available funds may be invested in corporate obligations or corporate notes of US Corporation with a limit of 5% with any one corporate note, and 30% of available funds may be invested in mortgage-backed securities with a limit of 20% invested with any one MBS.

As of September 30, 2014, the City had approximately 46.67% of the total portfolio invested in the Florida SBA PRIME Fund, with the balance of 53.33% invested in demand deposit and money market accounts. The SBA Florida PRIME Fund had the following issuer concentration in the portfolio based on fair value:

BNP Paribas SA	5.4%
Mitsubishi UFJ Financial Group, Inc	5.2
Royal Bank of Canada, Montreal	5.1
J.P. Morgan Chase & Co.	4.9
Svenska Handelsbanken, Stockholm	4.9
Wells Fargo & Co.	4.9
Dreyfus Government Cash Management Fund	4.6
Federated Prime Obligations Fund	4.5
ING Groep N.V.	4.2
Federated Prime Cash Obligation Fund	4.1

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Update - 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 1) defaulted in the payment of principal and interest, 2) were granted extension; 3) were restructured or otherwise subject to workout; 4) experienced elevated market illiquidity; or 5) did not meet the criteria of the nationally recognized statistical rating organization ("NRSRO") that provides Florida PRIME's AAAm rating. Monies invested in Fund B were not available to participant withdrawal. Participants in Fund B received periodic distributions to the extent that Fund B received proceeds deemed material by the SBA from natural maturities, coupon interest collections, principal and interest paydowns, liquidations, and sales. The Fund B was accounted for as a fluctuating Net Asset Value (NAV) pool.

All cash from paydowns on securities in Fund B are invested in AAAm rated money market funds pending monthly distribution to participant accounts. As of September 5, 2014, the SBA transferred $6.3MM from Fund B to Florida PRIME, representing the final portion of original principal for all fund participants. These funds were transferred in proportion to the participant's original adjusted Fund B balances. Since its inception in December 2007, and including the September 2014 monthly distribution, the total accumulated distribution from Fund B has amounted to over $2B, or 100 percent of the original participant principal. Fund B participants did not realize any losses on their original principal balances.

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. On August 20, 2014, the parties participated in a mediation which resulted in a settlement of the matter. On September 30, 2014, the Court approved and ordered that the settlement stipulated by the parties be an allowed claim in the Lehman Brothers insolvency proceeding. The SBA currently is negotiating with a potential purchaser to liquidate the allowed claim in cash proceeds. The SBA will promptly disclose any future developments to the participating municipalities as they become matters of public record.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

CASH AND INVESTMENTS OF THE PENSION PLANS

General Employees' Retirement System

Cash and Cash Equivalents: At the year ended September 30, 2014, the carrying amount of the General Employees' Retirement Plan (Plan) cash and cash equivalents was $2,879,144. The balance was covered by SIPC insurance, and for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be held at qualified public depositories ("QPD"). The Act requires each qualified public depository to deposit with the State Treasurer, eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by the qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. Deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net position. Cash and cash equivalents include demand accounts and short term investment funds (STIF). The allowable STIF investments are custodial short-term (money market) commingled funds, commercial paper and U.S. government obligations. Cash and cash equivalents as of September 30, 2014 comprised short-term investment in the amount of $2,879,144. Deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net position.

Investment Authorization: The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the Plan in a manner so that the assets will provide for the pension and other benefits provided under applicable laws including City ordinances, preserving principal while maximizing the rate of return.

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

Investments in all equity securities shall be limited to fully and easily negotiable equity securities and shall not exceed 60% of the market value of the total fund assets. No more than 5% of the portfolio may be invested in the shares of a single corporate issuer. Investments in securities (equity or fixed income) issued by foreign corporations are limited to no more than 25% of fund assets. The fixed income portfolio shall comply with the following: the average credit quality of the bond portfolio shall be investment grade or higher. No more than 3% at cost of an investment managers total fixed income portfolio shall be invested in the securities of any single corporate issuer.

There is no limit imposed on the investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof. Fixed income funds may be managed through the purchase of open-ended, no-load mutual funds or commingled funds. Fixed income funds purchased by investment advisors are expected to adhere to the guidelines

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

herein. Investments in real estate shall not exceed 10% at market valuation of the total fund assets. All equity and fixed income securities must be readily marketable. Commingled funds must be independently appraised at least annually.

Types of Investments: Florida Statutes and Plan investment policy authorize Trustees to invest funds in various investments. The current target asset allocation range for authorized investments is as follows:

Authorized Investmnts	Minimum	Maximum
Domestic Equities	57%	63%
Internation Equities	5	15
Broad Market Fixed Income	2	43
TIPS	0	10
Real Estate	7	13

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and commingled pooled trust funds. The Plan's independently managed investments other than cash held by its administrative manager, are segregated into six separate accounts and managed under separate investment agreements with Atlanta Capital Management, Piedmont Investment Advisors, and Mesirow Financial. Additional funds are invested in the Invesco Core Real Estate Fund I, as well as an R&D Account, and Barclays Aggregate ETF. All accounts have Wells Fargo Bank ("Wells Fargo") as the custodian of the assets. These assets are invested in accordance with specific investment guidelines as set forth in §(4)(b) of Section 17 of the Special Act entitled "Investment of Monies." Investment management fees are calculated quarterly as a percentage of the fair market value of the Fund's assets managed.

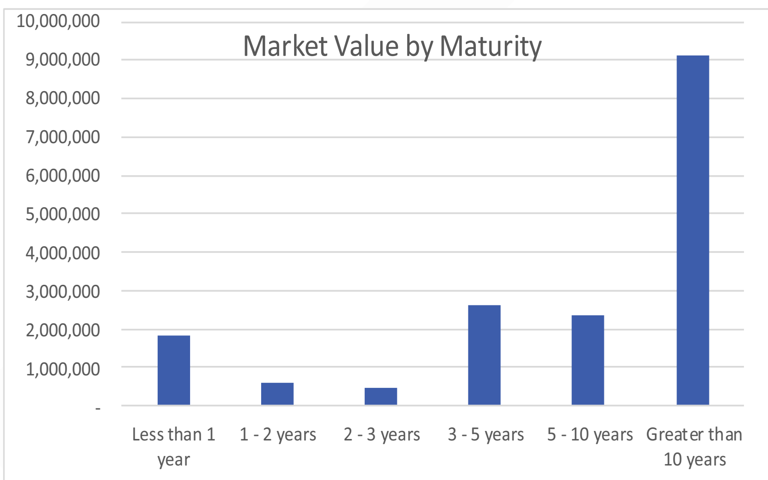
The investment managers listed above are monitored by the Board of Trustees along with an outside investment performance monitor.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies the Plan manages its exposure to fair value losses arising from increasing interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations and maturities. Additionally, the Plan limits the effective duration of its investment portfolio through the adoption of the Barclay Intermediate Aggregate Bond Index as its benchmark.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the Plans investments to market interest rate fluctuations is provided by the following table which shows the distribution of the Plans investments by maturity at September 30, 2014:

Maximum	Term	Book Value	Market Value	Gain/Loss
63%	Less than 1 year	$ 1,829,101	$ 1,820,410	$ (8,691)
15	1-2 years	607,668	601,485	(6,183)
43	2-3 years	505,064	490,143	(14,921)
10	3-5 years	2,665,802	2,602,444	(63,358)
13	5-10 years	2,385,028	2,377,348	(7,680)
	Greater than 10 years	8,990,031	9,131,440	141,409
		$ 16,982,694	**$ 17,023,270**	**$ 40,576**



[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control risk. As of September 30, 2014, the plan held fixed investments of $16,982,698 comprising U.S. government securities of 44.22% with a fair value of $7,659,591 and corporate obligations comprising 55.78% with a fair value of $9,363,680. U.S. government securities or guaranteed obligations are not considered to have credit risk. The corporate obligations held by the plan have a credit rating of AAA to BBB-.

The investment policy of the Plan limits investments in equities and fixed income securities to no more than 5% and 10% of an investment manager's portfolio, respectively, at any one issue. The following table discloses credit ratings by investment type as of September 30, 2014:

Rating	Market Value	%of Portfolio
AAA	$ 595,213	3.50 %
AA+	7,759,736	45.57
AA	1,257,519	7.39
AA-	78,803	0.46
A+	220,464	1.30
A	2,935,848	17.25
BBB+	4,175,688	24.53
Total Fixed Income	$ 17,023,271	100.00 %

Obligations of the US Government or its agencies currently carry a worst rating of AA+ and are included in the AA+ bucket, however, these securities are not considered to have significant credit risk and do not have purchase limitations

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparties trust department or agent but not in the Plans name. The investments in mutual funds and investment funds are considered *unclassified* pursuant to the custodial risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

The Plans deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Plans name. The Plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. Consistent with the Plans investment policy, the investments are held by the Plans custodial banks and registered in the Plans name. All of the Plans deposits are insured and or collateralized by a financial institution separate from the Plans depository financial institution. The custodial bank for the General Employee's Pension Plan assets is Wells Fargo Bank, which is rated AA worst, by a Nationally Recognized Statistical Rating Organization.

Investing in Foreign Markets: Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and present and future adverse political, social and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies. The City of Riviera Beach General Employee's Pension Plan did not hold any securities in the portfolio which represent foreign investments, other than those which are represented by American Depository Receipts ("ADR's") which do have inherent political risk, but trade in US dollars and therefore are not subject to currency risk. These investments represent less than one percent of the combined portfolio.

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The City of Riviera Beach General Employee Pension invests in Real Estate through the use of a five star (Morningstar) rated open-end mutual fund, which has the management expertise with an average of 20 years of experience, to manage the portfolio risk. As a percentage of the total pension portfolio assets, 9.91% is invested in real estate.

The Plans investments are shown below at both book value and market value and have appreciated (depreciated) in value during the year ended September, 30, 2014 as follows:

Assest Class	Bookvalue	Market Value	Gain/Loss
Equities	$ 33,235,945	$ 45,180,792	$ 11,944,847
Fixed Income	16,769,902	17,023,272	253,370
Mutual Funds	5,843,828	6,022,932	179,104
Cash and Cash Equivalents	3,091,936	3,091,936	-
Total	**$ 58,941,611**	**$ 71,318,932**	**$ 12,377,321**

Police Pension Plan

Cash and Cash Equivalents: At the year ended September 30, 2014, the carrying amount of the Police Pension Fund (Plan) cash and cash equivalents was $2,078,178. The balance was covered by federal depository insurance, and for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be held at qualified public depositories ("QPD"). The Act requires each qualified public depository to deposit with the State Treasurer, eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by the qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. Deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net position. Cash and cash equivalents include demand accounts and short term investment funds (STIF). The allowable STIF investments are custodial short-term (money market) commingled funds, commercial paper and U.S. government obligations. Cash and cash equivalents as of September 30, 2014 comprised short-term investment in the amount of $2,078,178.

Investment Authorization: The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the Plan in a manner so that the assets will provide for the pension and other benefits provided under applicable laws including City ordinances, preserving principal while maximizing the rate of return.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

Investments in all equity securities shall be limited to fully and easily negotiable equity securities and shall not exceed 60% of the market value of the total fund assets. No more than 5% of the portfolio may be invested in the shares of a single corporate issuer. Investments in securities (equity or fixed income) issued by foreign corporations are limited to no more than 25% of fund assets. The fixed income portfolio shall comply with the following: the average credit quality of the bond portfolio shall be "A" or higher. No more than 3% at cost of an investment managers total fixed income portfolio shall be invested in the securities of any single corporate issuer.

There is no limit imposed on the investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof. Fixed income funds may be managed through the purchase of open-ended, no-load mutual funds or commingled funds. Fixed income funds purchased by investment advisors are expected to adhere to the guidelines herein. Investments in real estate shall not exceed 10% at market valuation of the total fund assets. All equity and fixed income securities must be readily marketable. Commingled funds must be independently appraised at least annually.

Types of Investments: Florida Statutes and Plan investment policy authorize Trustees to invest funds in various investments. The current target asset allocation range for authorized investments is as follows:

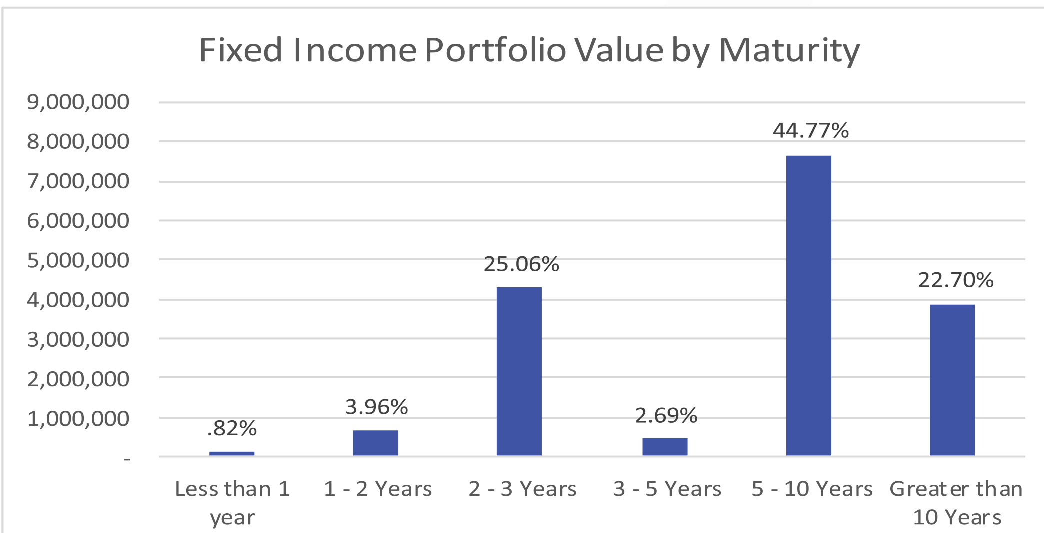
Authorized Investmnts	Minimum	Maximum
Domestic Equities	40%	60%
Internation Equities	5	15
Broad Market Fixed Income	30	60
TIPS	0	10
Real Estate	0	10

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and commingled pooled trust funds. The Plan's independently managed investments other than cash held by its administrative manager, are segregated into six separate accounts and managed under separate investment agreements with Atlanta Capital Management—Equities, Atlanta Capital Management—Fixed Income, Rockwood Capital Advisors, Gamco Asset Management, Garcia Hamilton & Associates and Sawgrass Asset Management. All accounts have Salem Trust Company ("Salem") as custodian of the assets. These assets are invested in accordance with specific investment guidelines as set forth in §(4)(b) of Section 17 of the Special Act entitled "Investment of Monies." Investment management fees are calculated quarterly as a percentage of the fair market value of the Fund's assets managed. The investment managers listed above are monitored by the Board of Trustees along with an outside investment performance monitor.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies the Plan manages its exposure to fair value losses arising from increasing interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations and maturities. Additionally, the Plan limits the effective duration of its investment portfolio through the adoption of the Barclay Intermediate Aggregate Bond Index as its benchmark.

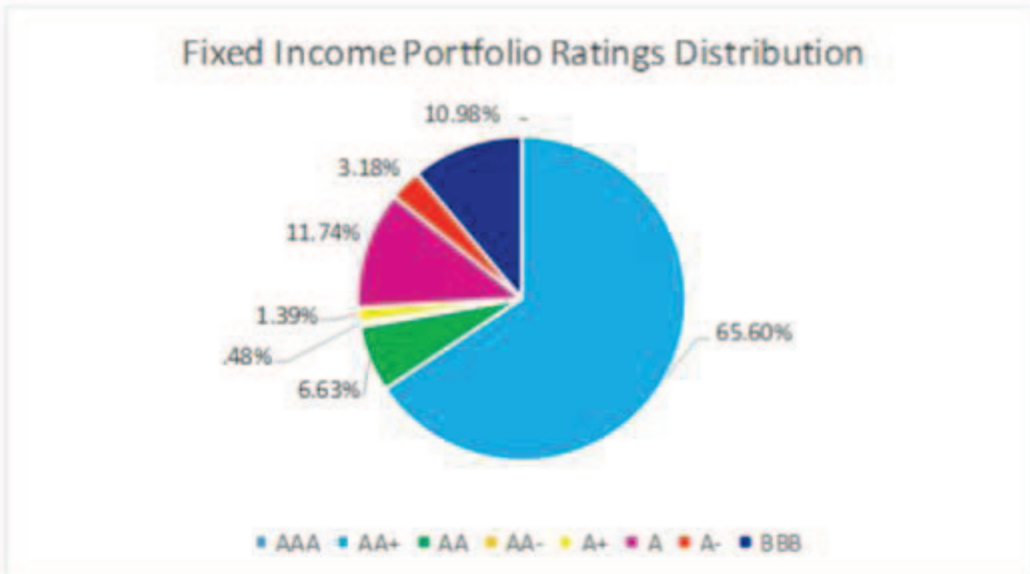
Information about the sensitivity of the fair values of the Plans investments to market interest rate fluctuations is provided by the following table which shows the distribution of the Plans investments by maturity at September 30, 2014.



Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with the state law, the Plan's investment guidelines limit its fixed income investments to a quality rating of BBB or better, or equivalent as rated by a Nationally Recognized Statistical Rating Organization ("NRSRO"). Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The investment policy of the Plan limits investments in equities and fixed income securities to no more than 5% and 10% of an investment manager's portfolio, respectively, at any one issue. The following chart discloses credit ratings by investment type as of September 30, 2014:



Custodial Credit Risk: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparties trust department or agent but not in the Plans name. The investments in mutual funds and investment funds are considered *unclassified* pursuant to the custodial risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

The Plans deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Plans name. The Plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. Consistent with the Plans investment policy, the investments are held by the Plans custodial banks and registered in the Plans name. All of the Plans deposits are insured and or collateralized by a financial institution separate from the Plans depository financial institution. The custodial bank for the City of Riviera Beach Police Pension Plan assets is Salem Trust, which is rated A worst by a Nationally Recognized Statistical Rating Organization.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

The City of Riviera Beach Police Pension Plan holds less than 2% of its assets in foreign investments. The companies represented are global organizations in developed countries, and do not carry currency risk as they are traded in USD, however, there is potential for political and economic risk associated with any international company.

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

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

The City of Riviera Beach Police Pension Plan holds less than 5% of its assets in real estate holdings. These investments are through the use of publicly traded REIT's and mutual funds which are professionally managed.

The Plans investments at both book value and market value, appreciated (depreciated) in value during the year ended September, 30, 2014 as follows:

Assest Class	Bookvalue	Market Value	Gain/Loss
Equities	$ 27,671,134	$ 36,827,820	$ 9,156,686
Fixed Income	17,006,672	17,100,021	93,349
Mutual Funds	2,755,514	2,755,514	-
Cash and Cash Equivalents	2,078,178	2,078,178	-
Total	**$ 49,511,498**	**$ 58,761,532**	**$ 9,250,035**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as: Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.

The City of Riviera Beach Police Pension Plan had an allocation of 7.03% of the total portfolio in MBS, with an average life of 7.2 years. Following is a table showing the breakdown of Mortgage Backed Securities by issuer:

Mortgage Backed Securities

Issuer	Current Par	Book Value	Market Value
Fannie Mae	2,676,579	2,841,246	2,894,212
Freddie Mac	955,140	1,034,351	1,044,250
Total	$3,631,719	$387,597	$3,938,462

Firefighters' Pension Trust Fund

Cash and Cash Equivalents: At the year ended September 30, 2014, the carrying amount of the Firefighters' Pension Fund (Plan) cash and cash equivalents was $2,042,376. The balance was covered by SIPC insurance, and for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be held at qualified public depositories ("QPD"). The Act requires each qualified public depository to deposit with the State Treasurer, eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by the qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. Deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net position. Cash and cash equivalents include demand accounts and short term investment funds (STIF). The allowable STIF investments are custodial short-term (money market) commingled funds, commercial paper and U.S. government obligations. The cash is invested through daily sweeps of excess cash by the Trust's custodial bank into custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper and U.S. treasury bills and repurchase agreements. Cash and cash equivalents as of September 30, 2014 consist of money market accounts of $2,042,376.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investment Authorization: The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk.

The Plan provides for investment in obligations guaranteed by the United States, time or savings accounts of a national bank or state bank or savings and loan association up to a maximum insured by FDIC or FSLIC respectively, bonds, stocks or other evidence of indebtedness issued or guaranteed by a U.S. corporation, and real estate investments in diversified commingled funds or real properties.

Types of Investments: Florida Statutes and Plan investment policy authorize Trustees to invest funds in various investments. The current target asset allocation range for authorized investments is 35% - 65% for domestic equities, 5% to 25% for international equities, 30% to 60% for fixed income, 5% to 15% for core real estate, and up to 10% for cash equivalents. Relative to the target asset allocation constraint (60% at cost maximum in equities), no more than 5% at cost value of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 25% at market of the total investment portfolio. Investment in equity securities whose market capitalization is less than $5 billion dollars shall be limited to 25% of the total equity portfolio. Investment in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio.

The average credit quality of the bond portfolio shall be "A" or higher and the corporate fixed income portfolio shall be limited to those securities rated "BAA" or higher by Moody's or "BBB" by Standard & Poor's' rating services. Fixed income securities downgraded below the minimum rating shall be sold at the earliest beneficial opportunity and shall not exceed 15% of the entire fixed income portfolio. Investments in Collateralized Mortgage Obligations ("CMO") shall be limited to 15% of the market value of the investment managers' total portfolio and shall be restricted to securities issued, guaranteed, or fully insured by the Government National Mortgage Association ("GNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA") or that are "AAA" rated by either Moody's or Standard & Poors' rating services. There is no limit imposed on investments in fixed income securities issued directly by the United States Government.

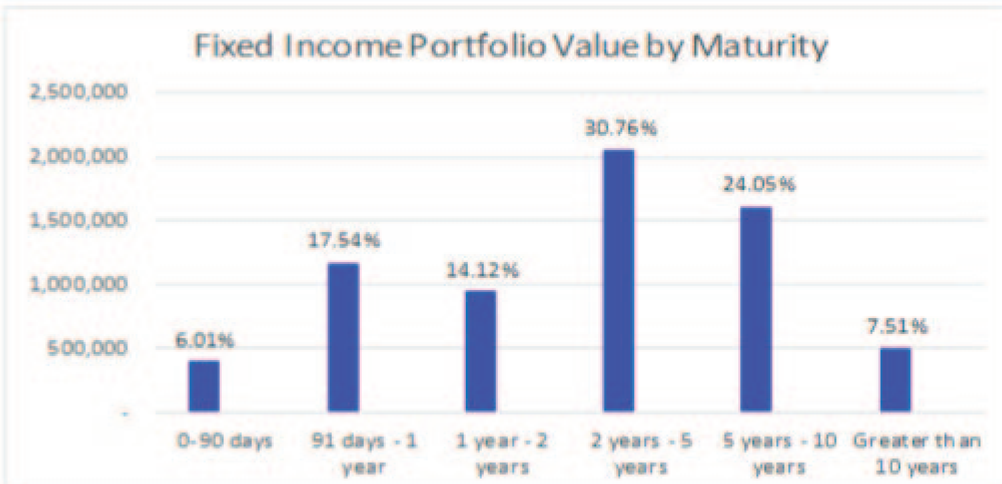
The Plan's investment policy specifically prohibits investments in interest only or principal only collateralized mortgage obligations, precious metals, limited partnerships of any kind, real estate, repurchase agreements, venture capital, futures contracts, options contracts, trading on margin and short selling.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies the Plan manages its exposure to fair value losses arising from increasing interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations and

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

maturities. Additionally, the Plan limits the effective duration of its investment portfolio through the adoption of the Barclay Intermediate Aggregate Bond Index as its benchmark.

Information about the sensitivity of the fair values of the Plans investments to market interest rate fluctuations is provided by the following table which shows the distribution of the Plans investments by maturity at September 30, 2014.



Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control risk. The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent more than 5% of plan net position as of September 30, 2014.

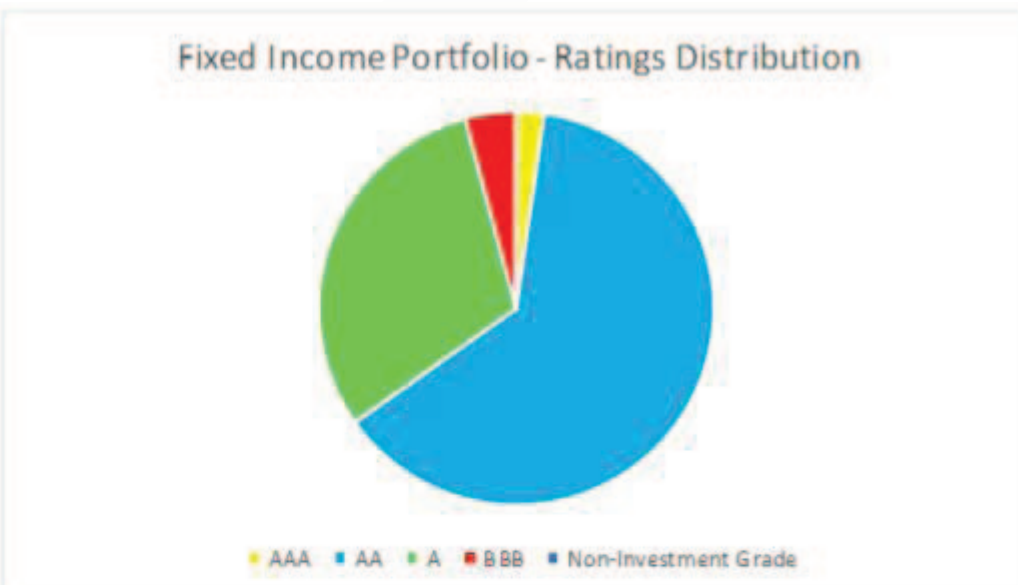
[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Total Fixed Income

Rating	Market Value	% of Portfolio
AAA	$ 151,998	2.28 %
AA	4,200,902	62.91
A	2,045,585	30.64
BBB	278,151	4.17
Non-Investment Grade	-	0.00
Total Credit Risk Debt Securities	6,676,636	100.00 %
Tota Fixed Income Securities	$ 21,450,220	

Obligations of the US Government carry a worst rating of AA, however, they are not considered to have credit risk and do not have purchase limitations pursuant to the investment policy.



NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position at September 30, 2014.

Custodial Credit Risk: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparties trust department or agent but not in the Plans name. The investments in mutual funds and investment funds are considered *unclassified* pursuant to the custodial risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

The Plans deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Plans name. The Plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. Consistent with the Plans investment policy, the investments are held by the Plans custodial banks and registered in the Plans name. All of the Plans deposits are insured and or collateralized by a financial institution separate from the Plans depository financial institution.

Plan assets are held in book-entry form with the Depository Trust Company ("DTC") in the nominee of KeyBank National Association as custodian for the Riviera Beach Muni Firemen's Pension Trust. Cash and Cash Equivalents are invested in the Federated Government Obligations fund as well as the Federated Prime Cash Obligations Fund, which are compliant with 2a-7 regulations.

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

The City of Riviera Beach Fire Pension invests in foreign markets through the use a three star and a five star (Morningstar) rated, open-end mutual funds which have the management expertise with an average of 25 years of experience, to manage the portfolio risk. As a percentage of the total portfolio, 14.01% is invested in developed foreign markets.

Foreign Tax Withholdings and Reclaims: Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the United States of America and the applicable foreign jurisdiction, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statement of operations. Where treaties allow for a reclaim of taxes, the

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Fund will make formal application for refund. Such reclaims are included as an addition to dividend income.

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

The City of Riviera Beach Fire Pension invests in Real Estate through the use of a five star (Morningstar) rated open-end mutual fund, which has the management expertise with an average of 20 years of experience, to manage the portfolio risk. As a percentage of the total pension portfolio assets, 10.21% is invested in real estate.

The Plans investments appreciated in value, as a function of cost during the year ended September, 30, 2014 as follows:

Assest Class	Bookvalue	Market Value	Gain/Loss
Equities	$ 27,298,823	$ 35,788,666	$ 8,489,843
Fixed Income	15,409,880	15,327,035	(82,845)
Mutual Funds	5,000,000	6,123,186	1,123,186
Cash and Cash Equivalents	2,042,376	2,042,376	-
Total	**$ 49,751,079**	**$ 59,281,263**	**$ 9,530,184**

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as: Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.

The following table represent the total Mortgage Backed Securities by issuer in the portfolio as of September 30, 2014:

Mortgage Backed Securities

Issuer	Current Par	Book Value	Market Value
Ginnie Mae	$ 77,309	$ 82,679	$ 86,900
Fannie Mae	28,915	30,792	31,832
Total	$ 106,224	$ 113,471	$ 118,732

CITY OF RIVIERA BEACH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The table below summarizes the schedule maturities of investments at September 30, 2014, as applicable:

Investment Type	Unrestricted	Restricted	Weighted average life to maturity	Fair value at September 30
Cash and Cash Equivalents				
Deposits - State Board of Administration (SBA)	$24,892,649	$ 14,191,965	39 days	$ 39,084,614
Deposits- Bank of America	101,103	-	N/A	101,103
Deposits - Branch Banking & Trust (BB&T)	21,246,028	22,000,000	N/A	43,246,028
Deposits - Wells Fargo	-	1,318,794	84 days	1,318,794
Total cash and cash equivalents	46,239,780	37,510,759		83,750,539
Investment				
Investment held in pension trust:				
General employees:				
U.S. government securities	-	7,659,591	18.20 years	7,659,591
Corporate obligations	-	6,432,774	7.81 years	6,432,774
Short term & money market	-	3,091,936	84 days	3,091,936
Mutual funds	-	6,022,932	N/A	6,022,932
Fixed Income Securities (Other)	-	2,930,906	14.65 years	2,930,906
Equity securities	-	45,263,158	N/A	45,263,158
Police:				-
Cash and cash equivalents	-	1,944,488	N/A	1,944,488
U.S. government securities	-	10,950,402	9.65 years	10,950,402
Corporate obligations	-	6,149,619	9.20 years	6,149,619
Mutual funds	-	8,377,737	N/A	8,377,737
Equity securities	-	31,205,597	N/A	31,205,597
Fire:				-
Cash and cash equivalents	-	2,042,376	N/A	2,042,376
U.S. government securities	-	3,761,242	4.36 years	3,761,242
Corporate obligations	-	11,660,887	4.33 years	11,660,887
Mutual funds	-	14,429,914	N/A	14,429,914
Equity securities	-	27,481,938	N/A	27,481,938
Total investments held in pension trust:	-	189,405,497		189,405,497
Investments not held in pension trust				
State Board Administration (SBA)				
Fund B (net of allowance)	-	-	N/A	-
Acquisition Capital Projects Fund (Wells Fargo)				
U.S. government securities	-	8,255,121	213 days	8,255,121
Investments in East Coast Regional (ECR)	-	10,481,565	N/A	10,481,565
Investments no held in penion trust	-	18,736,686		18,736,686
Total investments	-	208,059,818		208,059,818
Total cash, cash equivalents and investments	$46,239,780	$245,652,942		$ 291,892,722

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables as of September 30, 2014 for the City's individual major governmental funds, enterprise funds, and non-major governmental funds in the aggregate, are as follows:

	General Fund	Capital Bond Fund	Utility Special District	Refuse Collection	Marina	Stormwater	Internal Service	Nonmajor Gov't Funds	Total
Receivables (net)									
Accounts	$3,476,648	$ 18,531	$ 4,221,660	$433,364	$ 3,260,396	$ 486,758	$995,352	$ 1,367,287	$14,259,996
Unbilled account	47,880	-	734,666	75,632	-	58,341	-	-	916,519
Total receivables	$3,524,528	$ 18,531	$ 4,956,326	$508,996	$ 3,260,396	$ 545,099	$995,352	$ 1,367,287	15,176,515

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.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 6,946,546	$ -	$ -	$ 6,946,546
Construction in progress	15,708,798	2,777,058	-	18,485,856
Total Capital Assets Not being Depreciated	**22,655,344**	**2,777,058**	**-**	**25,432,402**
Capital Assets being Depreciated				
Buildings	25,544,625	-	-	25,544,625
Improvements other than Buildings	13,261,803	-	-	13,261,803
Land Improvements	51,250	-	-	51,250
Infrastructure	39,918,806	-	-	39,918,806
Furniture, Fixtures, Machinery, Equipment	17,229,318	-	-	17,229,318
Total Capital Assets being Depreciated	**96,005,802**	**-**	**-**	**96,005,802**
Less Accumulated Depreciation				
Buildings	(9,388,641)	(629,265)	-	(10,017,906)
Improvements other than Buildings	(2,423,419)	(734,718)	-	(3,158,137)
Land Improvements	(51,250)	(59,360)	-	(110,610)
Infrastructure	(22,320,357)	(1,904,119)	-	(24,224,476)
Furniture, Fixtures, Machinery, Equipment	(12,975,952)	(730,100)	-	(13,706,052)
Total Accumulated Depreciation	**(47,159,619)**	**(4,057,562)**	**-**	**(51,217,181)**
Government Activities Capital Assets (Net)	**71,501,527**	**(1,280,504)**	**-**	**69,308,862**
Business-type Activities				
Capital Assets not being depreciated				
Land	1,331,512	-	-	1,331,512
Construction in progress	15,084,215	5,115,275	-	20,199,490
Total Capital Assets Not being Depreciated	**16,415,727**	**5,115,275**	**-**	**21,531,002**
Capital Assets being Depreciated				
Buildings and improvements	20,957,824	-	-	20,957,824
Utility Plants and Systems	56,819,288	123,951	-	56,943,239
Furniture, Fixtures, Machinery, Equipment	6,412,397	340,822	-	6,753,219
Waterside Improvements	2,979,132	-	(2,979,132)	-
Total Capital Assets being Depreciated	**87,168,641**	**464,773**	**(2,979,132)**	**84,654,282**
Less Accumulated Depreciation				
Buildings and Improvements	(11,113,634)	-	(296,152)	(11,409,786)
Utility Plants and Systems	(30,530,544)	-	(2,042,656)	(32,573,200)
Furniture, Fixtures, Machinery, Equipment	(5,622,777)	-	(117,367)	(5,740,144)
Waterside Improvements	(2,979,132)	2,979,132	-	-
Total Accumulated Depreciation	**(50,246,087)**	**2,979,132**	**(2,456,175)**	**(49,723,130)**
Business-type Activities Capital Assets (Net)	**$ 53,338,281**	**$ 8,559,180**	**$ (5,435,307)**	**$ 56,462,154**

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows for the fiscal year ending September 30, 2014:

Governmental Activities		
General Government	$	962,375
Public Safety		1,027,383
Human Services		2,527
Physical Environment		6,016
Transporation		1,076,615
Culture & Recreation		981,973
Total Depreciation Expense-Governmental		4,056,889
Business-type activities		
Water and Sewer		1,880,184
Marina		90,938
Refuse		54,999
Stormwater		182,982
Total Depreciation Expense-Business Type		2,209,103
Total Depreciation Expense	$	6,265,992

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 6 – OPERATING LEASES

The City leases buildings, office facilities and equipment under non-cancelable operating leases which are subject to appropriation. The City leases commercial office space at the Port Center for Human Resources and the Police Department Special Services. The City entered a lease on August 1, 2007 with a first amendment on August 4, 2010 for a period of two years commencing August 1, 2010 to July 31, 2012. The lease agreement was subsequently amended with an effective date of August 1, 2012 for an additional two years commencing October 1, 2012 to July 31, 2014, when the fourth amendment to the lease was executed. Pursuant to the fourth amendment, the parties to the lease have agreed to extend the lease term for a period of one year and five months to expire on December 31, 2015. The City Council has approved the budgeting, contingent on available funds, through the lease terms for the Port Center leased office space. During the fiscal year ending September 30, 2014, the City made payments of $286,506 pursuant to the lease agreement.

The CRA, a blended component unit of the City, leases commercial office space for its operations. The CRA lease agreement expired on November 30, 2011 and was extended for an additional three year period from December 1, 2011 to November 30, 2014. In February of 2014, the Board of Commissioners of the CRA approved a resolution to modify the current lease, to increase leasable square footage from 3,820 sf to 6,307 sf, and to extend the term of the lease due November 30, 2014 to October 31, 2017 with an option to extend for 36 additional months. The CRA had been using the increased space since 2011 as an in-kind contribution for the landlord. The landlord offered to finance, interest free, the improvements to the space by adding it to the monthly payments for a term of 42 months. The annual lease payment increased from $70,000 to $124,000 inclusive of operating expenses. The new monthly lease payments increase from $5,801 to $10,331, and shall remain level for the term of the lease. During the fiscal year ending September 30, 2014, the CRA made payments of $97,700 pursuant to the Fifth Amendment to the lease agreement.

The increased space will provide for a secure location for the CRA accounting function, including an expanded and more secure file room and work stations for future clerical functions/ additional space for Neighborhood Services to accommodate a conference room for afterhours meetings and future growth of staff to serve more neighborhoods/ and a re-entry design for enhanced safety and an expanded CRA reception area to showcase the transformation of the CRA and promote leasable spaces in the Marina and other properties as developed.

NOTE 7 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2014 is as follows:

	Beginning Balance 2013	Additions	Deletions	Ending Balance 2014	Principal Amount Due in One Year
Governmental Activities:					
Bond and Note Payable	$ 5,938,927	$ 22,000,000	$ (658,263)	$ 27,280,664	$ 731,822
Capital Lease Obligation	534,551	1,192,663	(273,041)	1,454,173	479,678
OPEB Obligation	3,015,897	273,001	-	3,288,898	129,162
Compensated Absences	4,412,547		(125,200)	4,287,347	218,017
Total Governmental Activities	**13,901,922**	**23,465,664**	**(1,056,504)**	**36,311,081**	**1,558,679**
Community Redevelopement Activities:					
Bond and Note Payable	25,790,000		(1,745,000)	24,045,000	1,780,000
Capital Lease Obligation	-			-	-
Compensated Absences	57,217			57,217	
Total Community Redvelopement Activities	**25,847,217**	**-**	**(1,745,000)**	**24,102,217**	**1,780,000**
Business-Type Activities:					
Bonds and Notes Payable	25,665,000	22,645,000	(25,665,000)	22,645,000	-
Add Unamortized Bond Premium	355,115		(355,115)	-	-
Net Bonds and Notes Payable	**26,020,115**	**22,645,000**	**(26,020,115)**	**22,645,000**	**-**
Utility Purchase obligation	886,823	-	(70,132)	816,691	75,953
OPEB obligation	603,238	97,998	-	701,237	25,838
Compensated absences	580,580		(52,753)	527,827	248,783
Total Business-Type Activities	**2,070,641**	**97,998**	**(122,885)**	**2,045,754**	**350,574**
Total Long-Term Debt	**$ 67,839,894**	**$ 46,208,662**	**$ (28,944,504)**	**$ 85,104,052**	**$ 3,689,253**

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 7 – LONG-TERM DEBT (Continued)

Governmental Activities

Capital Projects Notes-Series 2001

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. For the current year, interest paid was $33,920. The following table summarizes future debt service requirements to maturity as of September 30, 2014:

Year Ending September 30	Principal	Interest	Total
2015	$ 255,160	$ 18,814	$ 273,974
2016	265,754	8,220	273,974
Total	**$ 520,914**	**$ 27,034**	**$ 547,948**

2006 CRA Note

The CRA 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, the notes were issued with a variable interest rate. The notes now have a fixed interest rate of 4.19 percent per annum until the notes expire. The principal and interest payments are secured by a pledge of tax incremental revenues to the City which in turn has subordinated its interest to BB&T Bank and the Series 2011 Note. For the current year, interest paid was $216,659. The following table summarizes future debt service requirements to maturity as of September 30, 2014:

Year Ending September 30	Principal	Interest	Total
2015	$ 431,662	$ 199,433	$ 631,095
2016	453,245	181,347	634,592
2017	475,907	162,356	638,263
2018	499,703	142,415	642,118
2019	524,688	121,478	646,166
2020-2023	2,374,543	254,797	2,629,340
Total	**$ 4,759,748**	**$ 1,061,826**	**$ 5,821,574**

NOTE 7 – LONG-TERM DEBT (Continued)

Public Improvement Revenue Bonds-Series 2014

The City's *Public Improvement Revenue Bonds, Series 2014,* were issued in September 2014 for the purpose of funding infrastructure projects within the City. The Series 2014 project is comprised of the City project, the Marina District Uplands CRA project and the payment of capitalized interest on the Series 2014 Bonds. The City project will consist of the reconstruction or resurfacing of streets located throughout the City.

The portion of the Series 2014 project constituting the CRA project involves a City loan of a portion of the proceeds of the Series 2014 bonds to the CRA. Such loan will be used by the CRA to acquire, construct and install improvements to property within the CRA Redevelopment Area and is mainly expect to finance the cost of refurbishing and upgrading property within Bicentennial Park and the reconstruction of certain streets located within the redevelopment area of the CRA. The loan made as part of the CRA project shall be unsecured obligation of the CRA and is expected to be repaid to the City from revenues of the CRA to the extent CRA revenues are available to make such payments, as agreed to by the City and the CRA. Loan payments from the CRA shall be in an amount which shall equal the debt service due on the portion of the Series 2014 attributed to the CRA project. The following table summarizes future debt service requirements to maturity as of September 30, 2014:

Payment on the Series 2014 is due in semi-annual principal and interest installments beginning as of October 1, 2015; for the current year, no payment was due. Stated interest rates on bonds are between 2.00% and 3.625%. The following table summarized future debt service requirements to maturity as of September 30, 2014:

Year Ending September 30	Principal	Interest	Total
2015	$ 45,000	$ 710,462	$ 755,462
2016	530,000	707,594	1,237,594
2017	585,000	696,994	1,281,994
2018	640,000	685,294	1,325,294
2019	695,000	672,494	1,367,494
2020-2024	4,465,000	3,010,569	7,475,569
2025-2029	6,385,000	2,151,119	8,536,119
2030-2034	8,655,000	949,876	9,604,876
Total	**$22,000,000**	**$ 9,584,402**	**$ 31,584,402**

NOTE 7 – LONG-TERM DEBT (Continued)

Community Redevelopment Agency

Series 2011 Redevelopment Revenue Note

On April 28, 2011, the CRA issued Redevelopment Revenue Note Series 2011 in the amount of $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 stormwater utilities, community facilities, public parking facilities, streetscape, landscape and access improvements, grants for landscape and façade 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 CRA's Redevelopment plan. The Series 2011 Note bears a fixed interest rate of 4.44% per annum and paid semi-annually each February 1 and August 1 commencing August 1, 2011. Principal payments are payable annually commencing August 1, 2012 until the note matures on August 1, 2025. The principal and interest are secured by a pledge of tax incremental revenues.

Series 2013A & 2013B Notes

In August 2013, the CRA repaid $7,855,000 of the BB&T Series 2011 Note by refinancing the debt and issuing two new tax-exempt notes: Series 2013A in the amount of $3,550,000 and 2013B in the amount of $8,000,000. The funds were used to pay down the original debt and be used for the purposes as stated above. The 2013A note bears interest at 3.01% per annum and will mature on August 1, 2025. Principal is due semi-annually on August and February 1. The 2013B note bears interest at a rate of 4.50% per annum with annual principal payment due on August 1, each year and semi-annual payments of interest due on February 1 and August 1 each year. As of September 30, 2014, the total principal amount owed on the BB&T series notes was $24,045,000.

The Series 2011, 2013A and 2013B notes are secured by a pledge of and first lien on the CRA's Tax Increment Revenues.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 7 – LONG-TERM DEBT (Continued)

The future debt service requirements for the Series 2011 Redevelopment Revenue Note, Series 2013A and Series 2013B are as follows:

Series 2011 Redevelopment Revenue Note

Year Ending September 30	Principal	Interest	Total
2015	$ 1,230,000	$ 579,864	$ 1,809,864
2016	1,280,000	525,252	1,805,252
2017	865,000	468,420	1,333,420
2018	900,000	430,014	1,330,014
2019	935,000	390,054	1,325,054
2020-2024	6,180,000	1,272,282	7,452,282
2025	1,670,000	74,148	1,744,148
Total	**$ 13,060,000**	**$ 3,740,034**	**$ 16,800,034**

Series 2013A Note Redevelopment Revenue Note

Year Ending September 30	Principal	Interest	Total
2015	$ 170,000	$ 101,588	$ 271,588
2016	180,000	96,471	276,471
2017	265,000	91,053	356,053
2018	280,000	83,076	363,076
2019	290,000	74,648	364,648
2020-2024	1,750,000	234,780	1,984,780
2025	440,000	13,244	453,244
Total	**$ 3,375,000**	**$ 694,860**	**$ 4,069,860**

Series 2013B Note Redevelopment Revenue Note

Year Ending September 30	Principal	Interest	Total
2015	$ 380,000	$ 342,450	$ 722,450
2016	395,000	325,350	720,350
2017	600,000	307,575	907,575
2018	620,000	280,575	900,575
2019	645,000	252,675	897,675
2020-2024	3,975,000	796,050	4,771,050
2025	995,000	44,775	1,039,775
Total	**$ 7,610,000**	**$ 2,349,450**	**$ 9,959,450**

NOTE 7 – LONG-TERM DEBT (Continued)

Business-type Activities

Consolidated Utility:

The Utility Special District assumed the *Water and Sewer Fund's* obligation to the previous owner of Consolidated Utility. The primary source of repayment of the bonds is a pledge of net revenue collected from water and sewage usage. Payments are due monthly with an annual interest rate of 8 percent for a period of 35 years, ending September 2022. As of September 30, 2012, an adjustment of $673,005 was made to increase the outstanding balance due for the Consolidated Utility obligation resulting from the reassessment of the current water and sewage usage amounts.

The following table summarizes estimated future debt service requirements to maturity as of September 30, 2014:

Year Ending September 30	Principal	Interest	Total
2015	$ 75,953	$ 62,590	$ 138,543
2016	82,257	56,286	138,543
2017	89,085	49,459	138,544
2018	96,478	42,065	138,543
2019	104,486	34,057	138,543
2020-2022	368,431	47,199	415,630
Total	**$ 816,690**	**$ 291,656**	**$ 1,108,346**

Utility Special District Water and Sewer Revenue Bonds, Series 2004 have been refunded and defeased as Utility Special District Water and Sewer Revenue Bonds—Series 2014

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.

In July 2014, the Board of Directors of the City of Riviera Beach Utility Special District, adopted a bond authorization resolution (the "Bond Resolution"), authorizing the issuance of its Water and Sewer Revenue Refunding Bond, Series 2014 (the "Series 2014 Bonds") in the aggregated principal amount $22,645,000.

The Series 2014 Bonds were issued by the District pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 166 and Chapter 189, Florida Statue, as amended, the Creation Ordinance, the Chapter of the District and Resolution No. 11-14UD adopted by the Board of Directors of the District (the "Board") on July 2, 2014 (the "Bond Resolution") as supplement by Resolution No. 13-14UD adopted by the Board on July 14, 2014.

NOTE 7 – LONG-TERM DEBT (Continued)

Series 2014 Bonds were issued for the purpose of providing moneys which will be used together with other legally available funds of the District to currently refund and defease all of the District's outstanding Water and Sewer Revenue Bonds, Series 2004 (the "Refunded Bonds"); and pay cost of issuance of the Series 2014 Bonds, including the premium for a municipal bond insurance policy, if any. Proceeds from the 2014 bonds, as required, will be held in escrow used to provide for the current refunding and defeasance of the 2004 refunded bonds. The District will call the refunded bonds for redemption on October 1, 2014 at par.

Year Ending September 30	Principal	Interest	Total
2015	$ -	$ 1,035,725	$ 1,035,725
2016	740,000	1,020,925	1,760,925
2017	750,000	998,425	1,748,425
2018	770,000	967,625	1,737,625
2019	805,000	935,425	1,740,425
2020-2024	4,610,000	4,008,125	8,618,125
2025-2029	5,890,000	2,669,875	8,559,875
2030-2035	9,080,000	1,124,300	10,204,300
Total	**$ 22,645,000**	**$ 12,760,425**	**$ 35,405,425**

The Utility Special District ("USD") has pledged net revenues with respect to any period of time (Gross Revenues remaining after deducting the Cost of Operating and Maintenance for such period) to repay the *Utility Special District Water and Sewer Revenue Bonds, Series 2014*. The terms of the bond agreement require the USD to establish rates sufficient to provide net revenues in each year to pay 115 percent of the annual bond service requirement.

According to Section 2.03(c) of Asset Purchase Agreement dated September 2004 between the City and the USD, the USD is required to pay the City ½ of each new impact fee collected by USD as a future payment. Future payments are to be paid to the City on October 1 of each year after the closing date. The USD's obligation to make future payments to the City is subordinate to the USD's obligation and covenants to bond holders and is payable if and when available in accordance with the bond resolution. As of fiscal year ending September 30, 2014, the USD has paid the Capital Projects Fund a cumulative to date amount of $3,639,202.

NOTE 7 – LONG-TERM DEBT (Continued)

Capital Lease Obligations

Oshkosh Capital

In April 2012, the City entered into a seven year capital leasing arrangement with Oshkosh Capital to acquire a fire ladder truck for the City's Fire Department which was placed in service in June 2012. The original present value of the minimum payments of $451,850 under the arrangement is included in capital assets net of accumulated depreciation. The equipment purchase price is $614,868 and will be repaid over seven annual payments at annual interest rate of 2.97%.

Future minimum lease obligations are as follows:

Year Ending September 30	Principal	Interest	Total
2015	$ 85,159	$ 13,420	$ 98,579
2016	87,688	10,891	98,579
2017	90,293	8,286	98,579
2018	92,974	5,605	98,579
2019	95,736	2,843	98,579
Total	**$ 451,850**	**$ 41,045**	**$ 492,895**

Fifth Third Bank

In May 2013, the City entered into a three year capital leasing arrangement with Fifth Third Bank to acquire twelve Chevrolet Tahoe's and eight Chevrolet Impala's for the City's Police Department which was placed in service December 2013. The original present value of the minimum payments of $390,770 under the arrangement is included in capital assets net of accumulated depreciation. The equipment purchase price is $581,112 and will be repaid over three annual payments at annual interest rate of 1.85%.

Future minimum lease obligations are as follows:

Year Ending September 30	Principal	Interest	Total
2015	$ 193,594	$ 7,230	$ 200,824
2016	197,176	3,648	200,824
Total	**$ 390,770**	**$ 10,878**	**$ 401,648**

NOTE 7 – LONG-TERM DEBT (Continued)

US Bancorp Property Schedule No. 1

In October 2013, the City entered into a three year capital leasing arrangement with U. S. Bancorp Government Leasing and Finance, Inc. to acquire four Chevrolet Tahoe's and seven Ford Explorers for the City's Police Department, which were to be delivered in January 2014. The original present value of the minimum payments of $410,632, under the arrangement is included in capital assets net of accumulated depreciation. The equipment purchase price is $611,557 and will be repaid over three annual payments at annual interest rate of 1.45%.

Future minimum lease obligations are as follows:

Year Ending September 30	Principal	Interest	Total
2015	$ 203,838	$ 5,954	$ 209,792
2016	206,794	2,999	209,792
Total	**$ 410,632**	**$ 8,953**	**$ 419,584**

Subsequent Events – Long Term Debt

For fiscal year 2015, the City purchased several vehicles including Fire Ladder trucks and pumpers and additional Chevrolet Tahoe's and Ford Explorers for the Police Department. All leases were executed under a Master Lease Purchase with US Bank.

Future minimum lease obligations are as follows:

Fire Apparatus

Year Ending September 30	Principal	Interest	Total
2016	$ 112,072	$ 10,336	$ 122,408
2017	114,067	8,341	122,408
2018	116,097	6,311	122,408
2019	118,164	4,244	122,408
2020	120,267	2,141	122,408
Total	**$ 580,667**	**$ 31,373**	**$ 612,040**

NOTE 7 – LONG-TERM DEBT (Continued)

Pumper Trucks

Year Ending September 30	Principal	Interest	Total
2016	$ 192,175	$ 17,724	$ 209,899
2017	195,596	14,303	209,899
2018	199,077	10,822	209,899
2019	202,621	7,278	209,899
2020	206,228	3,671	209,899
Total	**$ 995,697**	**$ 53,798**	**$ 1,049,495**

Police Vehicles

Year Ending September 30	Principal	Interest	Total
2016	$ 200,925	$ 8,867	$ 209,792
2017	203,838	5,954	209,792
2018	206,794	2,998	209,792
Total	**$ 611,557**	**$ 17,819**	**$ 629,376**

NOTE 8 – JOINT VENTURES

On September 9, 1992, the City of Riviera Beach (the "City") entered into an interlocal agreement (the "Agreement") with the City of West Palm Beach, the Town of Palm Beach, the City of Lake Worth, and Palm Beach County collectively referred to as the Entities for an initial period of thirty years with a renewable term of thirty years upon the consent of all the entities. Under the Agreement, the entities participate in the operation of a regional sewer plant, herein referred to as the East Central Regional Wastewater Treatment Facility ("ECR"). The purpose of the Agreement was to consolidate prior separate agreements into a single unified agreement to establish rules and procedures for the operation and management of the existing facility. After the 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.

On April 20, 2010, through USD Resolution No. 8-10UD, the ECR Interlocal Agreement was renewed for a term of thirty years commencing September 9, 2022 through September 9, 2052.

Agreement provides for the establishment of a Governing Board (the "Board"), comprised of one

NOTE 8 – JOINT VENTURES

representative from each entity participating in the Agreement, to administer the ECR. Under the Agreement, the Board has the power to enter into contracts, employ personnel and enter into debt in accordance with Florida Statutes Section 63.01(7). In accordance with the Agreement, the City of West Palm Beach operates and manages the ECR on behalf of the Board and is paid an administrative fee by the ECR members for those services.

The Agreement establishes the duties and responsibilities among the Entities for the operation of the ECR. The Agreement can be terminated only with the unanimous consent of the Entities. An Entity may withdraw from participation in the Agreement; however, the Entity will forfeit its interest and allocation in the ECR and would still be required to meet its obligations under the Agreement. In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on their reserve capacity as of the date of disposition. As of September 30, 2014, the City's interest in the ECR was 11.4285%.

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

The ECR's financial statements for fiscal year ending September 30, 2014 have not been issued, as of the City's financial statement issuance. The ECR's latest available audited financial statements are for fiscal year ending September 30, 2013. 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, 2013, the ECR reported total assets of $122,066,176 and total net assets of $91,714,266 comprising of $71,288,518 invested in capital assets net of related debt, $25,710,567 restricted for construction, renewal, replacement and operations, and ($5,284,819) of unrestricted net assets.

In order to expand the plant capacity to 70 MGD (Million Gallons/Day), the ECR must meet certain Florida Department of Environmental Protection permitting requirements. In November 2011, ECR met the permitting requirements for rating the plant capacity at 70 MGD; however, demand

NOTE 8 – JOINT VENTURES (Continued)

for treatment capacity from the Entities does not currently equal 70 MGD. For fiscal year 2012, the entities effected a 1.5% renewal and replacement contribution.

The reserve capacity percentages based on a capacity of 70 MGD by entity as of September 30, 2013 are as follows:

Participant	Reserve Capacity %
City of West Palm Beach	29.2857
Palm Beach County	34.2857
City of Lake Worth	17.8572
City of Riviera Beach	11.4285
Town of Palm Beach	7.1429
	100.00%

Based on Actual Reserve Capacity Percentage per applicable fiscal year

During fiscal years ending September 30, 2013 and 2014, the City made payments to the ECR of $1,745,075 and $381,163 respectively, towards operating expenses. The City's contribution was reduced for 2014, as the Catastrophic Reserve Fund has reached the target balance of $5MM, therefore, no additional contributions to that fund are required by the members at this time. 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, 2014:

City's balance as of October 1, 2013	$10,100,401
City's 11.4285% share of the 2014 operating gain	381,164
City's ending balance as of September 30, 2014	$10,481,565

As of September 30, 2014, the City's investment in the ECR's interest was 10,481,565 and, as discussed above for consistency, was used to record and report balances in the City's financial statements for fiscal year ending September 30, 2014.

On October 1, 2014, the East Central Regional Wastewater Treatment Facilities Operation Board, issued $86,590,000 in par value bonds, the Series 2014 Bonds. The Series 2014 Bonds were issued for the purpose of providing funds which will be used together with certain other available moneys of the ECR, to (i) finance the 2014 project that is designed to improve the ECR facilities biosolids treatment processes and the quality of biosolids, reduce the volume of biosolids

NOTE 8 – JOINT VENTURES (Continued)

generated, reduce energy consumption, and generate renewal digester gases to in part be reused to generate energy for the biosolids digestion process, and (ii) pay certain costs of issuing the Series 2014 bonds. Based upon the environmental benefits of the 2015 project, the ECR Board has designated the 2014 project as a "Green Project" designed to be environmentally beneficial in the broad categories of sustainable waste management, energy efficiency and renewable energy.

The Series 2014 Bonds are limited obligations of the ECR, payable solely from and secured by the net revenues of the ECR, pari-passu with the ECR's bonds. The Series 2014 Bonds shall not be deemed to constitute a debt, liability or obligation of the ECR, the City of West Palm Beach, the Town of Palm Beach, the City of Riviera Beach, the City of Lake Worth or Palm Beach County, the State or any other political subdivision thereof within the meaning of any constitutional, statutory or charter provision or limitations, or a pledge of the faith and credit of the ECR, the Entities, the State or any other political subdivision, but shall be payable soles from the net revenues of the ECR. Neither the ECR nor the entities are directly, indirectly, or contingently obligated to levy or pledge any form of taxation whatsoever for the payment of the Series 2014 Bonds, nor do a Series 2014 Bonds constitute a charge, lien, or encumbrance, upon any property of the ECR or the Entities.

Standard & Poor's Public Finance Ratings ("S&P), and Fitch Ratings, Inc ("Fitch") have assigned ratings of AA+ and AA+, respectively, to the Series 2014 Bonds. Such ratings reflect only the view of such organizations and any desired explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that the ratings provided by S&P and Fitch, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the agencies, if, in their judgment, circumstances so warrant. Any downward revisions or withdrawal of any such ratings may have an adverse effect on the market price of the Series 2014 bonds.

In addition to the Series 2014, the ECR has previously issued and has outstanding under the provisions of the Master Resolutions the following bonds: (i) $11,000,000 in principal amount of Wastewater Facilities Revenue Bonds, Series 2013, proceeds of which funded a generator renewal project and certain preliminary costs of the 2014 project, including engineering design, legal and consulting costs. and (ii) $14,000,000 in principal amount of Wastewater Facilities Revenue Bonds, Series 2012, proceeds of which were used to refund two State Revolving Fund loans.

The decision to issue the ECR Series 2014 bonds, to enter into future indebtedness, and the amount, structure and timing of such indebtedness, are decisions that are made by the ECR Board, and are not subject to the oversight or consent of the Entities. Under the Interlocal Agreement, the determination to issue debt requires approval by the members holding more than 50% of treatment capacity, and, in addition, by no less than 3 of the entities voting in favor of the decision. None of the entities have the power, independently, to place limits on the amount or structure of the amount or structure of the indebtedness the ECR Board decides to incur. However, any decisions made by the ECR Board to incur indebtedness obligates each entity to pay its proportionate share of such indebtedness, included within the Wastewater Flow Charges

NOTE 8 – JOINT VENTURES (Continued)

as an operating expense. As a result payment of flow charges by an Entity to the ECR, including debt service payments required to be made by the ECR on the prior bonds and the Series 2014 bonds, are made prior to the entity's payment of debt service on the entity's utility system debt.

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

The following table summarizes estimated future aggregate debt service requirements to maturity as of September 30, 2014 as well as the portion of the debt service payment required by the City of Riviera Beach:

	Series 2014	Series 2013	Series 2012	Aggregate Debt Service	Riviera Beach Portion
2015	$ 3,830,004	$ 1,251,800	$ 1,554,385	$ 6,636,189	$ 758,417
2016	4,505,888	1,251,544	1,830,150	7,587,582	867,147
2017	4,505,888	1,250,904	1,825,365	7,582,157	866,527
2018	4,505,888	1,249,880	1,830,118	7,585,885	866,953
2019	4,505,888	1,253,472	1,829,223	7,588,582	867,261
2020-2044	162,502,225	5,001,072	5,481,748	172,985,045	19,769,596
TOTAL	$184,355,781	$11,258,672	$14,350,989	$ 209,965,440	$ 23,995,901

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, & TRANSFERS

Amounts receivable and payable, represent short term loans made between funds to cover negative cash balances in each fund at fiscal year-end. 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 CRA Fund currently owes the City $10,552,792 which includes payments of $10,194,621 made by the City on behalf of the CRA to OMRD for construction and improvements to the Ocean Mall and the Municipal Beach, amount of $1,000,000 is to utilized for improvements to the Marina as a joint effort between the City and CRA, and $358,171 represents service provided by the City to the CRA.

The Marina Fund currently owes $5,139,976 to the General Fund for short term loans made to cover negative cash balances. $1,000,000 was funded to the Marina from the CRA to be used for improvements to the Marina.

At September 30, 2014, interfund receivables and payable balances were as follows:

	Due From Other Funds	Due To Other Funds
Governmental activites:		
General Fund	$ 10,772,869	$ 5,013
Community Redevelopment Agency (CRA)	-	10,552,792
Capital Bond Funds	-	967,939
Internal Service Fund	10,194,621	-
Nonmajor Governmental Funds		1,418,522
Business-type activities:		
Marina	-	8,023,224
Total	$ 20,967,490	$ 20,967,490

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.

Transfers out from the General Fund and non-major governmental funds were for the purposes of funding debt service requirements, promotional activities, capital improvements, housing assistance, and grant matching. Transfer out from the Internal Service Fund to the General Fund was for the purpose of the capital building acquisition.

Transfers to the General, non-major governmental, and Marina Funds were primarily for capital projects, debt service, and grant matching

At September 30, 2014, the interfund transfers were as follows:

Transfer In/Out Funds	General Fund Transfer In	Nonmajor Governmental Funds Transfer In	Marina Transfer In	Transfer Out Total
General Fund	$ 362,299	$ -	$ -	$ 1,586,572
Nonmajor governmental funds	-	1,361,023	-	2,037,764
Marina	-	-	1,901,013	
Total Transfers In	**$ 362,299**	**$ 1,361,023**	**$ 1,901,013**	**$ 3,624,336**

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:- $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

NOTE 10 – RISK MANAGEMENT (Continued)

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.

For fiscal year ending September 30, 2013, the reported estimated liability was reduced by a significant amount due to an adjustment based on historical and current claim trends. For fiscal year ending September 30, 2014, the reported estimated liability remained consistent with the reported liability for fiscal year ending September 30, 2013. 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
2011	$2,391,446	$ 3,153,369	$ (3,037,946)	$ 2,506,869
2012	2,506,869	3,359,263	(3,809,263)	2,056,869
2013	2,056,869	1,351,023	(1,668,268)	1,739,624
2014	1,739,624	2,232,735	(1,739,587)	2,232,772

NOTE 11 – PENSION PLANS

During the fiscal year ending September 30, 2014, 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 City of 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.

The CRA has a separate retirement plan, a defined contribution plan, in which all employees participate. Employer contributions are from 6% to 8% of the employee's annual compensation 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%, effective at time of hire. For fiscal year ending September 30, 2014, employer contributions totaled approximately $29,649.

GENERAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description - The City of Riviera Beach General Employees' Retirement System covers all regular full time employees excluding members of the Police and Firefighters' pension plans. 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 from time to time. The Plan was established under of the Code of Ordinances for the City of Riviera Beach, Part II, Chapter 14, Article II, and was recently amended under Ordinance No. 4001 passed and adopted on March 7, 2012. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

Funding Requirements - Employees are required to contribute 6% of their earnings. 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.

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

NOTE 11 – PENSION PLANS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM

A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 10 years of Credited Service and approval of the Board. The Normal Retirement Benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the Early Retirement date precedes the Normal Retirement date.

Members may also receive retirement benefits other than through normal retirement. The plan document provides special details on the requirements and the payment calculation methods used to determine benefit payments.

Actuarially Determined Contributions - 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. For the fiscal year ending September 30, 2014, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation.

Actual Contributions - For the fiscal year ending September 30, 2014, the City's contribution was $4,843,648 or 48.42% of payroll based on a payroll amount of $10,002,888.

A copy of the actuarial valuation report may be obtained from the City of Riviera Beach, Finance Department.

Plan's membership information - As of September 30, 2014, the General Employees' Retirement System plan membership consisted of:

Retirees and Beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to, but not yet receiving benefits	194
Active Employees	207
Total Members	401

Summary of significant accounting policies

Basis of accounting: The General Employees' Retirement System 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.

NOTE 11 – PENSION PLANS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM

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

Income Tax Status – The Plan is exempt from federal income taxes under the Internal Revenue Code and therefore recorded no income tax liabilities or expense.

Funded Status and Funding Progress – The funded status of the Plan as of September 30, 2014, the most recent actuarial valuation, is as follows:

(In Thousands)
Five-Year Trend Information

Actuarial Valuation Date	Actuarial value of assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL)	Percent Funded	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	([b - a] / c)
General Employees' Retirement System:						
10/1/2010	$ 47,940	$ 77,147	$ 29,207	62.1%	$ 10,400	280.8%
10/1/2011	50,998	82,470	31,472	61.8	9,061	347.4
10/1/2012	51,660	85,053	33,393	60.7	9,009	370.7
10/1/2013	54,987	87,987	33,000	62.5	9,319	354.1
10/1/2014	60,041	91,173	31,132	65.9	10,003	311.2

NOTE 11 – PENSION PLANS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM

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:

Actuarial Methods and Assumptions

Valuation Date	October 1, 2014
Actuarial Cost Method	Entry Age Normal
Amorization Method	Level Percent of Payroll, Closed
Single Equivalent Amortization Period	21 Years
Actuarial Assumptions	
Asset Valuation Method	5 Year Smoothed Market
Investment Rate of Return	7.50%
Projected Salary Increase	3.00% for the next year, then 6.20% to 11% based on service
Inflation and Other General Increases Included Above	3.00%
Cost of Living Adjustments	None

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, present multi-year trend information about the whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

NOTE 11 – PENSION PLANS (Continued)

GENERAL EMPLOYEES' RETIREMENT SYSTEM

Annual Pension Cost and Changes in Net Position Assets - The City's annual pension cost (APC) and net position obligations (NPO) for the General Employee's Retirement System for the past three year are summarized below:

Fiscal year ending September 30	2014	2013	2012	2011
Annual Required Contribution	$ 4,843,648	$ 4,254,523	$ 3,375,976	$ 3,097,988
Deduct: Interest on Net Pension Asset	(58,714)	(63,221)	(62,588)	(58,810)
Adjustment to Annual Required Contribution	(98,908)	(112,217)	(118,576)	(125,826)
Annual Pension Cost	4,686,026	4,078,085	3,431,964	3,165,004
Less: Actual Contribution	4,843,648	4,254,523	3,450,987	3,223,859
(Decrease)/Increase in Net Position	40,194	48,996	(19,023)	(58,855)
Net Pension Asset, Beginning of year	(782,856)	(831,852)	(812,829)	(753,974)
Net Pension Asset, End of year	(742,662)	(782,856)	(831,852)	(812,829)
Percent of APC contributed each year	99.2%	98.9%	100.6%	101.9%

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 11 – PENSION PLANS (Continued)

RIVIERA BEACH POLICE PENSION PLAN

Plan Description - The Riviera Beach Police Pension Fund is a single employer defined benefit plan established by the City of Riviera Beach on May 14, 1957. The plan was created to provide retirement benefits to all regular full-time employees of the City classified as police officers, which includes both law enforcement officers and supervisory and command personnel. 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 board has the ability to make recommendations on establishing and amending pension plan provisions which can only be authorized by the City Council. Since the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's financial statements.

Funding Requirements - Employees are required to contribute 8% of their earnings to the Plan. Pursuant to Florida Statutes, Chapter 185, a contribution from the State of Florida Department of Insurance consist of a tax imposed by the City upon certain casualty insurance policies covering property within the City for property and casualty coverage and annually remits a contribution to the Plan. The allowable portion of the State contribution is used to reduce the City's contribution when received. The City is expected to contribute such additional amounts necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability.

Eligibility for Retirement – A police officer may retire and receive normal retirement benefit upon age of 55 with ten or more years of credited service or attainment of age 50 with 20 years of credited service. Upon normal retirement members will receive a monthly benefit amount equal to 3% of the member's average final compensation multiplied by the number of years of credited service. The average final compensation is calculated based on the highest two (2) consecutive during the member's last ten (10) years of contributing service. Police officers may also receive retirement benefits other than through normal retirement. The plan's financial statements provide details on the requirements and the payment calculation methods used to determine benefit payments.

Actuarially Determined Contributions - 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. For the fiscal year ending September 30, 2014, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation.

Actual Contributions - For the fiscal year ending September 30, 2014, the actual City (employer) contributions, for active members and the State contributions totaled $2,478,785 which includes $2,256,744 from the City, $222,041 from the State under Chapter 185, and were made in accordance with the contribution requirements determined by an actuarial valuation of the plan. The actual amount of covered payroll was $5,111,412. Plan members contributed $405,708.

NOTE 11 – PENSION PLANS (Continued)

RIVIERA BEACH POLICE PENSION PLAN

A copy of the actuarial valuation report may be obtained from the City of Riviera Beach, Finance Department.

Plan's membership information - As of September 30, 2014, the Police Pension plan membership consisted of:

Retirees and Beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to, but not yet receiving benefits	89
Active Employees	91
Total Members	180

Summary of significant accounting policies

Basis of accounting - The Riviera Beach Police Pension Fund Plan's financial statements are prepared based on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. Member contributions are recognized as revenues in the period which contributions are due. Employer contributions are recognized as revenue when due pursuant to the actuarial valuation. Share plan contributions are recognized as revenue in the period in which they are approved by the State. Expenditures incurred, benefits and refunds owed, are recognized when due and payable in accordance with the terms of the Plan rather than when paid. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash and Cash equivalents – The Plan's cash and cash equivalents are invested in securities with maturities of three months or less from the date of acquisition.

Investments – Investments are recorded at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation process and information sources by major investment classification are as follows:

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government sponsored agencies and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date. When quoted prices are not available, fair value is determined based on valuation methods that use inputs that include market observable inputs, which include recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment type.

NOTE 11 – PENSION PLANS (Continued)

RIVIERA BEACH POLICE PENSION FUND

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

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Income Tax Status – The Plan is exempt from federal income taxes under the Internal Revenue Code and therefore recorded no income tax liabilities or expense.

Funded Status and Funding Progress – The funded status of the Plan as of September 30, 2014, the most recent actuarial valuation, is as follows:

(In Thousands)
Five-Year Trend Information

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Percent Funded (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
Police Pension Fund:						
10/1/2010	$ 50,156	$ 62,134	$ 11,978	80.7%	$ 6,145	194.9%
10/1/2011	49,853	62,899	13,046	79.3	5,342	244.2
10/1/2012	49,402	63,842	14,440	77.4	5,364	269.2
10/1/2013	50,353	63,457	13,104	79.4	4,815	272.2
10/1/2014	54,705	67,130	12,425	81.5	5,111	243.1

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, present multi-year trend information about the whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

NOTE 11 – PENSION PLANS (Continued)

RIVIERA BEACH POLICE PENSION FUND

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:

Actuarial Methods and Assumptions	
Valuation Date	September 30, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amorization Method	Level Percent of Payroll, Closed
Single Equivalent Amortization Period	5 to 25 years
Actuarial Assumptions	
Asset Valuation Method	5 Year Smoothed Market
Investment Rate of Return	7.50%
Projected Salary Increase	7.50% based on seniority/merit
Inflation and Other General Increases Included Above	4.50%
Cost of Living Adjustments	None

Annual Pension Cost and Changes in Net Pension Assets—The Plan's annual pension cost (APC) and net pension obligations (NPO) for the Police Pension Plan were not available.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 11 – PENSION PLANS (Continued)

FIREFIGHTERS' PENSION TRUST FUND

Plan Description - The Riviera Beach Firefighters' Pension Trust Fund is a single employer defined benefit pension plan established by the City. The Plan reflects the provisions and requirements set forth in Chapter 14 of the Code of Ordinances of the City. The plan was created to provide retirement benefits for all regular full-time employees of the City classified as firefighters which includes 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. Since the plan is sponsored by the City, the Plan is included as a pension trust fund in the City's financial statements.

Funding Requirements - Employees are required to contribute 8% of their covered salary to the Plan. Pursuant to Florida Statutes, Chapter 175, the Plan receives a contribution from the State for excise taxes collected on casualty and fire insurance premiums on policies written within the City. The City is required to contribute after offset by the allowable amount received from the State of Florida, an amount sufficient to place the Plan on a sound financial basis as determined by actuarial valuation. The allowable portion of the State contribution is used to reduce the City's contribution when received. The City is expected to contribute such additional amounts necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability.

Eligibility for Retirement - A member of the Plan may retire with normal retirement benefits at the earlier of age 55 and 10 years on credited service or after accumulating 20 years of credited service, regardless of age. Early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service.

Normal retirement benefits are 3% of the member's average final compensation times the member's number of years of credited service. Early retirement benefits are the same of normal retirement benefits except they are actuarially reduced (not more than 3% per year) if payable immediately.

Average final compensation for purposes of calculating benefits is the average salary during the highest 2 years of the last 10 years of a member's contributing service. Pay for unused leave at time retirement is included in this average. Members may also receive retirement benefits other than through normal retirement, such as eligibility for disability and death benefits. The Plan's financial statements provide details on the requirements and the payment calculation methods used to determine benefit payments.

Actuarially Determined Contributions - 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. For the fiscal year ending September 30, 2014, the City funded pension expense based on the required employer contribution amount as determined by the actuarial valuation.

NOTE 11 – PENSION PLANS (Continued)

FIREFIGHTERS' PENSION TRUST FUND

Actual Contributions - For the fiscal year ending September 30, 2014, the actual employer and State contributions were $ 2,180,604 and $360,646 respectively, for a total of $ 2,541,250, or 58.22% of actual annual covered payroll, based on a payroll amount of $4,364,768. A copy of the actuarial valuation report can be obtained from the City of Riviera Beach, Finance Department.

Plan membership information – As of September 30, 2014, the firefighters' pension plan membership consisted of:

Retirees and Beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to, but not yet receiving benefits	59
Active Employees	61
Total Members	120

Summary of significant accounting policies

Basis of accounting - The Firefighters' Pension Plan's financial statements are prepared based on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. Member contributions are recognized as revenues in the period which contributions are due. Employer contributions are recognized as revenue when due pursuant to the actuarial valuation. Share plan contributions are recognized as revenue in the period in which they are approved by the State. Expenditures incurred, benefits and refunds owed, are recognized when due and payable in accordance with the terms of the Plan rather than when paid. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash equivalents – The Plan considers all highly liquid investment securities, with an original maturity of one year or less when purchased to be cash equivalents.

Investments – Investments are recorded at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation process and information sources by major investment classification are as follows:

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government sponsored agencies and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date. When quoted prices are not available, fair value is determined based on valuation methods that use inputs that include market observable inputs, which include recent

NOTE 11 – PENSION PLANS (Continued)

FIREFIGHTERS' PENSION TRUST FUND

trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment type.

- Equity securities: These include domestic common stock and equity international fund. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars in effect at the end of the fiscal year. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.
- Real estate: Real estate funds are valued using their respective net asset value (NAV) as of the end of the fiscal year. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued on a quarterly or semi-annual basis, in conjunction with management and investment advisors.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Income Tax Status – The Plan is exempt from federal income taxes under the Internal Revenue Code and therefore recorded no income tax liabilities or expense.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 11 – PENSION PLANS (Continued)

FIREFIGHTERS' PENSION TRUST FUND

Funded Status and Funding Progress – The funded status of the Plan as of September 30, 2014, the most recent actuarial valuation, is as follows:

(In Thousands)
Five-Year Trend Information

Actuarial	Actuarial (a)	Actuarial (b)	Unfunded (b-a)	Percent (a/b)	Covered (c)	UAAL as a ([b - a] / c)
Firefighters' Pension Fund:						
10/1/2010	$ 44,451	$ 51,671	$ 7,220	86.0%	$ 4,883	147.9%
10/1/2011	45,744	55,325	9,581	82.7	4,239	226.0
10/1/2012	46,831	58,172	11,341	80.5	4,217	268.9
10/1/2013	48,982	61,591	12,609	79.5	4,620	272.9
10/1/2014	52,413	63,308	10,892	82.8	4,609	236.3

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, present multi-year trend information about the whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

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:

[THIS SPACE INTENTIONALLY LEFT BLANK.]

NOTE 11 – PENSION PLANS (Continued)

FIREFIGHTERS' PENSION TRUST FUND

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:

Actuarial Methods and Assumptions

Valuation Date	October 1, 2014
Actuarial Cost Method	Entry Age Normal
Amorization Method	Level Percent of Payroll, Closed
Single Equivalent Amortization Period	30 Years
Actuarial Assumptions	
Asset Valuation Method	5 Year Smoothed Market
Investment Rate of Return	7.15%
Projected Salary Increase	7.50%
Inflation and Other General Increases Included Above	3.00%
Cost of Living Adjustments	None

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 Trust for the past four years are summarized below:

Fiscal year ending September 30	2014	2013	2012	2011
Annual Required Contribution	$ 2,267,060	$1,945,188	$1,586,612	$1,951,123
Deduct: Interest on Net Pension Asset	(75,549)	(74,249)	(78,514)	(80,433)
Adjustment to Annual Required Contribution	(119,063)	(107,921)	(121,026)	(123,511)
Annual Pension Cost	2,310,574	1,978,860	1,629,124	1,994,201
Less: Actual Contribution	2,267,060	2,017,145	1,592,684	1,989,428
(Decrease)/Increase in Net Pension	43,514	(38,285)	36,440	4,733
Net Pension Asset, Beginning of year	(1,034,922)	(996,637)	(1,033,077)	(1,037,850)
Net Pension Asset, End of year	(991,408)	(1,034,922)	(996,637)	(1,033,077)
Percent of APC contributed each year	98.12%	101.93%	97.76%	99.76%

NOTE 11 – PENSION PLANS (Continued)

Subsequent Event—Pension Update

On February 4, 2015, the City Council of the City of Riviera Beach approved an ordinance to join the Florida Retirement System ("FRS") for all employees, (General, Fire and Police) who are hired on or after June 1, 2015. Current participants in the City sponsored Pension Plans will have the option of converting to FRS at that time. Additionally, the City Council members will participate in FRS effective March 2015 and all eligible employees of the CRA will participate effective June 1, 2015.

In May of 2014, the City of Riviera Beach contracted with an actuary to provide projections for each of the City's three plans/groups and one projections showing the combination of all three groups. Assumptions made as part of the analysis included that the City would continue receiving the Chapter 175/185 premium revenues after the Police and Fire plans are closed to new entrants.

Key Findings

Firefighters– Placing new members into FRS is expected to save the City money. The FRS benefit formula (8 year average pay, as opposed to the current plan 2 year average pay) and later retirement ages (25 years of service as opposed to the current 20) create the real savings via lower benefits. This is reflected in the fact that the City's normal cost of 36% of payroll far exceeds the FRS normal cost of about 12% of payroll. In a present value sense the savings over 30 years ($10,262,861) would be about 21.3% of the current expected cost of the existing plan ($48,167,168) over the same 30 year period.

The lower FRS retirement benefits are slightly offset by the required FRS contributions of 1.29% of pay for the mandatory health insurance subsidy. The City's current 52.06% of pay cost is monthly for normal cost but also includes a significant payment to amortize the plans UAAL.

Police– Placing new members into FRS is projected to save the City money based on the current assumptions used to determine required contributions. However, the FRS benefit formula for Police Officer (8 year average pay, as opposed to 2 years under the current plan) and later retirement ages (25 years of services versus the current 20 years of service) create real savings via lower benefits. This is reflected in the fact that the City's normal cost of 20% of payroll exceeds the FRS normal cost of about 12% of payroll. In a present value sense the added cost over 20 years ($153,821) would be less than 1% of the current expected cost of the existing plan ($33,890,277) over the same 30 year period. The Police Union has opted to remain with the City Plan, for all new hires and existing employees at this time.

General Employees– Placing new members into FRS is expected to save the City money. The FRS benefit formula for general employees (about 1.63% versus the City's current 3.00%) and later retirement ages create the real savings via lower benefits. This is reflected in the fact that the City's normal cost of 20% of payroll far exceeds the FRS normal cost of about 5% of payroll. The FRS contribution rate is 7.33% of pay. In a net present value sense the savings of 30 years ($13,283,494) would be about 19% of the current expected cost of the existing plan ($68,393,235) over the same 30 year period.

NOTE 11 – PENSION PLANS (Continued)

The baseline savings conclusion from the actuarial study is reflected in the following table:

Total Net Present Value Savings

Firefighters	Police	General Employee	Total
$40,299,608	$3,637,426	$52,802,684	$96,739,718

Additionally, the City is also exploring the option of issuing Pension Obligations Bonds, however, no final determination has been made and/or approved by the City Council as to whether the City will move forward with the issuance. As part of the due diligence process, the City requested its financial advisor to prepare an analysis of savings if the City were to issue Pension Obligations Bonds to refinance the current unfunded liabilities of the three City pension plans. This concept was first presented to City council as a long term funding solutions as part of the budget discussion for FY 2014.

Based on the assumption that the bonds would be issued to refinance 100% of the current UAAL, would carry a 30 year maturity, would have a TIC (“true interest cost”) of no more than 5.579% and COI (cost of issuance) would not exceed $750,000.

The following table reflects a baseline conclusion of the additional savings associated with issuing Pension Obligations Bonds based on the assumptions noted above:

	Firefighters	Police	General Employee	Total
UAAL	$ 12,609,548	$ 13,103,774	$ 33,000,099	$ 58,713,421
% of Total	21.5%	22.3%	56.2%	100.0%
Dollar Savings	$ 5,987,938	$ 6,210,745	$ 15,652,191	$ 27,850,874

[THIS SPACE INTENTIONALLY LEFT BLANK.]

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 coverage 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, which is referred to as the "implicit rate subsidy" by GASB.

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 in 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 and 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.

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.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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% compounded annually for this purpose.

Plan membership - Based on the actuarial valuation results as of October 1, 2014, the number of participants included in the plan is as follows:

Retired Participants and Surviving Spouse	42
Active Employees	353
Total Participants	395

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.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Actuarial Methods and Assumptions

Valuation Date	October 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amorization Method	Level Percent, Closed
Single Equivalent Amortization Period	25 Years
Actuarial Assumptions	
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.75%
Projected Salary Increase	3.00%
Inflation and Other General Increases Included Above	3.00%
Cost of Living Adjustments	4.00%

Funded Status and Funding Progress – The funded status of the Plan as of September 30, 2014, the most recent actuarial valuation, is as follows:

(In Thousands)
Three-Year Trend Information

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Percent Funded (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
Other Post Employment Benefits (OPEB):						
10/1/2011	-	$ 8,957	$ 8,957	-	$ 19,714	45.41%
10/1/2013	-	3,740	3,740	-	19,147	19.53
10/1/2014	-	4,103	4,103	-	19,723	20.80

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Health Care Cost Trend Rates – Per capita costs for medical and prescription benefits are assumed to increase by 5% to 8% in the forthcoming years. Due to the nature of the Affordable Care Act of 2010 and the clarity, or lack thereof, as to how the provisions of the plan may or may not be impacted, no adjustments have been made in the assumptions in the medical care trend.

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 annual OPEB cost accrued for the fiscal year ending September 30, 2014 was $533,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The annual OPEB cost and the net OPEB obligation (asset) for the fiscal year ended September 30, 2014 and the preceding years are presented below:

Fiscal year ending September 30	2014	2013	2012
Normal cost (service cost for one year)	$379,000	$729,154	$701,423
Amortization of Unfunded Actuarial Accrued Liability	154,000	327,980	315,365
Annual Required Contribution (ARC)	533,000	1,057,134	1,016,788
Net OPEB obligation (NOO), beginning of year	3,619,135	2,767,145	1,927,832
Annual Required Contribution (ARC)	533,000	1,057,134	1,016,788
Interest on Normal Cost and Amortization	136,000	103,768	72,294
Adjustment to ARC	(149,000)	(95,649)	(66,637)
Annual OPEB Cost (expense)	520,000	1,065,253	1,022,445
Employer contributions made	(149,000)	(213,263)	(183,132)
Increase (decrease) in NOO	371,000	851,990	839,313
Net OPEB obligation (NOO), end of year	**$3,990,135**	**$3,619,135**	**$276,714**

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 CRA is included in the City's financial statements as a blended component unit. The City has outstanding loan receivable due from the CRA of $10,194,621 at September 30, 2014, 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. The principal and interest repayment schedule is described in Note 15-A, “Interlocal Agreements” below.

NOTE 14 – CONDUIT DEBT

In April 2012, the City Council approved an interlocal agreement between the City and Capital Trust Agency authorizing the issuance of approximately $14,725,000 of its housing revenue bonds in one or more series from time to time to provide financing or refinancing the costs of acquiring, upgrading, reconditioning, improving and beautification of an existing 216 unit low income multifamily rental housing facility for the elderly and families known as the Stonybrook Apartments located in the City. The City has no liability for these bonds in the event of default by the borrower. All bond proceeds were fully disbursed on December 31, 2012, with the first principal payment due on April 1, 2013 with a maturity date of April 1, 2047. As of September 30, 2014, the outstanding principal balance was $14,400,000.

NOTE 15 – INTERLOCAL AGREEMENTS, COMMITMENTS & CONTINGENCIES

A. Interlocal Agreements

On October 21, 2009, 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.

Reconstruction of the Ocean Mall and improvements to the beach park were completed in 2011, and was the recipient of the Florida Redevelopment Association’s Outstanding Rehabilitation, Renovation or Reuse Project Award. The project includes more than 60,000 square feet of

NOTE 15 – INTERLOCAL AGREEMENTS, COMMITMENTS & CONTINGENCIES (Continued)

restaurant and retail space. The four separate retail buildings provide very attractive building elevations that are between one and two stories in height. The Ocean Mall is a success story, overcoming unique problems with innovative solutions. Ocean Mall and Ocean Park have been transformed from a rundown eyesore into treasured amenities that are thoroughly enjoyed during the day and night by residents and tourists alike.

On April 27, 2011, 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. 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 the principal as paid by the City to OMRD. The City agreed to defer the principal payment for a period of five years commencing July 1, 2011 through June 30, 2016.
2. Commencing on July 1, 2011 through June 30, 2016, the interest rate on the principal amount paid to OMRD will be reduced to 2% per annum.
3. 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

As of September 30, 2014, the outstanding commitment relating to projects for the City, Community Redevelopment Agency, Utility Special District, Stormwater, and the Marina. 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. At September 30, 2014, the City and Community Redevelopment Agency commitments with contractors are as follows:

	Approved Contract Amount	Expended at September 30, 2014	Balance to Complete
Governmental Funds	$43,153,173	$2,811,903	$40,341,270
Business-type Funds	32,507,715	6,097,227	26,410,488
Totals	**$75,660,888**	**$8,909,130**	**$66,751,758**

NOTE 15 – INTERLOCAL AGREEMENTS, COMMITMENTS & CONTINGENCIES (Continued)

C. Lawsuits

Various claims and lawsuits are pending against the City, which include workers' compensation claims, accident liability and negligence claims and/or lawsuits, employment claims, and other suits, some which are valid and others which are frivolous. The City has purchased liability insurance that will assist in covering most judgments on lawsuits (excluding breach of contract claims). City management estimates that the combined out of pocket net liability to the City to be in the range of $500,000 to $1,000,000 as of September 30, 2014.

D. Other Contingencies

Solitron Devices - The City received total payments of $83,046 during the fiscal year ended September 30, 2013, which included a full and final payment of $82,000. The City and Solitron Devices, Inc. entered into a settlement agreement dated April 3, 2013 wherein both parties agreed to a lump sum payment of $82,000 and the installment payment obligation was terminated and deemed fully satisfied.

In addition, the Utility Special District, 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 at $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 USD.

Arbitrage – According the U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements state, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on bonds, must be remitted to the Federal government on every fifth anniversary of the bond issue. The City used an independent consultant to evaluate the City's Water and Sewer Revenue Bonds, Series 2004 for arbitrage liability and it was determined that there is no arbitrage liability due as September 30, 2014. A copy of the report on the arbitrage rebate calculation may be obtained from the City of Riviera Beach, Finance Department, 600 W. Blue Heron Blvd., Riviera Beach, Florida 33404.

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 – DEFERRED IMPROVEMENT FUNDS

The City and the CRA entered into an agreement in 2012, wherein accrued receivables from prior years due to the City from the CRA in the amount of $1,530,014 would be deferred and used for improvements to the Marina as a joint effort between the City and CRA. During the fiscal year ended September 30, 2014, the CRA did not remit any funds to the City, as the Marina project is in process. As of September 30, 2014 there was a remaining outstanding balance of $1,000,000.

NOTE 17 – 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, 2014, the City recorded approximately $582,687 as revenues and expenditures in the General Fund related to on-behalf payments received from the State of Florida for the Riviera Beach Police Pension Fund for $222,041 and Riviera Beach Municipal Firefighters' Pension Trust Fund for $360,646.

NOTE 18 – STEWARDSHIP

For the year ended September 30, 2014, expenditures exceeded appropriations for the following General Fund departments:

Department	Amount	% of Budget
Police	$480,241	105.63 %
City Clerk	6,287	102.74

The Police Department exceeded its budgetary allowance in FY 2014 due mainly to personnel related costs associated with overtime staffing as well as the modification of its patrol schedule and increases in repair and maintenance costs attributed to an aging fleet. The City Clerk exceeded their budgets as the result of legal ad costs.

NOTE 19 – SUBSEQUENT EVENT

The City has evaluated subsequent events through May 4, 2014, which is the date the financial statements were available to be issued and found that there were no subsequent events that require adjustments to or disclosure in the financial statements.

NOTE 20 – PRIOR PERIOD ADJUSTMENT

For the period ending September 30, 2014, there were no prior period adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVIERA BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR FISCAL EAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 33,831,769	$ 33,831,769	$ 35,246,989	$ 1,415,220
Licenses and permits	1,010,900	1,010,900	1,642,699	631,799
Intergovernmental	6,235,638	6,235,638	6,466,606	230,968
Charges for services	7,791,772	7,791,772	8,056,137	264,365
Fines and forfeitures	291,516	291,516	286,888	(4,628)
Investment earnings	33,000	33,000	33,297	297
Miscellaneous	130,000	130,000	(16,529)	(146,529)
Grants and contributions	125,350	125,350	216,901	91,551
Total revenues	49,449,945	49,449,945	51,932,988	2,483,043
Expenditures:				
Current:				
General government	16,862,014	17,001,871	15,190,226	1,811,645
Public safety	26,963,047	27,273,307	27,968,913	(695,606)
Transportation	1,242,601	1,331,958	1,325,789	6,169
Human services	204,866	204,866	212,058	(7,192)
Culture and recreation	4,108,186	4,286,820	4,183,259	103,561
Economic environment	-	-	208,090	(208,090)
Capital outlay	69,231	135,967	59,787	76,180
Total expenditures	49,449,945	50,234,789	49,148,122	1,086,667
Excess (deficiency) of revenues over expenditures	-	(784,844)	2,784,866	3,569,710
Other financing sources (uses):				
Operating transfers in	-	-	362,299	362,299
Operating transfers out	(911,582)	(1,236,582)	(1,586,572)	(349,990)
Total other financing sources (uses)	(911,582)	(1,236,582)	(1,224,273)	12,309
Net change in fund balance			1,560,593	
Fund balance - beginning			16,797,301	
Fund balance - ending			$ 18,357,894	

CITY OF RIVIERA BEACH
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT AGENCY (CRA)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Tax increment financing (TIF)	$6,009,945	$6,009,945	$5,992,858	($17,087)
Grant revenue	-	-	-	-
Investment earnings	-	-	56,035	56,035
Miscellaneous	145,000	145,000	911	(144,089)
Total revenues	6,154,945	6,154,945	6,049,804	(105,141)
Expenditures:				
Current				
General government	1,652,039	1,817,818	2,481,951	(664,133)
Redevelopment program	11,590,640	24,978,822	5,955,371	19,023,451
Real Estate Development	2,412,386	3,640,386	3,685,796	(45,410)
Debt service:				
Principal retirement	2,156,107	2,156,107	2,157,092	(985)
Interest and fiscal charges	1,477,549	1,477,549	1,473,400	4,149
Total expenditures	19,288,721	34,070,682	15,753,610	18,317,072
Excess (deficiency) of revenues over (under) expenditures	(13,133,776)	(27,915,737)	(9,703,806)	18,211,931
Other financing sources:				
Carry forward from BB&T Project Loan	8,061,926	14,621,042	-	14,621,042
BB&T Note 2013A and 2013B	10,717,160	11,460,893	-	11,460,893
Loan proceeds	-	-	92,628	(92,628)
Carry forward from General Fund	3,735,185	4,290,295	-	4,290,295
	22,514,271	30,372,230	92,628	30,279,602
Net change in fund balance	9,380,495	2,456,493	(9,611,178)	7,154,685
Fund balance, beginning			20,106,600	
Fund balance, ending			$10,495,422	

CITY OF RIVIERA BEACH
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2014

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.

The City is legally required to adopt an annual budget for its General Fund. The City also adopts an annual budget for its Community Redevelopment Agency (CRA) Fund in formal public hearings in order to obtain comments and input from residents. The budget is legally adopted prior to October 1st of each year.

The legal level of budgetary control, is the level at which expenditures may not exceed the budget, at the departmental level. Any budget amendment that alters the original adopted budget must be approved by the City Council. The City amended the General Fund’s adopted budget for fiscal year ended September 30, 2014, resulting in an increase of expenditures of $784,844. As of September 30, 2014, actual appropriations exceeded expenditures by $2,784,860, mainly due to revenue collections exceeding expectations.

The CRA amended its budget by increasing expenditures by $14,781,961 and, an increase in other financing sources of $7,857,959.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

CITY OF RIVIERA BEACH, FLORIDA

SCHEDULE OF EMPLOYER CONTRIBUTION

PENSION AND OTHER POST EMPLOYMENT BENEFITS

SEPTEMBER 30, 2014

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.

(In Thousands)

Trend Information

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Percent Funded (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b - a] / c)
General Employees' Retirement System:						
10/1/2011	$ 50,998	$ 82,470	$ 31,472	61.80%	$ 9,061	347.40%
10/1/2012	51,660	85,053	33,393	60.74	9,009	370.66
10/1/2013	54,987	87,987	33,000	62.49	9,319	354.12
10/1/2014	60,041	91,173	31,132	65.85	10,003	311.23
Police Pension Fund:						
10/1/2011	$ 49,853	$ 62,899	$ 13,046	79.26%	$ 5,342	244.22%
10/1/2012	49,402	63,842	14,440	77.38	5,364	269.20
10/1/2013	50,353	63,457	13,104	79.35	4,815	272.15
10/1/2014	54,705	67,130	12,425	81.49	5,111	243.10
Firefighters' Pension Fund:						
10/1/2011	$ 45,744	$ 55,325	$ 9,581	82.68%	$ 4,239	226.02%
10/1/2012	46,831	58,172	11,341	80.50	4,217	268.94
10/1/2013	48,982	61,591	12,609	79.53	4,620	272.92
10/1/2014	52,413	63,308	10,895	82.79	4,609	236.32
Other Post Employment Benefits (OPEB):						
10/1/2011	-	$ 8,957	$ 8,957	-	$ 19,724	45.41%
10/1/2013	-	3,740	3,740	-	19,147	19.53
10/1/2014	-	4,103	4,103	-	19,723	20.80

CITY OF RIVIERA BEACH, FLORIDA

SCHEDULE OF EMPLOYER CONTRIBUTION

PENSION AND OTHER POST EMPLOYMENT BENEFITS

SEPTEMBER 30, 2014

Five-Year Trend Information

General Employees Pension Plan

Year Ending September 30	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	$ 3,356,626	$ 3,428,510	102.14%	$ (753,974)
2011	3,165,004	3,223,859	101.86	(812,829)
2012	3,431,964	3,450,987	100.55	(831,852)
2013	4,303,519	4,254,523	98.86	(782,856)
2014	4,883,842	4,843,648	99.18	(742,662)

Firefighters' Pension Trust Fund

Fiscal year ending September 30	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	$ 2,267,636	$ 2,490,864	109.84%	$ (1,037,850)
2011	1,994,201	1,989,428	99.76	(1,033,077)
2012	1,629,124	1,592,684	97.76	(996,637)
2013	1,978,860	2,017,145	101.93	(1,034,922)
2014	2,340,959	2,478,785	105.89	(991,408)

Police Pension Fund

Year Ending September 30	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	$ 2,339,655	$ 3,428,510	146.54%	$ (753,974)
2011	1,961,489	2,759,114	140.66	(812,829)
2012	1,968,170	2,545,268	129.32	(831,852)
2013	874,392	1,515,656	173.34	(782,856)
2014	2,340,959	2,478,785	105.89	(782,856)

CITY OF RIVIERA BEACH, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTION -
PENSION AND OTHER POST EMPLOYMENT BENEFITS
September 30, 2014

Fiscal Year Ended September 30	Annual Required Contribution	Actual Contribution	Percent Contributed
General Employees' Retirement System:			
2011	$ 3,097,988	$ 3,223,859	104.1 %
2012	3,375,976	3,450,987	102.2
2013	4,254,523	4,254,523	100.0
2014	4,843,648	4,843,648	100.0
Police Pension Fund:			
2011	$ 1,961,489	$ 2,759,114	140.7
2012	1,629,124	2,545,268	156.2
2013	874,392	1,515,656	173.3
2014	2,340,959	2,478,785	105.9
** Reduced in accordance with utilization of funding reserve*			
Firefighters' Pension Fund:			
2011	$ 1,994,201	$ 1,989,428	99.8
2012	1,629,124	1,592,684	97.8
2013	1,978,860	2,017,145	101.9
2014	2,310,574	2,267,060	98.1
Other Post Employment Benefits (OPEB):			
2011	$ 1,158,980	$ 196,730	17.0 %
2012	1,022,445	183,132	17.9
2013	1,065,253	213,263	20.0
2014	520,000	149,000	28.7

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

Form of the Resolution

[THIS PAGE INTENTIONALLY LEFT BLANK]

RESOLUTION NO. 88 - 14

A RESOLUTION OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA (THE "CITY"); AUTHORIZING THE ISSUANCE OF PUBLIC IMPROVEMENT REVENUE BONDS IN ONE OR MORE SERIES FOR THE PURPOSE OF FINANCING THE COSTS OF (A) ACQUIRING, CONSTRUCTING AND INSTALLING CAPITAL AND NON-CAPITAL PROJECTS FOR THE BENEFIT OF THE CITY AND MAKING LOANS TO THE CITY OF RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY, AND (B) REFUNDING PRIOR OBLIGATIONS ISSUED BY OR ON BEHALF OF THE CITY, AND ALL OTHER COSTS NECESSARY OR INCIDENTAL THERETO; PROVIDING FOR THE TERMS AND PAYMENT OF SUCH BONDS; PROVIDING FOR THE RIGHTS, SECURITY AND REMEDIES OF THE HOLDERS THEREOF; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING THE PROPER OFFICIALS OF THE CITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

TABLE OF CONTENTS

WHEREAS, the City of Riviera Beach, Palm Beach County, Florida, a Florida municipal corporation (the "City") is authorized by Chapter 166, Florida Statutes and other applicable provisions of law to incur indebtedness for the purpose of financing the costs of acquiring, constructing and installing capital and non capital projects for the benefit of the residents of the City and making loans to the City's Community Redevelopment Agency ("CRA") and all other costs necessary or incidental thereto (each, a "Project"); and

WHEREAS, the City may issue its indebtedness in the form of bonds payable from legally available Non-Ad Valorem Revenues (as defined herein) budgeted and appropriated therefor in each year in accordance with the Act (as defined herein); and

WHEREAS, as additional security for the payment of the principal of and interest on the Bonds (as defined herein), the City may cause to be delivered a bond insurance policy, letter of credit, guaranty, surety bond or other agreement pursuant to which the issuer thereof will agree to make available funds for the timely payment of the principal of and interest on all or a portion of the Bonds; and

WHEREAS, the City Council of the City (the "City Council"), hereby finds it necessary and in the best interest of the City to authorize the issuance from time to time of its Public Improvement Revenue Bonds, to be issued in one or more series (the "Bonds") for the purpose of financing the costs of acquiring, constructing, and installing Projects (or to refund indebtedness previously issued by or for the benefit of the City) and all costs necessary or incidental thereto, to pay the costs of issuance of such Bonds, and if deemed necessary, to fund a reserve and the costs of a Credit Facility (as defined herein); and

WHEREAS, the Bonds authorized under this Resolution will be payable from Non-Ad Valorem Revenues, subject and subordinate to the payment from the sources of Non-Ad Valorem Revenues pledged thereto of the principal of and interest on any other obligations heretofore or hereafter issued which have a prior pledge on any source of Non-Ad Valorem Revenues and are permitted to be issued under the terms of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA, THAT:

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1. DEFINITIONS. Unless the context indicates otherwise all terms used in this Resolution shall have the following meanings:

"ACCRETED VALUE" shall mean as of any date of computation with respect to any Capital Appreciation Bond, the amount set forth as of such date in the Supplemental Resolution authorizing such Capital Appreciation Bond plus, with respect to matters related to the payment upon redemption or other payment of such Capital Appreciation Bond, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve 30-day months.

"ACCRUED AGGREGATE DEBT SERVICE" shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of Bonds, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Bonds of such Series accrued and unpaid and to accrue to the date of calculation, and (ii) principal payments due and unpaid and that portion of the principal for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such period.

"ACT" shall mean the Constitution and laws of the State of Florida, including particularly, Chapter 166 of the Florida Statutes, the City Charter and other applicable provisions of law.

"ALTERNATE CREDIT FACILITY" shall mean any Alternate Credit Facility issued pursuant to Article VIII, Section 2 of this Resolution.

"AUTHORIZED DENOMINATIONS" shall mean, with respect to any Series of Bonds issued hereunder, denominations of $5,000 or any integral multiple thereof, except as may be otherwise provided in the Supplemental Resolution authorizing such Series.

"BENEFICIAL OWNER" shall mean, other than with respect to Article II, Section 11 of this Resolution, during any period the Bonds are registered under the Book-Entry System, any purchaser of a Bond and others who acquire a beneficial ownership interest in a Bond held by the Securities Depository. In determining the Beneficial Owner of any Bond, the City, the Paying Agent, the Registrar and the Credit Facility Issuer, if any, may rely exclusively upon written representations made, and information given to the City, the Paying Agent, the Registrar or the Credit Facility Issuer, as the case may be, by the Securities Depository or its Participants with respect to any Bond held by the Securities Depository in which a beneficial ownership interest is claimed. With respect to Replacement Bonds, the City, the Paying Agent, the Registrar, and the Credit Facility Issuer, if any, shall consider the owner of any such Replacement Bond as registered on the registration books of the City maintained by the Registrar to be the Beneficial Owner thereof. "Beneficial Owner" shall mean, for purposes of Article II, Section 11 of this Resolution only, unless otherwise required by law, any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

"BOND COUNSEL" shall mean an attorney at law or firm of attorneys selected by the City of nationally-recognized experience in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, the obligations of states and their political subdivisions.

"BONDHOLDER" or "HOLDER" or "OWNER" or any similar term shall mean any person who shall be the registered owner of any Bond or Bonds Outstanding under the terms of this Resolution.

"BOND INSURANCE POLICY" shall mean an insurance policy issued for the benefit of the Holders of any Bonds, pursuant to which the Bond Insurer shall be obligated to pay when due the scheduled payment of principal of and interest on such Bonds to the extent of any deficiency in the amounts in the funds and accounts created under this Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

"BOND INSURER" shall mean the issuer of a Bond Insurance Policy with respect to the Bonds, or any successor thereto or assignee thereof.

"BONDS" shall mean the City of Riviera Beach, Palm Beach County, Florida Public Improvement Revenue Bonds authorized to be issued pursuant to this Resolution, which Bonds may be issued at one time or from time to time in more than one Series. The Series designation or any change in the name of any Series of Bonds shall be provided in the Supplemental Resolution authorizing such Series.

"BOOK-ENTRY SYSTEM" shall mean the system under which the City may (but shall not be required to) issue the Bonds of a particular Series and maintain the registration for such Bonds in book-entry only form.

"BUSINESS DAY" shall mean any day, except a Saturday or Sunday, on which commercial banks located in New York, New York, and the cities in which the designated offices of the Registrar, the Paying Agent, and the Credit Facility Issuer, if any, in the United States of America, are located are not required or authorized by law to remain closed and on which the New York Stock Exchange is not closed.

"CAPITAL APPRECIATION BONDS" shall mean those Bonds issued under this Resolution, as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding, and payable in an amount equal to the then current Accreted Value only at the maturity, earlier redemption or other payment date therefor, all as so designated by the Supplemental Resolution relating to the issuance thereof, and which may be either Serial Bonds or Term Bonds.

"CHIEF FINANCIAL OFFICER" or "FINANCE DIRECTOR" shall mean the chief financial officer of the City as defined in Section 218.403, Florida Statutes.

"CITY" shall mean the City of Riviera Beach, Palm Beach County, Florida, a Florida municipal corporation, or its successor.

"CITY CHARTER" shall mean the Charter of the City, as amended and supplemented.

"CITY COUNCIL" shall mean the City Council of the City of Riviera Beach, Palm Beach County, Florida, or its successor in function.

"CITY MONEYS" shall mean the moneys budgeted and appropriated by the City, and deposited into the Sinking Fund or any other Fund established hereunder, from Non-Ad Valorem Revenues pursuant to the City's covenant to budget and appropriate Non-Ad Valorem Revenues contained in Article III, Section 2 of this Resolution.

"CLERK" shall mean the City Clerk or any Deputy City Clerk.

"CODE" shall mean the Internal Revenue Code of 1986, as amended, and applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context thereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of Treasury (including applicable final regulations, temporary regulations, and proposed regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court rulings.

"COST" or "COST OF THE PROJECT" with respect to a Series Project, shall mean the City's costs properly attributable to the construction, improvement, extension, acquisition, or installation thereof, including but not limited to, the cost of acquisition by or for the City of real or personal property or other interest therein, including, but not limited to, easements and rights-of-way, costs of physical construction, and costs of the City incidental to such construction, improvement, extension, acquisition or installation, the cost of any indemnity and surety bonds and premiums on allowed insurance during construction for on-site and off-site improvements, interest on the Bonds prior to, during and for not exceeding one year after the completion of the Project, engineering, architectural and project management expenses, legal fees and expenses, costs of audits, fees and expenses of the fiduciaries and financial consultants and costs of financing, administrative and general overhead, including the costs of any Credit Facility and/or Reserve Account Credit Facility for the Bonds, the costs of issuing the Bonds, the costs of keeping accounts and making reports required by this Resolution or any Supplemental Resolution prior to commencement of operation of such Project, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City (other than the Bonds) incurred for such Project, costs of machinery, equipment and supplies, and such other expenses as may be necessary for, or incidental to, the acquisition and construction of the Project or incurred by the City in connection with the issuance of the Bonds (including, if so permitted by an Opinion of Bond Counsel, reimbursement to the City for any such items of cost theretofore paid by or on behalf of the City).

"CREDIT FACILITY AGREEMENT" shall mean an agreement, if any, between the City and a Credit Facility Issuer pursuant to which a Credit Facility is issued.

"CREDIT FACILITY" or "CREDIT FACILITIES" shall mean, either individually or collectively, as appropriate, any Bond Insurance Policy, surety bond, Letter of Credit, line of credit, guaranty, or such other instrument or instruments that would enhance the credit of the Bonds or a Series thereof. The term Credit Facility shall not mean a Reserve Account Credit Facility.

"CREDIT FACILITY ISSUER" shall mean the provider of a Credit Facility.

"DATE OF ISSUE" shall mean the date any Series of Bonds are first authenticated and delivered pursuant to this Resolution.

"DEBT SERVICE" for any period shall mean, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on the Bonds of such Series, except to the extent that such interest is to be paid from deposits made from Bond proceeds into the Principal and Interest Account in the Sinking Fund and (ii) that portion of each principal payment for such Series which would accrue during such period if such principal payment were deemed to accrue daily in equal amounts from the next preceding principal payment due date for such Series (or, if there shall be no such preceding principal payment, from a date one year preceding the due date of such principal payment or from the Date of Issue of the Bonds of such Series, whichever date is later). Such interest and principal payments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each principal payment on the due date thereof. The term "principal payment," as used above in this definition, shall include any payment of principal on a Bond whether at maturity or upon earlier redemption.

"DEBT SERVICE RESERVE REQUIREMENT" shall mean the amount required to be on deposit in the subaccount of the Debt Service Reserve Account to be created and established under the Supplemental Resolution with respect to each Series of Bonds issued hereunder, which amount shall equal the least of: (a) the maximum annual aggregate amount of Debt Service on such Series of Bonds Outstanding for the then current or any future Fiscal Year, (b) one hundred twenty-five percent (125%) of the average annual amount of Debt Service on such Series of Bonds Outstanding for the then current or any future Fiscal Year, or (c) ten percent (10%) of the principal amount of the Bonds of such Series or the issue price of the Bonds of such Series, if the Bonds of such Series have more than a de minimis amount of original issue discount or premium (as such terms are used under the Code for such purpose). All or a portion of such Debt Service Reserve Requirement may be satisfied by obtaining a Reserve Account Credit Facility with the requisite coverage. Amounts on deposit in each subaccount of the Debt Service Reserve Account shall only secure the Series of Bonds to which such subaccount relates. Notwithstanding the foregoing, the City may determine by Supplemental Resolution authorizing any Series of Bonds issued hereunder that such Series will not have a Debt Service Reserve Requirement or that the Debt Service Reserve Requirement will be less than that hereinabove set forth.

"DEFEASANCE OBLIGATIONS" shall mean, to the extent permitted by law:

(a) Government Obligations which are not callable prior to maturity except by the holder thereof;

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations of the character described in clause (a) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate; and

(c) evidences of ownership of proportionate interests in future interest and principal payments on obligations described in (a) held by a bank or trust company as custodian.

"EVENT OF DEFAULT" as used herein shall have the meaning specified in Article VI, Section 1 hereof.

"FEDERAL DIRECT PAYMENTS" shall mean direct payments from the United States that the City becomes entitled to as a result of the issuance of any Series.

"FITCH" shall mean Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Registrar and the Paying Agent.

"FISCAL YEAR" shall mean that period commencing on October 1 and continuing to and including the next succeeding September 30, or such other annual period as may be prescribed by law.

"GOVERNMENT OBLIGATIONS" shall mean negotiable direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"INTEREST PAYMENT DATES" shall mean such dates as established by Supplemental Resolution for the payment of interest or principal on each Series.

"INVESTMENT OBLIGATIONS" shall mean, to the extent permitted by law (i) U.S. Obligations, and (ii) all other investments permitted under the laws of Florida and consistent with the investment policies of the City and, if required as a condition of obtaining a Credit Facility, acceptable to the Credit Facility Issuer, which additional Investment Obligations will be set forth in a Supplemental Resolution relating to a Series of Bonds secured by a Credit Facility.

"LETTER OF CREDIT" shall mean any Credit Facility consisting of an unconditional, irrevocable letter of credit issued by a financial institution.

"MAXIMUM DEBT SERVICE" shall mean, at any time, the maximum amount required in the then-current or any future Fiscal Year to pay (a) all Non-Self-Supporting Debt, and (b) any proposed indebtedness of the City (i) which will be payable from Non-Ad Valorem Revenues, or (ii) for which any Non-Ad Valorem Revenues will be pledged.

"MAXIMUM INTEREST RATE" shall mean the maximum interest rate allowable by applicable law.

"MAYOR" shall mean the Mayor of the City, or in his or her absence, the Chairperson of the City Council, or in both of their absence any other officer of the City Council, or, in the absence of an officer, any other member of the City Council.

"MOODY'S" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Registrar and the Paying Agent.

"NON-AD VALOREM REVENUES" shall mean legally available revenues of the City derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of debt service on the Bonds, after the payment from the sources of Non-Ad Valorem Revenues pledged thereto of the principal of and interest on any other obligations of the City heretofore or hereafter issued which have a prior pledge on any source of the Non-Ad Valorem Revenues; provided, however, that for the purposes of the anti-dilution test set forth in Article III, Section 9(b) of this Resolution, "Non-Ad Valorem Revenues" shall mean all legally available revenues of the City derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of Non-Self-Supporting Debt, excluding non-ad valorem special assessments which are exclusively pledged to the payment of Special Assessment Obligations and Federal Direct Payments. For purposes of this Resolution, fees imposed by the City in connection with new construction, which fees are used to pay for the cost of new facilities and equipment, the need for which is in whole or in part the result of such new construction (commonly referred to as "impact fees"), are not considered legally available.

"NON-SELF-SUPPORTING DEBT" shall mean debt obligations of the City other than debt obligations relating to an enterprise fund, or general obligation bonds of the City or Special Assessment Obligations.

"NON-SELF-SUPPORTING DEBT SERVICE" shall mean the Debt Service on Non-Self-Supporting Debt. In calculating Debt Service on any Non-Self Supporting Debt, interest payments on any Bonds which are eligible to receive Federal Direct Payments shall be calculated net of expected receipt of such Federal Direct Payments.

"OPINION OF BOND COUNSEL" shall mean an opinion signed by Bond Counsel.

"OUTSTANDING" when used as of any particular time with reference to the Bonds, shall mean all Bonds theretofore authenticated and delivered by the Registrar under this Resolution except:

(a) Bonds theretofore canceled by the Registrar or surrendered to the Registrar for cancellation;

(b) Bonds for the payment or redemption of which money or securities in the necessary amount (as provided in Article V hereof) shall have heretofore been deposited with the Paying Agent or other financial institution or bank selected by the City (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article II, Section 5 hereof or provision satisfactory to the Paying Agent or other financial institution or bank selected by the City shall have been made for the giving of such notice; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Registrar pursuant to the terms of Article II, Section 9 hereof.

"PARTICIPANTS" shall mean brokers, dealers, banks and other financial institutions and other persons for whom, from time to time, the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

"PAYING AGENT" shall mean the City or a commercial bank or trust company designated as such in the Supplemental Resolution authorizing each Series of Bonds issued hereunder.

"PLEDGED REVENUES" shall mean (a) City Moneys, (b) any proceeds of Bonds originally deposited with the City and all moneys deposited and held from time to time by the City in the funds (other than the Rebate Fund) and accounts established under this Resolution in each case until applied in accordance with this Resolution, (c) investment income received by the City in the funds (other than the Rebate Fund) and accounts established under this Resolution, and (d) any other moneys received by the Paying Agent in connection with repayment of the Bonds.

"PROJECT" shall mean, collectively, the Series Projects, each of which shall be a capital or non capital project for the benefit of the residents of the City or a loan to the City's Community Redevelopment Agency ("CRA").

"RATING AGENCY" or "AGENCIES" shall mean each nationally recognized securities rating agency which shall have a rating then in effect with respect to the Bonds.

"REBATE AMOUNT" shall mean the excess of the future value, as of the computation date, of all receipts on all nonpurpose investments (as defined in Section 1.148-1(b) of the Income Tax Regulations) over the future value, as of that date, of all payments on nonpurpose investments, all as provided by the Income Tax Regulations under the Code implementing Section 148 thereof.

"REBATE YEAR" shall mean, with respect to each Series, a one-year period (or shorter initial period from the Date of Issue of such Series) that ends at the close of business on the day in the calendar year selected by the City as the last day of a Rebate Year. The final Rebate Year, however, shall end on the date of final maturity of such Series.

"RECORD DATE" shall mean the fifteenth day of the calendar month next preceding any Interest Payment Date; provided, however, that if such day is not a Business Day then the next preceding Business Day.

"REGISTRAR" shall mean the City or a commercial bank or trust company designated as such in the Supplemental Resolution authorizing each Series of Bonds issued hereunder.

"REPLACEMENT BONDS" shall mean certificated Bonds, authenticated and delivered pursuant to the terms and provisions of this Resolution, if the City or the Securities Depository discontinues the Book-Entry System.

"RESERVE ACCOUNT CREDIT FACILITY" shall mean the insurance policy, surety bond or other evidence of insurance acceptable to the City and the Credit Facility Issuer, if any, or Letter of Credit, acceptable to the City and the Credit Facility Issuer, if any, deposited in the Debt Service Reserve Account in lieu of or in substitution for cash or securities on deposit therein as provided in Article III, Section 7 hereof.

"RESERVE ACCOUNT CREDIT FACILITY ISSUER" shall mean the issuer of any Reserve Account Credit Facility with respect to a Series of the Bonds, or any successor thereto or assignee thereof.

"RESOLUTION" shall mean this Resolution as the same may from time to time be amended and supplemented in accordance with the terms hereof.

"S&P" shall mean Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Registrar and the Paying Agent.

"SECURITIES DEPOSITORY" shall mean The Depository Trust Company, New York, New York, and its successors and assigns, or a successor clearing agency designated pursuant to the terms and provisions of this Resolution and its successors and assigns.

"SERIAL BONDS" shall mean those Bonds which shall be designated as Serial Bonds by Supplemental Resolution or, if authorized by Supplemental Resolution, in a bond purchase agreement or closing certificate of the City, the principal of which shall be payable at their stated maturity.

"SERIES" shall mean all of the Bonds authenticated, issued and delivered at one time under and pursuant to the terms of this Resolution or any Supplemental Resolution or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such

Bonds pursuant to the terms and provisions of this Resolution, regardless of variations in maturity, interest rate or other provisions relating to the applicable Series of Bonds.

"SERIES PROJECT" shall mean the Project identified in the Supplemental Resolution authorizing each Series of Bonds issued hereunder and facilities and improvements necessary and appurtenant thereto, both on-site and off-site, as modified from time to time in accordance with the provisions hereof. The Series Project established on a Date of Issue may not be changed or substituted in any way that would cause a material change in the purpose for which such Series of Bonds were issued unless prior to such change or substitution the City receives an Opinion of Bond Counsel to the effect that such change or substitution will not, in and of itself, adversely affect the exclusion of interest on such Series of Bonds from gross income of the Holders thereof for federal income tax purposes.

"SPECIAL ASSESSMENT OBLIGATIONS" shall mean indebtedness payable from and secured solely by non-ad valorem special assessments, but shall not include any indebtedness that is secured in whole or in part by the City's covenant to budget and appropriate from Non-Ad Valorem Revenues.

"SUPPLEMENTAL RESOLUTION" shall mean the resolution or resolutions of the City Council setting forth the details of each Series of Bonds issued hereunder.

"TERM BONDS" shall mean those Bonds which shall be designated as Term Bonds by Supplemental Resolution or, if authorized by Supplemental Resolution, in a bond purchase agreement or closing certificate of the City, and which are subject to mandatory redemption by amortization installments.

"U.S. OBLIGATIONS" shall mean the direct obligations of, or obligations on which, the timely payment of principal and interest are unconditionally guaranteed by the United States of America, and certificates which evidence ownership of the right to the payment of the principal of, or interest on, such obligations.

"WRITTEN CONSENT," "WRITTEN DEMAND," "WRITTEN DIRECTION," "WRITTEN ELECTION," "WRITTEN NOTICE," "WRITTEN ORDERS" and "WRITTEN REQUEST OF THE CITY" shall mean, respectively, a written consent, demand, direction, election, notice, order or request signed on behalf of the City by the Chief Financial Officer or Mayor.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Act.

SECTION 3. RESOLUTION CONSTITUTES CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the City and such Owners and the covenants and agreements herein set forth to be performed by said City shall be for the equal benefit, protection, and security of the Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority, or distinction of any of the Bonds over any other thereof except as expressly provided therein and herein.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 1. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions of this Resolution, obligations of the City to be known as "Public Improvement Revenue Bonds" are hereby authorized to be issued from time to time in one or more series for the purpose of financing the costs of acquiring, constructing, and installing all or a portion of the Project, or to refund Bonds previously issued by the City. The Bonds may be issued all at one time or in part, from time to time, as the City Council may in its discretion hereafter determine by Supplemental Resolution. Each Series of Bonds shall be issued in such aggregate principal amount (initial principal amount in the case of Capital Appreciation Bonds or the price to the public in the case of zero coupon, discount bonds, or premium bonds), designated as, and shall be distinguishable from, the Bonds of all other Series, as provided by Supplemental Resolution. Notwithstanding the foregoing, any Series of Bonds issued hereunder subsequent to the first Series of Bonds issued hereunder must meet the requirements of Section 9(b) of Article III.

SECTION 2. INTEREST ON BONDS. The Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for (unless no interest has been paid or duly provided for, in which case from the original dated date of the Bonds) until payment of the principal thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Provided, that interest on any Capital Appreciation Bonds shall be paid only at maturity or upon redemption prior to maturity in the amount determined by reference to the Accreted Value. Interest accrued on the Bonds shall be computed on the basis of a 360 day year, consisting of twelve (12) thirty day months. Interest shall be payable as provided herein on each Interest Payment Date.

SECTION 3. MANNER OF PAYMENT OF BONDS. (a) Principal of and redemption premium, if any, on the Bonds shall be payable to the Owners of the Bonds upon presentation and surrender of the Bonds as they become due (except as may be otherwise provided by Supplemental Resolution) at the designated principal corporate trust office of the Paying Agent (or, if the City is serving as Paying Agent, the address provided to such Owner by the City). Except as otherwise set forth below, interest on the Bonds shall be payable (i) by check drawn upon the Paying Agent and mailed on the Interest Payment Date to the Owners of the Bonds as of the close of business on the Record Date next preceding each Interest Payment Date at the registered addresses of such Owners as they shall appear on the registration books as of such Record Date, notwithstanding the cancellation of any Bond upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date, and (ii) upon the request and at the expense of a registered Bondholder of at least $1,000,000 in principal amount of a Series of Bonds, all payment of interest on its Bonds of such Series shall be paid by wire transfer in immediately available funds to an account with a financial institution within the United States designated by such registered Bondholder and on file with the Paying Agent as of the applicable Record Date.

(b) If and to the extent that there shall be a default in the payment of the interest due on an Interest Payment Date, such defaulted interest shall be paid to the Owners in whose name the Bonds (or any Bond or Bonds issued upon transfer or exchange thereof) are registered at the close of business on the fifteenth Business Day next preceding the date of payment of such defaulted interest established by notice mailed by the Registrar to the Owners not less than the tenth day preceding such Interest Payment Date. All payments of principal, redemption premium, and interest shall be made in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

(c) The foregoing notwithstanding, any Series of the Bonds may be registered under the Book-Entry System, as shall be determined by Supplemental Resolution; and, in such case, the payment of principal of, premium, if any, and interest on the Bonds shall be made in the manner required by the Securities Depository and mutually agreeable to the City and Paying Agent.

SECTION 4. DESCRIPTION OF BONDS. The Bonds shall be issued in the form of fully registered bonds; shall be dated as specified by Supplemental Resolution; shall bear interest from such date as calculated herein at such rates not exceeding the Maximum Interest Rate; shall be lettered and shall be numbered in such manner as may be prescribed by the Registrar or as specified by Supplemental Resolution; and shall be in Authorized Denominations.

Notwithstanding the foregoing, the Bonds may be issued as Serial Bonds or Term Bonds, may bear a variable rate of interest or accrue interest as zero coupon bonds or Capital Appreciation Bonds, as specified by the Supplemental Resolution authorizing the particular Series of Bonds.

The Bonds of each Series shall be subject to redemption prior to maturity as determined by Supplemental Resolution.

SECTION 5. NOTICE OF REDEMPTION; REDEMPTION.

(a) In the event any of the Bonds are called for redemption prior to maturity, the Paying Agent shall give notice, in the name of the City, of the redemption of such Bonds, which notice shall (i) specify the Bonds, including series designation, to be redeemed, the CUSIP numbers, the Date of Issue, interest rates, maturity dates of the Bonds to be redeemed, the redemption date, the date of notice of redemption, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the designated corporate trust office of the Paying Agent or of its agent or, if the City is serving as Paying Agent, the address of the City, including the name and telephone number of a representative of such Paying Agent) and, if less than all of a maturity of the Bonds is to be redeemed, the numbers of the Bonds, and the portions of a maturity of Bonds, so to be redeemed, and (ii) state that on the redemption date, the Bonds to be redeemed shall cease to bear interest.

Notice of redemption shall be given by the Paying Agent in the name of the City by mailing a copy of an official redemption notice not less than 30 days nor more than 60 days prior to the date fixed for redemption (i) by first class mail to the respective Owners of the Bonds designated for redemption at their addresses appearing on the bond registration books of the City maintained by the Registrar; provided that such notice shall be sent by certified mail, return receipt requested, to the Bondholders of $1,000,000 or more in aggregate principal amount of the Series of Bonds to be redeemed; and (ii) by certified mail, return receipt requested, to the Securities Depository.

A second notice of redemption shall be given within 60 days after the redemption date in the manner required above to the registered Bondholders of redeemed Bonds which have not been presented for payment within 30 days after the redemption date. However, failure to give such notice shall not affect the validity of the redemption of the Bonds for which proper notice has been given as provided in the preceding paragraph.

In the case of an optional redemption of the Bonds of a Series, any notice of redemption may state that (i) it is conditioned upon the deposit of moneys with the Paying Agent or another depository serving as escrow agent for the payment thereof in trust for the Owners of the Bonds or portions thereof to be redeemed, no later than the redemption date, in an amount equal to the amount necessary to effect the redemption; or (ii) the City retains the right to rescind such notice of redemption on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Chief Financial Officer delivers a written direction to the Paying Agent directing the Paying Agent to rescind the redemption notice. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the City to make such funds available shall constitute an Event of Default under this Resolution. The Paying Agent shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Anything contained in this Resolution to the contrary notwithstanding, failure to mail any such notice (or any defect therein) to one or more Bondholders shall not affect the validity of any proceedings for such redemption with respect to Bondholders to which notice was duly mailed hereunder.

The City may, in the Supplemental Resolution authorizing a Series of Bonds, provide for notice of redemption provisions for such Series different from those set forth above.

(b) On the date so designated for redemption, notice having been mailed in the manner and under the conditions described above, moneys for payment of the redemption price being held in separate accounts by the Paying Agent or another depository serving as escrow agent for the payment thereof in trust for the Owners of the Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Owners of such Bonds or portions of Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the next succeeding paragraph to receive Bonds for any unredeemed portions of the Bonds.

Subject to the provisions of Article II, Section 11 hereof, in case part but not all of an Outstanding fully registered Bond shall be selected for redemption, the Owners thereof shall present and surrender such Bond to the City or its designated Paying Agent for payment of the principal amount thereof so called for redemption, and the City shall execute and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds fully registered as to principal and interest.

SECTION 6. PAYMENT OF REDEMPTION PRICE; PURCHASE OF BONDS IN LIEU OF REDEMPTION. For the redemption of any of the Bonds, the City shall cause to be deposited in the Redemption Account in the Sinking Fund an amount sufficient to pay the principal of Bonds to be redeemed and interest to become due on the date fixed for such redemption, plus premium, if any. Provided, that in lieu of redemption, from such amounts deposited in the Redemption Account in the Sinking Fund the City may purchase any of the Term Bonds at prices not greater than par and accrued interest and may purchase Capital Appreciation Bonds (if such Capital Appreciation Bonds are Term Bonds) at prices not greater than the Accreted Value as of the date of purchase.

SECTION 7. EXECUTION OF BONDS. The Bonds shall be executed in the name of the City by the signature of the Mayor and its official seal shall be affixed thereto or imprinted or reproduced thereon and attested by the Clerk. The signatures of the Mayor and the Clerk on the Bonds may be manual or facsimile signatures. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the City by such person who at the actual time of the execution of such Bond shall hold the proper office, although at the date such Bonds shall be actually delivered, such person may not have held such office or may not have been so authorized.

Bonds shall bear thereon a certificate of authentication, in the form set forth in the form of the Bond attached hereto as Exhibit "A", executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the City shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefits of this Resolution.

SECTION 8. NEGOTIABILITY, REGISTRATION, AND TRANSFER OF BONDS. At the option of the Holder thereof and upon surrender thereof at the designated corporate trust office of the Registrar (or if the City is serving as Registrar, the address provided to such Holder by the City) with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney and upon payment by such Holder of any charges which the Registrar may make as provided in this Section, the Bonds may be exchanged for Bonds of the same Series in the same aggregate principal amount, interest rate and maturity of any other Authorized Denominations.

The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds. The Bonds shall be transferable by the Holders thereof in person or by his attorney duly authorized in writing only upon the registration books of the City kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds.

The City, the Paying Agent and the Registrar shall deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute Holder of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as the same become due and for all other purposes. All such payments so made to any such Holder or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and canceled by the Registrar in the manner provided in this Section. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require the payment of a sum sufficient to pay any tax, fee, or other governmental charge (other than a governmental charge imposed by the City) required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds during any period from a Record Date to the next succeeding Interest Payment Date on such Bonds or 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called for redemption. However, if less than all of a Term Bond is redeemed or defeased, the City shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Term Bond, without charge to the Bondholder, for the unpaid balance of the principal amount of such Term Bond so surrendered, a Term Bond in the appropriate Authorized Denomination and interest rate.

All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Registrar when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the City, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Registrar, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the City and the other executed certificate shall be retained by the Registrar.

The City may, by Supplemental Resolution, provide for the registration of the Bonds of any Series by adopting a Book-Entry System for the same. Bonds held by the Securities Depository while the Bonds are registered under the Book-Entry System shall be registered in the name of the Securities Depository or its nominee, and beneficial ownership of such Bonds shall be transferred in accordance with the procedures of the Securities Depository and its Participants.

SECTION 9. BONDS MUTILATED, DESTROYED, STOLEN, OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the City may in its discretion cause to be executed, and the Registrar shall authenticate and deliver, a new Bond of like date and tenor as the Bond so mutilated, destroyed, stolen, or lost in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the City and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City and the Registrar may prescribe and paying such expenses as the City and the Registrar may incur. All Bonds so surrendered shall be canceled by the City. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen, or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Article II, Section 9 shall constitute original, additional contractual obligations on the part of the City whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

SECTION 10. PREPARATION OF DEFINITIVE BONDS; TEMPORARY BONDS. The text of the Bonds and Certificate of Authentication therefor shall be substantially in the form set forth in Exhibit "A" attached hereto; provided, that such form shall be modified as necessary to provide for the details of Capital Appreciation Bonds. Until the definitive Bonds are prepared, the Mayor and the Clerk may execute and the Registrar may authenticate, in the same manner as is provided in Section 7 of this Article II, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more printed, lithographed or typewritten temporary fully registered Bonds, of the same tenor as the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations, and with such omissions, insertions and variations as may be appropriate to such temporary Bonds. The City, at its own expense, shall prepare and execute and, upon the surrender at the designated corporate trust office of the Registrar of such temporary Bonds for which no payment or only partial payment has been provided, for exchange and the cancellation of such temporary Bonds, the Registrar shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the principal designated corporate trust office of the Registrar, definitive

Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution.

SECTION 11. BOOK-ENTRY SYSTEM.

(a) As long as any Series of Bonds is registered under the Book-Entry System, the City and the Registrar shall comply with the terms of the agreement entered into with the Securities Depository (the "Book-Entry Agreement") with respect to such Series. However, the Book-Entry System through the Securities Depository may be terminated upon the happening of any of the following:

(i) The Securities Depository or the City, based upon advice from the Securities Depository, advises the Registrar that the Securities Depository is no longer willing or able to properly discharge its responsibilities under the Book-Entry Agreement, and the Registrar and the City are unable to locate a qualified successor clearing agency satisfactory to the Registrar and the City; or

(ii) The City, in its sole discretion but with the prior written consent of the Registrar, elects to terminate the Book-Entry System by notice to the Securities Depository, the Registrar and the Credit Facility Issuer, if any.

(b) Upon the occurrence of any event described above, the City shall, if necessary, adopt a resolution supplemental to this Resolution to add to the provisions of this Resolution any provisions deemed reasonably necessary or required by the Registrar, and approved in writing by the Credit Facility Issuer, if any, with respect to Replacement Bonds (including, but not limited to, the provision for the cost and expenses for the printing thereof) and to account for the fact that, thereafter, the Bonds will no longer be registered under the Book-Entry System, and the Registrar shall notify the Securities Depository and the Credit Facility Issuer, if any, of the occurrence of such event and of the availability of definitive or temporary Replacement Bonds to Beneficial Owners requesting the same, in an aggregate Outstanding amount representing the interest of each such Beneficial Owner, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest and previous payments of principal. Definitive Replacement Bonds shall be issued only upon surrender to the Registrar of the Bond of each maturity by the Securities Depository, accompanied by registration instructions for the definitive Replacement Bonds for such maturity from the Securities Depository for each such maturity. Neither the City nor the Registrar shall be liable for any delay in delivery of such instructions and conclusively may rely on, and shall be protected in relying on, such instructions.

(c) Whenever the Bonds are registered under the Book-Entry System and notice or other communication to the Bondholders is required under this Resolution, unless and until Replacement Bonds shall have been issued with respect to the Bonds, the City or the Registrar, as the case may be, shall give to the Securities Depository one copy of each such notice and communication specified herein or required by this Resolution to be given to the Beneficial Owners of the Bonds.

SECTION 12. SPECIAL PROVISIONS RELATING TO CAPITAL APPRECIATION BONDS.

(a) The principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of mandatory redemption shall be included in the calculations of accrued and unpaid and accruing interest or principal made under the definitions of Debt Service and Accrued Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value becomes so due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

(b) For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving any notice, consent, request, or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

ARTICLE III
FUNDS AND APPLICATION THEREOF, SECURITY AND COVENANTS

SECTION 1. BONDS SHALL BE SPECIAL OBLIGATIONS OF THE CITY. The Bonds are special obligations of the City and are payable solely in the manner and to the extent set forth in this Resolution. There are hereby pledged for the payment of the principal of, premium if any, and interest on, the Bonds in accordance with the terms and the provisions of this Resolution, the Pledged Revenues. THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA BUT SHALL BE PAYABLE FROM AND SECURED SOLELY BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THIS RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE

BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY OTHER THAN AS PROVIDED IN THIS RESOLUTION. FURTHERMORE, NO BONDHOLDER SHALL EVER HAVE A LIEN ON THE PROJECT OR ANY OTHER REAL OR PERSONAL PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES. The Reserve Account Credit Facility Issuer, if any, shall also have a lien upon and a pledge of the Pledged Revenues but such lien and pledge is subject and subordinate to, in all respects, the lien upon and pledge of the Pledged Revenues in favor of the Bondholders.

SECTION 2. COVENANT TO BUDGET AND APPROPRIATE. Until the Bonds are no longer Outstanding pursuant to the provisions of this Resolution, the City hereby covenants and agrees, to the extent permitted by law and in accordance with applicable law and budgetary processes, to appropriate in its annual budget in each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due (whether by redemption, at maturity or otherwise), and, if applicable, to restore any deficiency in a subaccount of the Debt Service Reserve Account or any other fund or account created and established hereunder for the Bonds (including, without limitation, through reimbursement of a Reserve Account Credit Facility Issuer). Notwithstanding the foregoing covenant of the City, the City does not covenant to maintain any services or programs now provided or maintained by the City which generate Non-Ad Valorem Revenues, other than such services or programs which are for essential public purposes affecting the health, welfare, and safety of the inhabitants of the City. The payment of principal of and interest on a Series of Bonds may, in addition to the Pledged Revenues herein described, be secured by a Credit Facility.

To the extent that the City is in compliance with the covenant contained above and Section 9(b) of this Article III, this Resolution and the obligations of the City contained herein shall not be construed as a limitation on the ability of the City to pledge or covenant with respect to the Non-Ad Valorem Revenues (or any portion thereof) for other indebtedness or other legally permissible purposes.

This covenant to budget and appropriate Non-Ad Valorem Revenues is not a pledge by the City of such Non-Ad Valorem Revenues nor the creation of a lien on such Non-Ad Valorem Revenues prior to their deposit into the funds and accounts created under this Resolution, and is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into, including the payment of debt service on bonds or other obligations. This covenant to budget and appropriate is subject to the provisions of Section 166.241(3), Florida Statutes, which provides, in part, that the governing body of each municipality makes appropriations for each Fiscal Year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources. This covenant does not require the City to levy and collect any particular source of Non-Ad Valorem Revenues nor to maintain or increase any regulatory fees or user charges with respect to any particular source of Non-Ad Valorem Revenues.

SECTION 3. ESTABLISHMENT OF FUNDS AND ACCOUNTS. There are hereby created and established with the City the following Funds: (1) the City of Riviera Beach, Florida, Public Improvement Revenue Bonds Sinking Fund (the "Sinking Fund"), (2) the City of Riviera Beach, Florida, Public Improvement Revenue Bonds Rebate Fund (the "Rebate Fund"), and (3) the City of Riviera Beach, Florida, Public Improvement Revenue Bonds Project Fund (the "Project Fund"). Within the Sinking Fund there shall be created the following separate accounts: (a) a Principal and Interest Account (the "Principal and Interest Account"), (b) a Bond Redemption Account (the "Bond Redemption Account"), and (c) a Debt Service Reserve Account (the "Debt Service Reserve Account"). Within the Debt Service Reserve Account, there shall be established a separate subaccount for each Series of Bonds that has a Debt Service Reserve Requirement. Within the Rebate Fund, there shall be established separate accounts for each Series if determined to be necessary by Bond Counsel to preserve the exclusion of the interest on the Bonds or a Series of Bonds from gross income for federal income tax purposes. The Sinking Fund and the Project Fund, and all accounts and subaccounts therein, shall constitute trust funds for the purposes hereof.

SECTION 4. APPLICATION OF BOND PROCEEDS. The proceeds received upon issuance of each Series of the Bonds shall be deposited into the various funds and accounts created and established for the Bonds as follows:

(a) The accrued interest, if any, derived from the sale of a Series of the Bonds shall be deposited into the Principal and Interest Account of the Sinking Fund and used for the purpose of paying a part of the first interest payable on such Series of Bonds on the first Interest Payment Date after the Date of Issue of such Series.

(b) An amount equal to all or a portion of the Debt Service Reserve Requirement for each Series, if any, as set forth in the Supplemental Resolution authorizing such Series, shall be deposited in the corresponding subaccount of the Debt Service Reserve Account of the Sinking Fund. If less than the Debt Service Reserve Requirement for a Series is deposited in a subaccount of the Debt Service Reserve Account from the proceeds of the Bonds of a Series on the Date of Issue, the balance of such requirement shall be satisfied by the deposit of a Reserve Account Credit Facility with the Paying Agent with the requisite coverage.

(c) The remaining proceeds of such Series of the Bonds shall be deposited in the Project Fund to fund the Cost of the Project, including costs of issuance of the Bonds, as hereinafter provided; provided, that proceeds of such Series that are intended to be used to pay capitalized interest on such Series shall be deposited into the Principal and Interest Account and used to pay interest on such Series as provided herein.

SECTION 5. APPLICATION OF REVENUES.

(a) On or before 12:00 Noon (City time) on the last Business Day prior to each Interest Payment Date, the City shall deposit into the Sinking Fund an amount of Non-Ad Valorem Revenues (which at the time of such deposit become City Moneys and Pledged Revenues) which will cause the amount therein to be at least equal to the Accrued Aggregate Debt Service calculated to such Interest Payment Date, and to the extent applicable, any amounts necessary to satisfy any deficiency in a subaccount of the Debt Service Reserve Account or reinstatement of a Reserve Account Credit Facility.

(b) As soon as practicable after the deposit of Pledged Revenues in the Sinking Fund, as provided in paragraph (a) above, and in any case no later than the close of business on the Business Day preceding such Interest Payment Date, the City shall credit moneys therein to the following purposes in the following order of priority (such application to be made in such a manner so as to assure sufficient moneys on deposit in such Accounts):

(i) To the Principal and Interest Account, the amount, if any, required so that the balance in said Account shall equal the amount of principal of and interest on the Bonds coming due on the next Interest Payment Date; provided, that, for the purposes of computing the amount to be deposited in the Principal and Interest Account, there shall be taken into account the amount, if any, set aside in said account from the proceeds of Bonds;

(ii) To the Redemption Account, the amount, if any, required so that the balance in said account shall equal the principal of and premium, if any, on the Bonds then coming due by reason of redemption on the next Interest Payment Date or earlier date of redemption.

(iii) To the extent applicable, to each Reserve Account Credit Facility Issuer the amount, if any, required to reimburse such issuer for the amounts drawn under the applicable Reserve Account Credit Facility or otherwise required to be paid to reinstate the amount available thereunder (on a pro rata basis if there is more than one Reserve Account Credit Facility);

(iv) To the extent applicable, to the appropriate subaccount or subaccounts of the Debt Service Reserve Account, the amount, if any, required for the amount on deposit in each such subaccount to equal the

Debt Service Reserve Requirement for the applicable Series of Bonds (on a pro rata basis if more than one subaccount has a shortfall).

(c) In addition, subject to the foregoing, the City shall pay from City Moneys the fees and expenses, at such times as are necessary, of the Paying Agent, the Registrar, the Credit Facility Issuer, if any, and the Reserve Account Credit Facility Issuer, if any, and any other fees and expenses of the City relating to the Bonds.

SECTION 6. SINKING FUND--PRINCIPAL AND INTEREST ACCOUNT; REDEMPTION ACCOUNT. The City shall pay out of the Principal and Interest Account to the Paying Agent (i) by 12:00 Noon (City time) on, or any time before, each Interest Payment Date for any of the Bonds, the amount required for the interest payable on such date; and (ii) by 12:00 Noon (City time) on, or any time before, the maturity date of each of the Bonds the amount of principal of such Bonds payable on such date. The City shall pay out of the Redemption Account to the Paying Agent by 12:00 Noon (City time) on, or any time before, any redemption date for the Bonds the amount required for the payment of principal and any premium on the Bonds then to be redeemed or purchased. Such amounts shall be applied by the Paying Agent on and after the due dates thereof.

SECTION 7. SINKING FUND--DEBT SERVICE RESERVE ACCOUNT.

(a) If a Series of Bonds is secured by a subaccount of the Debt Service Reserve Account, amounts in such subaccount of the Debt Service Reserve Account shall be used to make up any deficiency in the Principal and Interest Account or the Redemption Account on any Interest Payment Date, but only with respect to such Series of Bonds. If, on the last Business Day preceding any Interest Payment Date, the amounts on deposit in a subaccount of the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement for such Series, the City shall apply amounts from Pledged Revenues, available for such purposes hereunder, to the extent necessary to cure the deficiency; provided, however, that no further payments shall be required to be made into a subaccount of the Debt Service Reserve Account whenever and as long as the amount deposited therein shall be equal to the Debt Service Reserve Requirement for such Series (including taking into account any Reserve Account Credit Facilities).

Notwithstanding the foregoing provisions, with respect to any Series of Bonds, in lieu of the required deposits into a subaccount of the Debt Service Reserve Account, the City may, with the consent of the Credit Facility Issuer, if any, for such Series, cause to be deposited into the appropriate subaccount of the Debt Service Reserve Account a Reserve Account Credit Facility or Facilities for the benefit of the Bondholders of such Series in an amount equal to the difference between the Debt Service Reserve Requirement for such Series and the sums then on deposit in the appropriate subaccount of the Debt Service Reserve Account, if any, which Reserve Account Credit Facility or Facilities shall (i) be payable or available to be drawn upon, as the case may be (upon the giving of any notice as required thereunder) on any Interest Payment Date on which a deficiency in the Principal and Interest Account and/or the Redemption Account for such Series exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose and (ii) otherwise meet the requirements of this Section. If a disbursement is made under the Reserve Account Credit Facility, the City shall be obligated to either reinstate the maximum limits of such Reserve Account Credit Facility equal to the Debt Service Reserve Requirement for such Series immediately following such disbursement, or to deposit into the appropriate subaccount of the Debt Service Reserve Account from the Pledged Revenues available for such purposes, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility, or a combination of such alternatives so that the balance available in the Debt Service Reserve Account shall equal the Debt Service Reserve Requirement for such Series.

In the event that any moneys shall be withdrawn from a subaccount of the Debt Service Reserve Account for payments into the Principal and Interest Account or Redemption Account, such withdrawals shall be subsequently restored from the first Pledged Revenues available for such purposes after all required payments have been made into the Principal and Interest Account and Redemption Account, including any deficiencies for prior payments, and after reimbursement in full of any sums owed to the Reserve Account Credit Facility Issuer. The foregoing restoration may be satisfied by the reinstatement of the maximum limits of a Reserve Account Credit Facility.

Moneys in the Debt Service Reserve Account shall be used only for the purpose of making payments into the Principal and Interest Account or Redemption Account, when and to the extent the moneys transferred to the Sinking Fund are insufficient for such purpose; provided, however, that moneys in the Debt Service Reserve Account may be invested and reinvested as provided for herein; and provided further, however, that moneys on deposit in a subaccount of the Debt Service Reserve Account may, upon final maturity of a Series of Bonds, be used to pay the principal of and interest on such Series. Notwithstanding the foregoing, the City may remove moneys from the Debt Service Reserve Account for application for any lawful purpose so long as it shall substitute in lieu thereof a Reserve Account Credit Facility in at least the same amount as the moneys so withdrawn.

Unless determined otherwise by Supplemental Resolution, there shall be initially deposited in a subaccount of the Debt Service Reserve Account from the proceeds derived from the sale of a Series of Bonds an amount equal to the Debt Service Reserve Requirement for such Series or in lieu of all or a portion thereof, such Debt Service Reserve Requirement shall be satisfied by the deposit with the Paying Agent of a Reserve Account Credit Facility with the requisite coverage, all as shall be determined by Supplemental Resolution.

Such Reserve Account Credit Facility may take any of the following forms:

(i) A surety bond, insurance policy or evidence of insurance issued to the entity serving as Paying Agent, as agent of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") with claims-paying ability rated, on the date of issuance of such Reserve Account Credit Facility, in at least the second highest rating category (currently "AA" in the case of S&P, "AA" in the case of Fitch and "Aa" in the case of Moody's) by any Rating Agency which shall have a rating then in effect with respect to the Bonds.

(ii) A Letter of Credit issued to the Paying Agent, as agent of the Bondholders, by a bank rated, on the date of issuance of such Reserve Account Credit Facility, in at least the third highest rating category (currently "A" in the case of S&P, "A" in the case of Fitch and "A" in the case of Moody's) by any Rating Agency which shall have a rating then in effect with respect to the Bonds.

(b) The delivery of any Reserve Account Credit Facility for a Series pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to the City and the Credit Facility Issuer of such Series, if any, and in form and substance satisfactory to the City and such Credit Facility Issuer, as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Reserve Account Credit Facility is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the City and such Credit Facility Issuer. In addition, the use of a Letter of Credit shall be subject to receipt of an opinion of counsel acceptable to the City and such Credit Facility Issuer, and in form and substance satisfactory to the City and such Credit Facility Issuer, to the effect that payments under such Letter of Credit would not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code or similar state laws.

(c) Cash on deposit in the Debt Service Reserve Account shall be used (or Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account Credit Facility. If and to the extent that more than one Reserve Account Credit Facility is deposited in a subaccount of the Debt Service Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

(d) Whenever the moneys, cash and Investment Obligations on deposit in a subaccount of the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement for the applicable Series of Bonds, such excess shall be deposited in the Principal and Interest Account and used to pay the principal of, redemption premium, if any, and interest coming due on the Series of Bonds secured by such subaccount of the Debt Service Reserve Account; provided, however, that any excess resulting from the valuation of Investment Obligations shall not be transferred to the Principal and Interest Account until such time as the Investment Obligations are sold or mature. Deficiencies resulting from a decline in market value of Investment Obligations on deposit in the Debt Service Reserve Account shall be restored no later than the succeeding valuation date, unless required earlier under this Resolution or under the applicable Supplemental Resolution.

SECTION 8. PROJECT FUND.

(a) There shall be paid into the Project Fund the amounts required to be so paid by the provisions of this Resolution or any Supplemental Resolution, and there may be paid into the Project Fund, at the option of the City, any moneys received for or in connection with the Project by the City from any other source.

(b) During the period of construction of the Project or portion thereof, the moneys received pursuant to an insurance claim from insurance maintained against physical loss of or damage to the Project, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the Project Fund.

(c) Any amounts in the Project Fund shall be applied by the City to pay the Cost of the Project, including, without limitation, costs of issuance of the Bonds, and separate accounts may be established in the Project Fund for each Series Project or any portion thereof.

(d) Upon the completion of each Series Project, the balance in the Project Fund (or in any separate account in the Project Fund established therefor) in excess of the amount, if any, to be retained therein for payment of any remaining Cost of the Project, shall, as directed by the City (i) be deposited in the Principal and Interest Account or the Redemption Account and applied to the retirement of Bonds by payment, purchase, or redemption at the earliest date permissible under the terms of this Resolution or the applicable Supplemental Resolution, or (ii) to the extent the same shall not, in an Opinion of Bond

Counsel, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, to be used for any other lawful purpose of the City.

(e) During the period of construction of the Project, any earnings from moneys held in the Project Fund invested pursuant to the requirements of Article IV hereof shall be retained in the Project Fund.

SECTION 9. COVENANTS OF THE CITY.

(a) It is the intention of the City that, unless set forth otherwise in a Supplemental Resolution with respect to a particular Series of Bonds, the interest on the Bonds issued hereunder be and remain excluded from gross income for federal income tax purposes and to this end the City hereby represents to and covenants with each of the Holders of the Bonds issued hereunder that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Bonds issued hereunder from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the City covenants and agrees:

(i) to make or cause to be made all necessary determinations and calculations of the Rebate Amount and required payments of the Rebate Fund at the times required pursuant to Section 148(f) of the Code;

(ii) to set aside sufficient moneys in the Rebate Fund or elsewhere from the Pledged Revenues or other legally available funds of the City, to timely pay the Rebate Amount to the United States of America at the times required pursuant to Section 148(f) of the Code;

(iii) to pay the Rebate Amount to the United States of America from the Pledged Revenues or from any other legally available funds at the times and to the extent required pursuant to Section 148(f) of the Code;

(iv) to maintain and retain all records pertaining to the Rebate Amount with respect to each Series of Bonds issued hereunder and required payments of the Rebate Amount with respect to such Series of Bonds for at least six years after the final maturity of such Series of Bonds or such other period as shall be necessary to comply with the Code;

(v) to refrain from taking any action that would cause any Bonds issued hereunder that are not issued with the intent that such Bonds shall be private activity bonds (within the meaning of Section 141(a) of the Code) to be classified as private activity bonds under Section 141(a) of the Code; and

(vi) to refrain from taking any action that would cause the Bonds issued hereunder to become arbitrage bonds under Section 148 of the Code.

The City understands that the foregoing covenants impose continuing obligations on the City that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Bonds.

Notwithstanding any other provision of this Resolution, including, in particular Article V hereof, the obligation of the City to pay the Rebate Amount to the United States of America and to comply with the other requirements of this paragraph shall survive the defeasance or payment in full of the Bonds.

(b) The City covenants that in each Fiscal Year of the City, while any Bonds are Outstanding, the total Non-Self-Supporting Debt Service due for each such Fiscal Year shall not exceed 50% of Non-Ad Valorem Revenues. In furtherance of such covenant, the City covenants and agrees that it will not issue or incur any indebtedness payable from or supported by a pledge of the Non-Ad Valorem Revenues unless the City can show that following the issuance of or incurrence of such additional indebtedness the total amount of Non-Ad Valorem Revenues (based on the most recently completed Fiscal Year for which audited financial statements are available) will be greater than 2.00 times the Maximum Debt Service. For purposes of this covenant, any Non-Self-Supporting Debt bearing a variable interest rate or proposed to bear a variable interest rate will be assumed to bear interest at all times to the maturity thereof at a fixed rate of interest equal to 110% of the greater of (a) the average interest rate on such variable rate bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been Outstanding, or (b) the rate of interest on such variable rate bonds on the date of calculation.

For purposes of calculating the limitation on the incurrence of additional indebtedness set forth in the immediately preceding paragraph, the City may add to the total Non-Ad Valorem Revenues for the most recently completed Fiscal Year for which audited financial statements are available (the "Applicable Fiscal Year") increases in Non-Ad Valorem Revenues realized or projected to be realized by the City as a result of (a) any changes in the fees and charges imposed by the City which took effect after the end of the Applicable Fiscal Year,

(b) any changes in the fees and charges imposed by the City which the City has enacted by ordinance or resolution which will be in effect during any Fiscal Year after the Applicable Fiscal Year, or (c) changes in state or federal law, regulation or allocation of revenues taking effect after the end of the Applicable Fiscal Year. Any such increase in Non-Ad Valorem Revenues shall be evidenced by a certificate of the Chief Financial Officer.

(c) The City shall in each Fiscal Year prepare and adopt an annual budget in accordance with the provisions of Section 166.241, Florida Statutes. A copy of such annual budget shall be furnished to each Credit Facility Issuer, if any, and each Reserve Account Credit Facility Issuer, if any.

(d) The City shall furnish to each Credit Facility Issuer, if any, and each Reserve Account Credit Facility Issuer, if any, all comprehensive annual financial reports (which shall include but are not limited to all combined statements of revenues, expenditures, and changes in fund balances, all changes in retained earnings/fund balance and all combined statements of changes in financial position of the City for such Fiscal Year and a combined balance sheet of the City as of the close of such Fiscal Year, and notes to each, setting forth in comparative form the figures for the previous Fiscal Year), in reasonable detail and accompanied by an opinion thereon of a recognized firm of independent public accountants selected by the City, which opinion shall state that such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(e) The City further covenants that an annual audit (prepared in accordance with generally accepted accounting principles consistently applied) of the City shall be conducted by a recognized firm of independent public accountants, and the report of such annual audit shall be made available to each Credit Facility Issuer, if any, and each Reserve Account Credit Facility Issuer, if any, without charge upon written request.

SECTION 10. REBATE FUND. The City shall deposit into the Rebate Fund from investment earnings on moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the City, an amount equal to the Rebate Amount for such Rebate Year. The City shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by this Section 10. In complying with the foregoing, the City may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder and after payment in full of the Rebate Amount to the United States in accordance with the terms hereof, such amounts shall be available to the City for any lawful purpose.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the City, shall not be impressed with a lien in favor of the Bondholders and the moneys therein shall be available for use only as herein provided.

ARTICLE IV
INVESTMENT OF FUNDS AND ACCOUNTS

Moneys held in all funds and accounts established under this Resolution shall be invested in Investment Obligations. All Investment Obligations shall mature or shall be subject to redemption at the option of the holder thereof not later than the respective dates when moneys held for the credit of such funds or accounts will be required for the purposes intended, including, in particular, the payment of interest and principal on the Bonds when due; provided that Investment Obligations purchased with funds on deposit in a subaccount of the Debt Service Reserve Account (if so funded) shall have a final maturity of not greater than ten years.

Whenever a payment or transfer of moneys between two or more of the funds or accounts established pursuant to Article III hereof is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article IV; provided that the Investment Obligations transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer. Investment Obligations in all funds and accounts shall be valued at least annually at their fair market value.

ARTICLE V
DEFEASANCE

If the City shall cause to be paid, or there shall be otherwise paid or provision for payment made to or for the Owners of the Bonds the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and shall cause to be paid to the Paying Agent (other than the City) or a bank or trust company appointed as escrow agent all sums of money due or to become due according to the provisions hereof, including the fees, expenses and costs of the Paying Agent or escrow agent as contemplated herein, then this Resolution and the lien, rights, and interest created hereby shall cease, determine, and become null and void (except as to any surviving rights of payment, registration, transfer or exchange of Bonds herein provided for and except with respect to the covenants of the City, which by the terms of this Resolution survive the defeasance of the Bonds).

In addition, any Bond or Authorized Denominations thereof shall be deemed to be paid within the meaning of this Resolution when (a) payment of the principal of and premium, if any, on such Bond or Authorized Denominations thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been provided by irrevocably depositing with the Paying Agent (other than the City) or a bank or trust company acting as escrow agent in trust and irrevocably setting aside exclusively for such payment lawful money of the United States of America in an amount equal to the principal amount of such Bonds, redemption premium, if any, and all unpaid interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), or (ii) shall have been provided for by irrevocably depositing with the Paying Agent (other than the City) or a bank or trust company acting as escrow agent in trust and irrevocably setting aside exclusively for such payment Defeasance Obligations maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Paying Agent or escrow agent pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent or escrow agent, as the case may be. At such times as a Bond or Authorized Denominations thereof shall be deemed to be paid hereunder, as aforesaid, such Bond or Authorized Denominations thereof shall no longer be secured by or entitled to the benefits of this Resolution except for the purposes of any such payment from such moneys and/or Defeasance Obligations.

Notwithstanding the foregoing paragraph, in the case of a Bond or Authorized Denominations thereof which by its terms may be redeemed prior to the stated maturity thereof, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bond or Authorized Denominations thereof as aforesaid until: (a) proper notice of the redemption of such Bond or Authorized Denominations thereof shall have been given by the Paying Agent in accordance with Article II of this Resolution or the City shall have given irrevocable instructions to the Paying Agent to provide proper notice of redemption of such Bond or Authorized Denominations thereof in accordance with Article II of this Resolution as soon as practicable, or (b) in the event said Bond or Authorized Denominations thereof is not to be redeemed within the next succeeding sixty days, until (i) the City shall have given irrevocable instructions to notify, as soon as practicable, the Owner of such Bond in accordance with Article II, Section 5 hereof, that the deposit required by clause (a)(ii) of the immediately preceding paragraph has been made with the Paying Agent or escrow agent, as the case may be, and that said Bond or Authorized Denominations thereof is deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable premium, if any, on said Bond or Authorized Denominations thereof, plus interest thereon to the due date thereof. In addition, regardless of whether said Bond or Authorized Denominations thereof is not to be redeemed within the next succeeding sixty days, the City shall have caused to be delivered to the Paying Agent or escrow agent, as the case may be, a verification report of an independent, nationally recognized, certified public accountant showing the sufficiency of such deposit.

Notwithstanding any provision of any other Article of this Resolution which may be contrary to the provisions of this Article, all moneys and/or Defeasance Obligations set aside and held in trust pursuant to the provisions of this Article and necessary for the payment of Bonds, Series or Authorized Denominations thereof (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds, Series or Authorized Denominations thereof (including interest and premium thereon, if any) with respect to which such moneys and/or Defeasance Obligations have been so set aside in trust until payment of such Bonds, Series or Authorized Denominations thereof.

Anything in Article VIII hereof to the contrary notwithstanding, if moneys or Defeasance Obligations have been deposited or set aside with the Paying Agent or escrow agent, as applicable, pursuant to this Article for the payment of Bonds or Authorized Denominations thereof and the interest and premium, if any, thereon shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Owner of each of the Bonds affected thereby.

The provisions of this Article V shall apply to the Bonds of all or any Series of Bonds Outstanding hereunder or a particular maturity or a specific part of a particular maturity to the extent the conditions hereof are expressly satisfied with respect to such Bonds, Series, maturity or specific part of a maturity.

Notwithstanding the foregoing, in the event that the payment or deposit in the amount and manner provided in this Resolution has been made by the Credit Facility Issuer under the terms of its Credit Facility, the Credit Facility Issuer shall be subrogated to the rights of the Holders of the Bonds and the liability of the City, with respect thereto, shall not be discharged or extinguished.

Notwithstanding anything contained in this Article V to the contrary, the covenants, liens and pledges contained in this Resolution shall not be fully discharged and satisfied until all obligations owed to the Credit Facility Issuer, if any, and Reserve Account Credit Facility Issuer, if any, have been satisfied.

ARTICLE VI
DEFAULTS AND REMEDIES

SECTION 1. EVENTS OF DEFAULT. Each of the following events shall constitute and is referred to in this Resolution as an "Event of Default":

(a) A failure by the City to pay the principal of any of the Bonds when the same shall become due and payable at maturity or upon redemption; or

(b) A failure by the City to pay an installment of interest on any of the Bonds after such interest has become due and payable; or

(c) If applicable, a failure of the City to reinstate any amounts required to cure any deficiency in a subaccount in the Debt Service Reserve Account, pursuant to the requirements of Section 7 of Article III; or

(d) A failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a), (b) and (c) of this Section) contained in the Bonds or in this Resolution on the part of the City to be observed or performed, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the request of Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, unless the Owners of an aggregate principal amount of Bonds of not less than the aggregate principal amount of Bonds the Owners of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Owners of such aggregate principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City, or on behalf of the City, within such period and is being diligently pursued. For the purposes of this subsection (d), the Credit Facility Issuer, if any, shall be treated as the Owner of the Bonds secured by its Credit Facility so long as such Credit Facility Issuer shall not be in default under the Credit Facility and as long as it shall not be the subject of a liquidation, bankruptcy, insolvency, or similar proceeding.

If on the date payment of principal of or interest on the Bonds is due, sufficient moneys are not available to make such payment, the Paying Agent shall give immediate notice by telephone, telegraph, telefax or other electronic means, promptly confirmed in writing, of such insufficiency to each Credit Facility Issuer, if any, and each Reserve Account Credit Facility Issuer, if any. The Paying Agent and City shall do all other things necessary to effectuate the terms and provisions of any Credit Facility and any Reserve Account Credit Facility.

SECTION 2. REMEDIES; RIGHTS OF BONDHOLDERS.

Upon the occurrence of an Event of Default under Section 1(a) or (b) of this Article VI, any Bondholder may, or upon the occurrence of an Event of Default under Section 1(c) or (d) of this Article VI, the Owners of not less than 25% in aggregate principal amount of the Bonds may pursue any available remedy at law or in equity or by statute, including any applicable law or statute of the United States of America or of the State of Florida, to enforce the payment of principal of and interest on the Bonds then Outstanding or the obligations of the City hereunder. For the purposes of this Section 2, each Credit Facility Issuer, if any, shall be treated as the Owner of the Bonds secured by its Credit Facility so long as such Credit Facility Issuer shall not be in default under the Credit Facility and as long as it shall not be the subject of a liquidation, bankruptcy, insolvency, or similar proceeding.

No right or remedy by the terms of this Resolution is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission in exercising any right or remedy accruing upon any default or Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 3. RESTORATION TO FORMER POSITION. In the event that any proceeding taken to enforce any right or remedy under this Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then the City, each Credit Facility Issuer, if any, and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, and powers shall continue as though no such proceeding had been taken.

SECTION 4. OWNERS' RIGHT TO DIRECT PROCEEDINGS. Anything in this Resolution to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing, to direct the time, method and place of conducting all remedial proceedings available under this Resolution or exercising any power conferred by this Resolution. For the purposes of this Section 4, each Credit Facility Issuer, if any, shall be treated as the Owner of the Bonds secured by its Credit Facility so long as such Credit Facility Issuer shall not be in default under the Credit Facility and as long as it shall not be the subject of a liquidation, bankruptcy, insolvency or similar proceeding.

SECTION 5. NO IMPAIRMENT OF RIGHT TO ENFORCE PAYMENT. Notwithstanding any other provision in this Resolution, the right of any Owner of Bonds to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Owner.

ARTICLE VII
PAYING AGENT AND REGISTRAR

SECTION 1. COMPENSATION, EXPENSES, AND ADVANCES. The Paying Agent and the Registrar, pursuant to the terms of this Resolution, shall be entitled to reasonable compensation for their services rendered hereunder (not limited by any provision of law in regard to the compensation of the trustee of an express trust) and to reimbursement for their actual out-of-pocket expenses (including reasonable counsel fees) reasonably incurred in connection therewith, except as a result of their negligence or willful misconduct.

SECTION 2. DEALINGS IN BONDS AND WITH THE CITY. The Registrar, the Credit Facility Issuer, if any, the Reserve Account Credit Facility Issuer, if any, and the Paying Agent, in its or their individual capacity or capacities, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder, and may join in any action which any Owner of Bonds may be entitled to take with like effect as if it did not act in any capacity hereunder. The Registrar or the Paying Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City or the Credit Facility Issuer, if any, or the Reserve Account Credit Facility Issuer, if any, and may act as depository, trustee, or agent for any committee or body of Owners of Bonds secured hereby or other obligations of the City, or the Credit Facility Issuer, if any, as freely as if it did not act in any capacity hereunder.

SECTION 3. ALLOWANCE OF INTEREST. The Paying Agent may, but shall not be obligated to, except as otherwise provided by the provisions of this Resolution, allow and credit interest upon any moneys which it may at any time receive under any of the provisions of this Resolution, at such rate, if any, as it customarily allows upon similar funds of similar size and under similar conditions, provided that such allowance and credit shall not result in any violation of Article III, Section 9 hereof relating to arbitrage. All interest allowed on any such moneys shall be credited to the appropriate fund or otherwise applied as provided in Article III with respect to interest on investments. Funds held by the City or Paying Agent hereunder (except moneys in the Rebate Fund) need not be segregated from other funds held by the City or Paying Agent except to the extent required by law.

SECTION 4. PAYING AGENT. The Paying Agent for each Series shall be determined by Supplemental Resolution prior to the issuance of such Series. The Paying Agent shall:

(a) hold all sums held by it for the payment of the principal of or interest on Bonds in trust for the benefit of the Owners of Bonds until such sums shall be paid to such Owners or otherwise disposed of as herein provided, and

(b) keep such books and records as shall be consistent with prudent industry practice, including amounts available to be drawn under any Reserve Account Credit Facility and amounts payable thereunder to any Reserve Account Credit Facility Issuer, and make such books and records available for inspection by the City, the Credit Facility Issuer, if any, the Reserve Account Credit Facility Issuer, if any, and any Bondholder at all reasonable times.

SECTION 5. QUALIFICATIONS OF PAYING AGENT; RESIGNATION; REMOVAL. Any Paying Agent appointed hereunder shall be either (a) the City or (b) a commercial bank or trust company duly organized under the laws of the United States of America or any state or territory thereof, having (or its parent having) a combined capital stock, surplus and undivided profits of at least $50,000,000 and authorized by law to perform all the duties imposed upon it by this Resolution. A Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' notice to the City, the Credit Facility Issuer, if any, and the Reserve Account Credit Facility Issuer, if any; provided, however, that no resignation of a Paying Agent shall take effect until a successor has been appointed and has accepted the duties of Paying Agent.

A Paying Agent may be removed by the City by an instrument or instruments in writing which may be accompanied by an instrument of appointment by the City of a successor. Notwithstanding anything in this Section to the contrary, as long as any Credit Facility is still in effect, a Paying Agent shall not be removed without the prior written consent of each Credit Facility Issuer, provided that such Credit Facility Issuer shall not be in default under the Credit Facility or the subject of any liquidation, bankruptcy, insolvency or similar proceedings.

In the event of the resignation or removal of a Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor.

In the event that the City shall fail to appoint a Paying Agent hereunder, or in the event that a Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of such Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the City shall not have appointed its successor as Paying Agent, the City shall ipso facto become the Paying Agent for all purposes of this Resolution until the appointment by the City of a successor Paying Agent, as the case may be.

SECTION 6. REGISTRAR. The Paying Agent for each Series of Bonds shall also serve as Registrar for such Series. Each Registrar shall keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the City, the Bondholders and the Credit Facility Issuer, if any, at all reasonable times; provided, however, that the City reserves the right to name as Registrar a person other than the Paying Agent. In such event the provisions of Section 5 of this Article VII shall apply to the qualifications, resignation and removal of such Registrar.

The City shall cooperate with the Registrar to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the City and authenticated by the Registrar or any authenticating agent, shall be made available for exchange, registration and registration of transfer at the designated corporate trust office of the Registrar. The City shall cooperate with the Registrar and the Credit Facility Issuer, if any, to cause the necessary agreements to be made and thereafter continued whereby the Registrar shall be furnished such records and other information, at such times, as shall be required to enable the Registrar to perform the duties and obligations imposed upon it hereunder.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 1. MODIFICATION OR AMENDMENT.

(a) Except as provided in paragraph (b) below no material modification or amendment of this Resolution or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the Owners of more than fifty percent (50%) in principal amount of the Bonds then Outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of the Bonds or a reduction in the rate of interest thereon, or affect the unconditional promise of the City to pay the interest on and principal of the Bonds, as the same mature or become due, from the Pledged Revenues, or reduce such percentage of Owners of the Bonds required above for such modification or amendments, without the consent of the Owners of all the Bonds affected. For purposes of providing the written consent of the Owners of any Series of Bonds to any modification or amendment of this Resolution, the underwriters or initial marketing group for any Series of Bonds, at the time of the initial issuance of such Series of Bonds, may consent to any such modification or amendment on behalf of the Owners of such Series of Bonds if the offering documents for all Bonds then Outstanding and offered by an offering document expressly disclosed that the consent of Owners could be provided by the underwriters of the Bonds issued under this Resolution.

(b) This Resolution may be amended, changed, modified and altered without the consent of the Owners of Bonds (i) to cure any ambiguity, correct or supplement any provisions contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to provide other changes which will not adversely affect the interest of such Owners (without taking into account the existence of a Credit Facility), (iii) to maintain the exclusion of interest on the Bonds, or any Series of Bonds, from gross income for federal income tax purposes, or (iv) to secure or maintain a rating on the Bonds or any Series of Bonds.

(c) Anything in this Section 1 of Article VIII to the contrary notwithstanding, to the extent the Bonds are secured by a Credit Facility and such Bonds are then rated in as high a rating category in which the Bonds were rated at the time of initial issuance and delivery thereof by either S&P, Fitch, or Moody's, then the consent of such Credit Facility Issuer for such Bonds shall constitute the consent of the Holders of such Bonds provided such Credit Facility Issuer is not in default under the Credit Facility or the subject of any liquidation, bankruptcy, insolvency, or similar proceeding; and provided, further, that no modification or amendment shall permit a change in the maturity or redemption of the Bonds or a reduction in the rate of interest thereon, or affect the unconditional promise of the City to pay the principal of or interest on the Bonds, as the same mature or become due, from the Pledged Revenues, or reduce the percentage of Owners of the Bonds required in Section 1(a) above for such modification or amendment, without the consent of the Owners of all the Bonds affected.

(d) Anything contained in this Section 1 of Article VIII to the contrary notwithstanding, to the extent the Bonds are secured by a Credit Facility and such Bonds are then rated in as high a rating category in which such Bonds were rated at the time of initial issuance and delivery thereof by either S&P, Fitch, or Moody's, and provided that the Credit Facility Issuer is not in default under such Credit Facility or the subject of any liquidation, bankruptcy, insolvency or similar proceedings, any amendment or supplement to this Resolution shall be subject to the prior written consent of the Credit Facility Issuer. Further, the Credit Facility Issuer shall be provided with a full transcript of all proceedings relating to the adoption of any Supplemental Resolution.

SECTION 2. CREDIT FACILITY; ALTERNATES.

(a) If the City determines to secure a Series of the Bonds with a Credit Facility, such Credit Facility must meet the requirements set forth in this Section 2.

(b) Prior to implementation of any Credit Facility the City shall deliver to the Paying Agent an opinion of counsel for the Credit Facility Issuer that such obligation constitutes a legal, valid and binding obligation of such Credit Facility Issuer, enforceable in accordance with its terms.

(c) Each Credit Facility must:

(i) be an irrevocable, unconditional (except for such notice requirements as may be set forth in the Credit Facility) obligation of the Credit Facility Issuer;

(ii) provide for payment of principal of and interest on the applicable Bonds when due, whether at maturity or earlier mandatory sinking fund redemption, when other funds hereunder are unavailable therefor; and

(iii) result in the Bonds being rated, on the date of issuance of such Credit Facility, in one of the three (3) highest long-term credit rating categories by S&P, Fitch or Moody's (currently "A" in the case of S&P, "A" in the case of Fitch and "A" in the case of Moody's).

(d) The City may, at any time, provide for the replacement of the Credit Facility by the delivery of an Alternate Credit Facility to the Paying Agent, which Alternate Credit Facility shall meet the foregoing requirements of this Section 2. In addition, prior to the replacement of any Credit Facility, the City shall have delivered to the Paying Agent:

(i) An Opinion of Bond Counsel to the effect that the replacement of the Credit Facility with such Alternate Credit Facility will not cause interest on the Bonds to be included in gross income for federal income tax purposes; and

(ii) An opinion of counsel for the substitute Credit Facility Issuer that such Alternate Credit Facility constitutes a legal, valid and binding obligation of such Credit Facility Issuer enforceable in accordance with its terms.

In the event of such replacement, the City shall, at the time of issuance of the Alternate Credit Facility, at the request of the issuer of the Credit Facility being replaced, deliver the Credit Facility being replaced to its issuer for cancellation.

(e) At least thirty (30) days prior to the effective date of any Alternate Credit Facility, the Paying Agent shall give written notice to each owner of all Bonds Outstanding affected thereby. At the time such notice is given, a copy of the notice shall be sent to the Rating Agency or Rating Agencies then rating the Bonds affected thereby. The City may, by notice given to the owners of the Bonds affected thereby not less than twelve (12) days prior to the proposed date of substitution, rescind any notice thereof given pursuant to this Subsection 2(e).

(f) The City may utilize more than one Credit Facility to secure any Series of the Bonds. All provisions hereof relating to a Credit Facility shall apply to all Credit Facilities securing a Series of the Bonds pursuant to this Subsection 2(f).

SECTION 3. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions of this Resolution or of the Bonds issued hereunder.

SECTION 4. SALE OF BONDS. The Bonds shall be issued and sold at one time or from time to time and at such price or prices consistent with the provisions of the Act and the requirements of this Resolution as the City Council shall hereafter determine by Supplemental Resolution.

SECTION 5. CREDIT FACILITY ISSUER; DEFAULT. Notwithstanding any of the provisions of this Resolution to the contrary, all of the rights of the Credit Facility Issuer granted herein, including, without limitation, its right to consent, shall be null and void if (a) the Credit Facility Issuer is in default under the Credit Facility or (b) the Credit Facility Issuer is the subject of any liquidation, bankruptcy, insolvency or similar proceedings, or (c) the Credit Facility Issuer does not have a long term rating in one of the three (3) highest long-term credit rating categories of S&P, Fitch or Moody's (currently "A" in the case of S&P, "A" in the case of Fitch and "A" in the case of Moody's); provided, however, that the Credit Facility Issuer shall be entitled to claim any reimbursement obligations theretofore earned or accrued.

SECTION 6. NOTICE TO THE RATING AGENCY. The Rating Agency or Rating Agencies then rating the Bonds shall receive notice of the following events:

(i) Any amendment to this Resolution.

(ii) Any redemption, other than a mandatory sinking fund redemption.

(iii) Defeasance of the Bonds.

SECTION 7. CONTROLLING LAW; MEMBERS OF CITY NOT LIABLE. All covenants, stipulations, obligations, and agreements of the City contained in this Resolution and the Bonds shall be covenants, stipulations, obligations and agreements of the City to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained in this Resolution or the Bonds shall be a covenant, stipulation, obligation, or agreement of any present or future member, agent, officer or employee of the City or the City Council in his or her individual capacity, and neither the members or officers of the City Council nor any official executing the Bonds shall be liable personally on the Bonds or shall be subject to any personal liability or accountability by reason of the issuance or the execution of the Bonds by the City or such members thereof.

SECTION 8. REPEALER. All resolutions or riders or parts thereof in conflict herewith are to the extent of such conflict hereby repealed.

SECTION 9. VALIDATION AUTHORIZED. To the extent deemed necessary by Bond Counsel or desirable by the City Attorney, the City Attorney and/or Bond Counsel are authorized (but not required) to institute appropriate proceedings for the validation of the Bonds pursuant to Chapter 75, Florida Statutes.

SECTION 10. NO THIRD-PARTY BENEFICIARIES. Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer on any person, firm or corporation other than the Bondholders, the City, any Credit Facility Issuer or Reserve Account Credit Facility Issuer, the Paying Agent and the Registrar, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the aforementioned parties.

SECTION 11. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

SECTION 12. PASSED AND APPROVED this 3RD day of SEPTEMBER, 2014.

RESOLUTION NO. 88 -14

APPROVED:

THOMAS A. MASTERS
MAYOR

JUDY L. DAVIS
CHAIRPERSON

ATTEST:

CARRIE E. WARD
MASTER MUNICIPAL CLERK
CITY CLERK

DAWN S. PARDO
CHAIR PRO-TEM

BRUCE A. GUYTON
COUNCILPERSON

CEDRICK A. THOMAS
COUNCILPERSON

TERENCE D. DAVIS
COUNCILPERSON

MOTIONED BY:	B. GUYTON
SECONDED BY:	T. DAVIS
C. THOMAS	AYE
D. PARDO	AYE
B. GUYTON	AYE
J. DAVIS	AYE
T.DAVIS	AYE

REVIEWED AS TO LEGAL SUFFICIENCY

PAMALA HANNA RYAN, B.C.S., CITY ATTORNEY

DATE:____________

18388589:6

EXHIBIT A

(Form of Bond)No. R-___ $__________

UNITED STATES OF AMERICA

STATE OF FLORIDA

CITY OF RIVIERA BEACH

PUBLIC IMPROVEMENT REVENUE BOND

SERIES ____

Interest Rate	Maturity Date	Dated Date	CUSIP

Registered Owner:

Principal Amount: DOLLARS

The City of Riviera Beach, Palm Beach County, Florida (the "City"), for value received, hereby promises to pay, from the Pledged Revenues, hereinafter mentioned, to the Registered Owner or registered assigns on the Maturity Date specified above, upon the presentation and surrender hereof at the designated corporate trust office of ___________________________, as paying agent (said _________________ and any bank or trust company becoming successor paying agent being herein called the "Paying Agent"), the Principal Amount stated hereon with interest thereon at the Interest Rate stated above, payable on the first day of each ______ until the City's obligation with respect to the payment of such Principal Amount shall be discharged. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the Registered Owner and mailed to the address of the Registered Owner as such name and address shall appear on the registration books of the City maintained by ________________________________, as Registrar (said _______________________, any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each Interest Payment Date; provided, however, that if such fifteenth day is not a Business Day, then to the Registered Owner and at the registered address shown on the registration books of the City maintained by the Registrar at the close of business on the day next preceding such fifteenth day of the month which is not a Business Day (the "Record Date"); provided further, however, that payment of interest on the Bonds may, at the option and expense of any Holder of Bonds in an aggregate principal amount of at least $1,000,000, be transmitted by wire transfer to the Holder to the domestic bank account number on file with the Paying Agent as of the Record Date. Such interest shall be payable from the most recent Interest Payment Date next preceding the date hereof to which interest has been paid, unless the date hereof is an _______ 1 or ______ 1 to which interest has been paid, in which case from the date hereof, or unless the date hereof is prior to _____________, ___, in which case from _____________, ___, or unless the date hereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date; provided, however, that if and to the extent there is a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the persons in whose name Bonds are registered on the registration books of the City maintained by the Registrar at the close of business on the fifteenth day prior to a subsequent interest payment date established by notice mailed by the Registrar to the Registered Owner not less than the tenth day preceding such subsequent interest payment date. The Principal Amount and accrued interest thereon is payable in any coin or currency of the United States of America, which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of an authorized issue of Bonds of the City designated as its Public Improvement Bonds, Series ____ (herein called the "Bonds"), in the aggregate principal amount of $_____________ of like date, tenor, and effect, except as to Bond number and CUSIP number (if any), date of maturity and interest rate, issued for the purpose of financing or refinancing the Cost of the Series Project (as defined in the Resolution hereinafter referred to) under the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended and supplemented and other applicable provisions of law, the City Charter, as amended and supplemented, and Resolution No. ____, duly adopted by the City Council of the City (the "City Council") on _____________, 2014, as supplemented by Resolution No. ____, duly adopted by the City Council on _____________, 2014 (herein referred to collectively as the "Resolution"), and is subject to all the terms and conditions of the Resolution. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

This Bond is a special obligation of the City and is payable solely in the manner and to the extent set forth in the Resolution. There are hereby pledged for the payment of the principal of, premium, if any, of, and interest on, the Bond in accordance with the terms and the provisions of the Resolution, the Pledged Revenues (as defined below). THIS BOND SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA BUT SHALL BE PAYABLE FROM AND SECURED SOLELY BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF

THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY SUCH BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY OTHER THAN AS PROVIDED IN THE RESOLUTION. FURTHERMORE, NO BONDHOLDER SHALL EVER HAVE A LIEN ON THE PROJECT.

Until the Bonds are paid or deemed paid pursuant to the provisions of the Resolution, the City hereby covenants and agrees, to the extent permitted by law and in accordance with applicable law and budgetary processes, to appropriate in its annual budget in each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due (whether by redemption, at maturity or otherwise)[, and to restore any deficiency in the subaccount of the Debt Service Reserve Account created and established under the Resolution for the Bonds and any other reserve accounts or funds relating to such indebtedness].

"Pledged Revenues" means: (i) moneys budgeted and appropriated by the City, and deposited into the Sinking Fund or any other Fund established under the Resolution, from Non-Ad Valorem Revenues (until deposited into the Sinking Fund in the manner and at the time specified in the Resolution such moneys do not constitute Pledged Revenues); (ii) any proceeds of Bonds originally deposited with the City and all moneys deposited and held from time to time by the City in the funds (other than the Rebate Fund) and accounts established pursuant to the Resolution; (iii) investment income received by the City in the funds (other than the Rebate Fund) and accounts established pursuant to the Resolution; and (iv) any other moneys received by the Paying Agent in connection with repayment of the Bonds.

"Non-Ad Valorem Revenues" means legally available revenues of the City derived from any source whatever other than ad valorem taxation on real and personal property, which are legally available for payment by the City of debt service on the Bonds, after the payment from the sources of Non-Ad Valorem Revenues pledged thereto of the principal of and interest on any other obligations of the City heretofore or hereafter issued which have a prior pledge on any source of the Non-Ad Valorem Revenues; provided however, that for the purpose of the anti-dilution test set forth in Article III, Section 9(b) of the Resolution, "Non-Ad Valorem Revenues" means all legally available revenues of the City derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of Non-Self-Supporting Debt, excluding non-ad valorem special assessments which are exclusively pledged to the payment of Special Assessment Obligations and Federal Direct Payments. For purposes of the Resolution, fees imposed by the City in connection with new construction, which fees are used to pay for the cost of new facilities and equipment, the need for which is in whole or in part the result of such new construction (commonly referred to as "impact fees"), are not considered legally available.

The original Registered Owner and each successive Registered Owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

(1) The Registrar shall maintain the books of the City for the registration of Bonds and for the registration of transfers of Bonds as provided in the Resolution. The Bonds shall be transferable by the Registered Owner thereof in person or by his attorney duly authorized in writing only upon the books of the City maintained by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds.

(2) The City, the Paying Agent, and the Registrar shall deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as the same become due, and for all other purposes. All such payments so made to any such Registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

(3) At the option of the Registered Owner hereof and upon surrender hereof at the designated corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney and upon payment by such Registered Owner of any charges which the Registrar or the City may make as provided in the Resolution, the Bonds may be exchanged for Bonds of the same interest rate and maturity of any other Authorized Denominations.

(4) In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require payment of a sum sufficient to pay any tax, fee, or other governmental charge (except a charge imposed by the City) required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds for a period from a Record Date to the next succeeding Interest Payment Date on such Bonds or 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption, or (b) to transfer or exchange any Bonds called for redemption. However, if less than all of a Bond is redeemed or defeased, the City shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without

charge to the Bondholder, for the unpaid balance of the principal amount of such Bond so surrendered, a registered Bond in the appropriate Authorized Denomination and interest rate.

This Bond shall not be valid or obligatory for any purpose until the certificate of authentication set forth hereon shall have been duly executed by the Registrar.

It is hereby certified and recited that all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, is in full compliance with all constitutional or statutory limitations or provisions.

[Provisions for redemption of Bonds as provided by

subsequent proceedings of the City].

IN WITNESS WHEREOF, the City of Riviera Beach, Palm Beach County, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor and the official seal of the City to be affixed hereto or lithographed or imprinted or reproduced hereon, and attested by the manual or facsimile signature of the Clerk, all as of the Dated Date.

CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA

____

__________, Mayor

(OFFICIAL SEAL)

ATTEST:

____

____________________, City Clerk

(FORM OF CERTIFICATE OF AUTHENTICATION)

Date of Authentication:

This Bond is one of the Bonds delivered pursuant to the within mentioned Resolution.

_________________________,
as Registrar

____
Authorized Officer

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANS MIN ACT

Custodian___________________
(Cust)

____________________________, (Minor) under Uniform Transfers to Minors Act____________________________
(State)

Additional abbreviations may also be used

though not in the above list

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned ____________________________ (the "Transferor"), hereby sells, assigns, and transfers unto ____ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR

OTHER IDENTIFYING NUMBER OF TRANSFEREE

____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints____, as attorney to register the transfer of the within Bond on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date:_________________

Signature Guaranteed:

____ ______

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

[STATEMENT OF INSURANCE, if any]

RESOLUTION NO. 93-15

A RESOLUTION OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA (THE "CITY"); AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF THE CITY'S TAXABLE PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2015 (THE "SERIES 2015 BONDS"), IN THE INITIAL AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $60,000,000 FOR THE PURPOSE OF FINANCING THE SERIES 2015 PROJECT; DESCRIBING THE SERIES 2015 PROJECT; DETERMINING CERTAIN DETAILS OF THE SERIES 2015 BONDS; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF THE SERIES 2015 BONDS; APPROVING THE FORM OF, AND AUTHORIZING THE EXECUTION AND DELIVERY OF, A BOND PURCHASE AGREEMENT TO EFFECT THE NEGOTIATED SALE OF THE SERIES 2015 BONDS AND SETTING THE PARAMETERS BY WHICH THE MAYOR OR CHIEF FINANCIAL OFFICER SHALL BE AUTHORIZED TO EXECUTE AND DELIVER THE BOND PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF THE SERIES 2015 BONDS AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT; APPOINTING A PAYING AGENT AND REGISTRAR; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; PROVIDING FOR THE CITY'S FINANCIAL ADVISOR TO MAKE RECOMMENDATIONS REGARDING CERTAIN DETAILS OF THE BONDS, WHETHER TO FUND A SERIES 2015 RESERVE SUBACCOUNT AND WHETHER TO OBTAIN A BOND INSURANCE POLICY AND/OR RESERVE ACCOUNT CREDIT FACILITY FOR THE SERIES 2015 BONDS, AND AUTHORIZING THE CITY TO FOLLOW SUCH RECOMMENDATIONS; AUTHORIZING THE SERIES 2015 BONDS TO BE REGISTERED UNDER A BOOK-ENTRY ONLY SYSTEM OF REGISTRATION; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE SALE AND DELIVERY OF THE SERIES 2015 BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Riviera Beach, Palm Beach County, Florida, a Florida municipal corporation (the "City"), is authorized by Chapter 166, Florida Statutes and other applicable provisions of law to incur indebtedness for the purpose of financing the costs of acquiring, constructing and installing capital and non capital projects for the benefit of the residents of the City (each, a "Project"), and to covenant and budget from its legally available non-ad valorem revenues to repay such indebtedness; and

WHEREAS, pursuant to such authority the City Council of the City (the "City Council") did, on September 3, 2014, adopt a bond resolution (the "Bond Resolution"), authorizing the issuance of its bonds to be known as "Public Improvement Revenue Bonds" from time to time; and

WHEREAS, pursuant to the Bond Resolution the City desires to issue its Taxable Public Improvement Revenue Bonds, Series 2015 (the "Series 2015 Bonds") in the initial aggregate principal amount of not exceeding $60,000,000, and to use the proceeds thereof to pay the cost of funding all or a portion of (i) the current unfunded actuarial accrued liability (the "UAAL") of the City's (a) General Employees Retirement System (the "GERS"), (b) Police Pension Fund (the "PPF") and (c) Firefighters' Pension Trust Fund (the "FPTF") and (ii) the payments required to be made by the City to employees who opt to participate in the Florida Retirement System ("FRS") (collectively, the "Series 2015 Project"); and

WHEREAS, the Bond Resolution provides that certain details of the Series 2015 Bonds and certain other provisions of the Bond Resolution shall be determined by Supplemental Resolution; and

WHEREAS, by Resolution No. 41-15 adopted by the City Council on April 15, 2015, the City appointed RBC Capital Markets, LLC and Academy Securities, Inc. to be the underwriters of the Series 2015 Bonds (herein the "Underwriters"); and

WHEREAS, subject to the terms and conditions of this Resolution, the City will enter into a Bond Purchase Agreement with the Underwriters, setting forth the terms and conditions of the City's agreement to sell and the Underwriters' agreement to purchase the Series 2015 Bonds, in substantially the form attached hereto as Exhibit "A" (herein, the "Purchase Contract"); and

WHEREAS, based upon current market conditions, the complex nature of the financing, the need to issue the Series 2015 Bonds upon the most favorable market conditions and the advice of the City's financial advisor, the City Council hereby finds it is necessary and advisable to negotiate the sale of the Series 2015 Bonds; and

WHEREAS, the City Council hereby determines that it is in the best interest of the City to accept the Purchase Contract and to award the Series 2015 Bonds to the Underwriters pursuant to a negotiated sale and subject to the parameters set forth in Section 7 herein; and

WHEREAS, the City will be, prior to the execution of the Purchase Contract, provided by the Underwriters with the disclosure statement required by Section 218.385, Florida Statutes, as amended and supplemented, a copy of which is attached as an exhibit to the Purchase Contract; and

WHEREAS, to facilitate such public sale, there have been prepared and submitted to the City Council a Preliminary Official Statement relating to the Series 2015 Bonds, the form of which is attached hereto as Exhibit "B" (the "Preliminary Official Statement"); and

WHEREAS, subject to the Parameters (as defined herein), the City Council desires to approve the Preliminary Official Statement relating to the Series 2015 Bonds, substantially in the form attached hereto, to delegate to the Chief Financial Officer (as defined in the Bond Resolution) the authority to finalize the Preliminary Official Statement and, when finalized, to deem the Preliminary Official Statement "final" within the meaning of the Rule (as defined herein) and to authorize the preparation and distribution of a final Official Statement reflecting the final details of the Series 2015 Bonds and other pricing matters (the "Official Statement"); and

WHEREAS, in accordance with the provisions hereof, the City Council desires to delegate to the Chief Financial Officer the authority to determine certain details of the Series 2015 Bonds, whether to obtain a Bond Insurance Policy for the Series 2015 Bonds, whether to fund a Series 2015 Subaccount of the Debt Service Reserve Account for the Series 2015 Bonds (the "Series 2015 Reserve Subaccount"), and if so in what amount and whether, in lieu of any required deposits into the Series 2015 Reserve Subaccount, to obtain a Reserve Account Credit Facility, in each case on the recommendation of the City's financial advisor; and

WHEREAS, Rule 15c2-12 (herein, the "Rule") of the Securities and Exchange Commission ("SEC") provides that it is unlawful for a broker/dealer or municipal securities dealer to purchase or sell municipal securities, which includes the Series 2015 Bonds, unless the issuer, which includes the City, has undertaken in a written agreement (herein, the "Undertaking") to provide to specified information repositories annual financial information and operating data relevant to such municipal securities and notice of certain specified material events; and

WHEREAS, the Undertaking is set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA, THAT:

SECTION 1. AUTHORITY OF THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Bond Resolution, the City Charter, as amended and supplemented, the Florida Constitution, Chapter 166, Florida Statutes, as amended and supplemented, and other applicable provisions of law.

SECTION 2. DEFINITIONS. All capitalized terms used in this Resolution not otherwise defined shall have the meanings ascribed to such terms in the Bond Resolution, unless the context clearly indicates otherwise.

SECTION 3. PURPOSE AND BOND DESIGNATION. The City Council hereby determines at this time to issue not exceeding SIXTY MILLION DOLLARS ($60,000,000) in initial aggregate principal amount of its Taxable Public Improvement Revenue Bonds, Series 2015 (or such other designation as may be determined by the Chief Financial Officer) (the "Series 2015 Bonds") for the purpose of (i) paying the Costs of the Series 2015 Project, (ii) funding the Series 2015 Reserve Subaccount, if and to the extent deemed advisable in accordance with Section 10 hereof, and (iii) paying the costs of issuance of the Series 2015 Bonds, including, if deemed advisable in accordance with Section 10 hereof, the premiums for a Bond Insurance Policy and Reserve Account Credit Facility for the Series 2015 Bonds. The Series 2015 Project shall consist of funding all or a portion of (i) the UAAL of the City's (a) GERS, (b) PPF and (c) FPTF), by the deposit of the proceeds of the Series 2015 Bonds into the GERS, PPF and FPTF, respectively, and (ii) making the payments required to be made by the City to employees who opt to participate in FRS, in such amounts as shall be determined by the Chief Financial Officer.

SECTION 4. TERMS AND DETAILS OF SERIES 2015 BONDS. The terms and details of the Series 2015 Bonds, including but not limited to the principal amounts, Interest Payment Dates, Date of Issue, interest rates, maturity dates, redemption provisions, the lettering and/or numbering thereof, and whether the Series 2015 Bonds shall be Serial Bonds, Term Bonds or both, shall be determined by the Chief Financial Officer in accordance with the Bond Resolution and the Parameters set forth in Section 7 herein.

SECTION 5. APPLICATION OF SERIES 2015 BOND PROCEEDS. All moneys received by the City from the sale of the Series 2015 Bonds authorized and issued pursuant to the Bond Resolution and this Resolution, shall be disbursed in accordance with the provisions of Article III, Section 4 of the Bond Resolution.

If, for any reason, any of the moneys allocated to pay the costs of issuing the Series 2015 Bonds are not necessary for or are not applied to pay the costs of issuing the Series 2015 Bonds, then such surplus proceeds shall be deposited in the following order:

First, to the Series 2015 Reserve Subaccount, if any, to the full extent necessary, either to reinstate the Reserve Account Credit Facility on deposit therein, if applicable, or to deposit additional moneys so that such deposit, together with such moneys already on deposit therein, equals the Debt Service Reserve Requirement for the Series 2015 Bonds, determined in accordance with Section 10 hereof;

Second, to the Principal and Interest Account in the amount, if any, as directed by a certificate of the Chief Financial Officer; and

Third, for any lawful purpose of the City.

SECTION 6. NEGOTIATED SALE. The City hereby finds that, due to the complicated nature of the financing, volatile market conditions, the need to issue the Series 2015 Bonds upon the most favorable market conditions and the advice of its financial advisor, it would be in the best interest of the City that the Series 2015 Bonds be sold on a negotiated basis.

SECTION 7. PARAMETERS FOR THE SALE OF THE SERIES 2015 BONDS. The Series 2015 Bonds shall be sold to the Underwriters at a purchase price established pursuant to the parameters set forth below and on the terms and conditions set forth in the

Purchase Contract, which is hereby approved and adopted by the City, with such changes thereto as shall be approved by the Chief Financial Officer. Subject to the parameters set forth in this Section 7 (the "Parameters"), the Mayor (as defined in the Bond Resolution) or the Chief Financial Officer is hereby authorized to execute and deliver the Purchase Contract on behalf of the City. The disclosure statement and truth-in-bonding statement of the Underwriters, as required by Section 218.385, Florida Statutes, as amended and supplemented, to be delivered to the City prior to the execution of the Purchase Contract, a form of which is attached as an exhibit to the Purchase Contract, will be entered into the official records of the City as part of the Purchase Contract. The Purchase Contract, when in final form as determined by the City Attorney and Bond Counsel, may be executed by the City without further action of the City Council, provided the City's financial advisor confirms in writing to the Chief Financial Officer that (i) the original aggregate principal amount of the Series 2015 Bonds shall not exceed $60,000,000; (ii) the true interest cost rate per annum on the Series 2015 Bonds shall not exceed 6.50%; (iii) the final maturity date of the Series 2015 Bonds shall not be later than approximately 30 years from the Date of Issue; (iv) the purchase price shall not be less than 99.50% of the original aggregate principal amount of the Series 2015 Bonds (excluding original issue discount and premium); (v) the Series 2015 Bonds shall be subject to redemption at the option of the City at such times and at such prices as may be approved by the Chief Financial Officer on the recommendation of the City's financial advisor, as shall be provided in the Purchase Contract; and (vi) the Series 2015 Bonds shall be subject to mandatory sinking fund redemption, if issued as Term Bonds, and may be subject to extraordinary redemption, if at all, as shall be provided in the Purchase Contract.

Execution of the Purchase Contract by the Mayor or the Chief Financial Officer shall constitute conclusive evidence of the approval required herein of all of the terms and conditions contained in the final Purchase Contract.

The final terms and provisions of the Series 2015 Bonds shall be reflected in the final Official Statement relating to the Series 2015 Bonds and shall be entered into the records of the City Council.

SECTION 8. PRELIMINARY AND OFFICIAL STATEMENT. The Preliminary Official Statement in substantially the form attached hereto as Exhibit "B," with such changes as shall be approved by the Mayor or Chief Financial Officer, be and the same is hereby approved, and the Board hereby approves the use of the final printed Official Statement by the Underwriters in connection with the offering and sale of the Series 2015 Bonds in substantially the same form as the final printed Preliminary Official Statement, with such updates and insertion of final information as shall be approved by the Mayor or Chief Financial Officer. The City Council hereby further approves the use by the Underwriters of any supplement or amendment to the Official Statement which is necessary so that the Official Statement does not include any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein not misleading. The Mayor and the Chief Financial Officer are hereby authorized and directed to execute the Official Statement and any amendment or supplement thereto, in the name and on behalf of the City, and thereupon to cause the Official Statement and any such amendment or supplement to be delivered to the Underwriters with such execution and delivery thereof constituting conclusive evidence of the approval required herein of all changes made to the form of the Preliminary

Official Statement attached hereto as Exhibit "B". The Underwriters are hereby authorized to distribute and use the Preliminary Official Statement in connection with the marketing of the Series 2015 Bonds. The Mayor and the Chief Financial Officer are each authorized to execute a certificate deeming the Preliminary Official Statement "final" within the meaning of the Rule. Notwithstanding the foregoing, the Official Statement with respect to the Series 2015 Bonds shall not be executed prior to the date the final form of the Purchase Contract is approved by Bond Counsel and the City Attorney and such form is executed in the manner contemplated in Section 7 herein.

SECTION 9. PAYING AGENT AND REGISTRAR. U.S. Bank National Association, having its designated corporate trust office in Miami, Florida, is hereby appointed as paying agent (the "Paying Agent") and registrar (the "Registrar") for the Series 2015 Bonds. By the acceptance of such appointment, U.S. Bank National Association agrees to comply with the terms of any Paying Agent/Registrar Agreement (as herein defined), the Bond Resolution, this Resolution, the Bond Insurance Policy and the Reserve Account Credit Facility for the Series 2015 Bonds, if any, applicable to it. The Paying Agent and Registrar agree to provide to the Bond Insurer, if any, copies of all notices and reports relating to the City or the Series 2015 Bonds received by it or which either is required to be sent to the City or the registered owners of the Series 2015 Bonds.

SECTION 10. SERIES 2015 RESERVE SUBACCOUNT, BOND INSURANCE POLICY AND RESERVE ACCOUNTCREDIT FACILITY. In the event the City's financial advisor advises the Chief Financial Officer that, in order to sell the Series 2015 Bonds or to maximize debt service savings, it is necessary to (i) fund the Series 2015 Reserve Subaccount, (ii) assuming the Series 2015 Reserve Subaccount is to be funded, obtain a Reserve Account Credit Facility to fund the Series 2015 Reserve Subaccount in whole or in part, and/or (iii) obtain a Bond Insurance Policy to secure the Series 2015 Bonds, the Chief Financial Officer is authorized to approve such action as is recommended by the City's financial advisor. The payment of the applicable premiums in the event it is determined to obtain a Reserve Account Credit Facility and/or Bond Insurance Policy is hereby authorized. The decision (a) whether to fund the Series 2015 Reserve Subaccount and if so, in what amount, (b) whether to obtain a Reserve Account Credit Facility for the Series 2015 Bonds and from whom and (c) whether to obtain a Bond Insurance Policy for the Series 2015 Bonds and from whom, shall be reflected in the final Official Statement. Any Bond Insurance Policy or Reserve Account Credit Facility shall meet the requirements of the Bond Resolution. To the extent necessary to evidence the requirements of any Bond Insurer or Reserve Account Credit Facility Issuer, the Mayor or the Chief Financial Officer, in consultation with the City's financial advisor and Bond Counsel, is hereby authorized and directed to execute any agreement or agreements with such Bond Insurer or Reserve Account Credit Facility Issuer setting forth such requirements. The Clerk hereby is authorized, on behalf of the City, to attest and impress the seal of the City on any such agreements, and said officers and all other officers of the City are hereby authorized and directed to carry out or cause to be carried out all obligations of the City under any such agreements. Execution of any such agreements by the Mayor or the Chief Financial Officer and attestation by the Clerk, if required, shall constitute conclusive evidence of the approval required herein of all of the terms and conditions contained therein. Nothing contained herein shall require the City to obtain a Bond Insurance Policy or Reserve Account Credit Facility for the Series 2015 Bonds or to fund the Series 2015 Reserve Subaccount.

SECTION 11. REGISTRAR AGREEMENT. If so required by the Paying Agent and Registrar or Bond Counsel, the City Council hereby authorizes the City to execute and deliver a paying agent/registrar agreement (herein, the "Paying Agent/Registrar Agreement") between the City and the Registrar and Paying Agent, subject to the form being approved by the Chief Financial Officer, such approval to be evidenced conclusively by the Mayor or Chief Financial Officer's execution of the Paying Agent/Registrar Agreement. The Mayor or the Chief Financial Officer are hereby directed on behalf of the City to execute and deliver any Paying Agent/Registrar Agreement; the Clerk hereby is authorized, on behalf of the City, to attest and impress the seal of the City on any Paying Agent/Registrar Agreement, if required; and said officers and all other officers of the City are hereby authorized and directed to carry out or cause to be carried out all obligations of the City under the Paying Agent/Registrar Agreement.

SECTION 12. BOOK ENTRY BONDS. The City Council hereby determines that the registration of the Series 2015 Bonds be by a Book- Entry System of registration. The Mayor or the Chief Financial Officer is hereby authorized and directed to execute and deliver all documents or instruments found to be in acceptable form by the City Attorney and Bond Counsel, to evidence such Book- Entry System of registration, the execution and delivery by any of such officers of the City of any document or instrument relating to the Book- Entry System of registration shall constitute conclusive evidence of the City's approval thereof.

SECTION 13. RULE 15C2-12 UNDERTAKING.

A. The City hereby agrees with the Underwriters that with respect to the Series 2015 Bonds it will comply with the provisions of the Rule as in effect from time to time, promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended and supplemented, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable regulation, from time to time (each such information repository, a "MSIR"), within 210 days following the end of each Fiscal Year of the City, commencing with the Fiscal Year ending September 30, 2015, annual financial information and operating data concerning the City, consistent with the financial information and operating data included in the Official Statement, as hereinafter described, and, if not included with the annual financial information, then, when and if available, audited financial statements prepared in accordance with generally accepted accounting principles applicable to the City. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial statements shall be filed pending the availability of audited financial statements. (The information required to be disclosed in this subsection A shall be referred to herein as the "Annual Report"). In connection with the annual financial information and operating data, consistent with the financial information and operating data included in the Official Statement, such information shall be deemed to include, but, except with respect to the historical nature of such information and data, shall not be limited to (to the extent required by the Rule) the following:

(i) the City's Comprehensive Annual Financial Report for the immediately preceding Fiscal Year (the "CAFR"); and

(ii) to the extent no longer included in the CAFR, updates of the information in the Official Statement relating to historical information (not projections) on the City's Non-Ad Valorem Revenues.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; the City agrees that any such modification will be done in a manner consistent with the Rule.

B. The City agrees to provide or cause to be provided to each MSIR in the appropriate format required by law or applicable regulation, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2015 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Bonds, or other material events affecting the tax status of the Series 2015 Bonds;

(vii) modifications to rights of holders of the Series 2015 Bonds, if material;

(viii) Series 2015 Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of any property securing repayment of the Series 2015 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

C. The City agrees to provide or cause to be provided, in a timely manner, to each MSIR written notice of a failure by the City to provide the Annual Report described in subsection A above on or prior to the date set forth therein.

D. The City reserves the right to terminate its obligation to provide the Annual Report and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Series 2015 Bonds within the meaning of the Rule (either by the redemption in full or legal defeasance of all such Series 2015 Bonds). If the City believes such condition exists, the City will provide notice of such termination to each MSIR. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

E. The City agrees that its undertaking pursuant to the Rule set forth in this Section is intended to be for the benefit of the Holders and Beneficial Owners of the Series 2015 Bonds, shall not create any rights in any other persons, firm or corporation and shall be enforceable by any Holder or Beneficial Owner; provided that the right to enforce the provisions of the Undertaking shall be limited to a right to obtain specific enforcement of the City's obligations under this Section and any failure by the City to comply with the requirements of the Undertaking shall not be an event of default with respect to the Bond Resolution, this Resolution or the Series 2015 Bonds.

F. Any voluntary inclusion by the City of information in the Annual Report of supplemental information that is not required hereunder shall not expand the obligations of the City hereunder and the City shall have no obligation to update such supplemental information or include it in any subsequent Annual Report.

G. Notwithstanding any other provision of this Resolution, the City may amend this Section and any provision of this Section may be waived, provided that the following conditions are satisfied:

(1) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2015 Bonds, or the type of business conducted;

(2) The Undertaking, as amended or taking into account such waiver would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not materially impair the interests of Holders and Beneficial Owners as determined either by parties unaffiliated with the City or obligated person (such as Bond Counsel), or by an approving vote of Holders of the Series 2015 Bonds pursuant to the terms of the Bond Resolution.

In the event of any amendment or waiver of a provision of this Section, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of annual financial information or operating data being presented by the City. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as set forth in subsection B and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

H. The City reserves the right to satisfy its obligations under this Section 13 through agents; the City may appoint such agents without the necessity of amending this Resolution. The City may also appoint or designate one or more employees of the City to monitor and be responsible for the Undertaking.

SECTION 14. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions of this Resolution or of the Series 2015 Bonds.

SECTION 15. FURTHER AUTHORIZATIONS; RATIFICATION OF PRIOR ACTS. The Mayor, the Chief Financial Officer, the Clerk, the City Attorney and any other authorized official of the City, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, including, but not limited to, complying with any conditions to obtain a Bond Insurance Policy or Reserve Account Credit Facility for the Series 2015 Bonds. All actions heretofore taken and documents prepared or executed by or on behalf of the City by any of its authorized officers in connection with the transactions contemplated hereby are hereby ratified, confirmed, approved and adopted.

SECTION 16. REPEALER. All resolutions or proceedings, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

SECTION 17. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED this 15TH day of JULY, 2015.

[Remainder of page intentionally lefty blank]

APPROVED:

THOMAS A. MASTERS
MAYOR

DAWN S. PARDO
CHAIRPERSON

ATTEST:

CLAUDENE L. ANTHONY
CERTIFIED MUNICIPAL CLERK
CITY CLERK

TERENCE D. DAVIS
CHAIR PRO TEM

BRUCE A. GUYTON
COUNCILPERSON

KaSHAMBA L. MILLER
COUNCILPERSON

CEDRICK A. THOMAS
COUNCILPERSON

MOTIONED BY:	B. GUYTON
SECONDED BY:	C. THOMAS
D. PARDO	AYE
T. DAVIS	AYE
B. GUYTON	AYE
K. MILLER	AYE
C. THOMAS	AYE

REVIEWED AS TO LEGAL SUFFICIENCY

PAMALA H. RYAN, B.C.S., CITY ATTORNEY

DATE: 7/14/15

City of Riviera Beach, Palm Beach County, Florida
Public Improvement Revenue Bonds, Series 2015

LIST OF EXHIBITS

Exhibit "A"	Purchase Contract
Exhibit "B"	Preliminary Official Statement

APPENDIX E

Form of Opinion of Bond Counsel

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

September __, 2015

Mayor and City Council
City of Riviera Beach, Florida

Re: $57,360,000 City of Riviera Beach, Florida, Taxable Public Improvement Revenue Bonds, Series 2015

We have acted as bond counsel in connection with the issuance by the City of Riviera Beach, Florida (the "City") of its $57,360,000 Taxable Public Improvement Refunding Bonds, Series 2015 (the "Bonds"). The Bonds are being issued by the City pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, the City Charter and other applicable provisions of law (collectively, the "Act"), and Resolution No. 88-14, adopted by the City Council on September 3, 2014, as supplemented by Resolution No. 93-15, adopted by the City Council on July 15, 2015 (collectively, the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the above referenced instruments and in the certified proceedings and other certifications and opinions of public officials furnished to us without undertaking to verify the same by independent investigation. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Resolution.

Reference is made to the opinion of even date herewith, of Pamala Hanna Ryan, Esq., City Attorney, upon which we have relied with your permission, with respect to the matters set forth in said opinion.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is validly existing as a body corporate and politic and a municipal corporation of the State of Florida with the corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the City, remains in full force and effect as of the date hereof and has not been modified after its date of adoption.

3. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding special obligations of the City, but payable from and secured solely by the Pledged Revenues (as defined in the Resolution), in the manner and subject to the limitations described in the Resolution. The Bonds do not constitute a debt of the City within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of the City. The issuance of the Bonds shall not directly or indirectly or contingently obligate the City to levy or to pledge any form of taxation whatsoever for the payment therefor nor shall the Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, and the owners of the Bonds shall have no recourse to the taxing power of the City.

4. The Bonds and the interest thereon are exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein.

Interest on the Bonds is not excluded from gross income for federal income tax purposes.

We are members of the Florida Bar and do not hold ourselves out as experts on, nor are we, in rendering our opinion herein, passing upon any matter of the laws of any jurisdiction other than the laws of the United States and the State of Florida. The opinions set forth above are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases in accordance with equitable principles.

This opinion is rendered to you in connection with the Bonds. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Sincerely,

GREENSPOON MARDER, P.A.

APPENDIX F

Specimen Municipal Bond Insurance Policy

[THIS PAGE INTENTIONALLY LEFT BLANK]

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

FLORIDA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the Florida Insurance Guaranty Association created under Part II of Chapter 631 of the Florida Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF RIVIERA BEACH, FLORIDA • Taxable Public Improvement Revenue Bonds, Series 2015

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com