
RIVIERA BEACH MARITIME ACADEMY CORP.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

RIVIERA BEACH MARITIME ACADEMY, CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund of Riviera Beach Maritime Academy, Corp. ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2016, which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academy. My responsibility is to express an opinion on these financial statements based on my audit.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Academy as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 23, 2016, on my consideration of the Academy's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Emphasis of Matter

As discussed in Note 3, the Academy has implemented GASB 68 and 71 for the year ended June 30, 2016. The effect of the adopting these new accounting standards is to restate the beginning fund balances as June 30, 2015. Our opinion is not modified in respect to this matter.

Other Matters

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Government Auditing Board. I have applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Pension Schedules on pages 36 through 38 are presented to supplement the financial statements. Such information although not a part of the financial statements is required by Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures auditing procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of enquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my enquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide assurance.

Palm Beach Gardens, Florida
September 23, 2016

Wanda EscOFFEY, P. A.

RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Our discussion and analysis of Riviera Beach Maritime Academy, Corp.’s (“the Academy”) financial program provides an overview of the Academy’s financial activities for the year ended June 30, 2016.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Academy’s financial statements, which begin on page 7.

For financial statement purposes the Academy is considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. The Academy has included separate statements for the Governmental Fund Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities report provide information on the activities of the Academy. The fund financial statements reflect financing activities of the Academy by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The Academy’s daily enrollment for fiscal year ended June 30, 2016 was 150 students. This was approximately the same as budgeted. The Academy expects to have an enrollment of 130 students for the academic year 2016-2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when received.

The Statement of Net Position presents information on all of the Academy’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

OVERVIEW TO FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the Academy's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-31 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's liabilities exceeded assets by \$290,244 at June 30, 2016.

<u>NET ASSETS</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Current & Other Assets	\$ 271,876	\$ 118,208
Capital Assets	60,835	73,661
Total Assets	\$ 332,711	\$ 191,869
Other Liabilities	622,955	69,840
Total Other Liabilities	\$ 622,955	\$ 69,840
Investment in Capital Assets	60,835	\$ 73,661
Net Pension Liabilities	(419,617)	(419,617)
Unrestricted	68,538	48,366
Total Net Position (2015 Restated)	\$ (290,244)	\$ (297,590)

Revenues from governmental activities totaled \$1,106,683 for the year ended June 30, 2016. Revenue from Florida Education Finance Program (FEFP) represented approximately 90.0% of total governmental revenue.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/16</u>	<u>% of Total 6/30/16</u>	<u>6/30/15</u>	<u>% of Total 6/30/15</u>
State Sources	\$ 1,083,836	62.5	\$ 1,166,171	69.4
Local Sources	628,757	36.2	484,276	28.8
Federal Sources	22,847	1.3	30,595	1.8
Total	\$ 1,735,440	100.0	\$ 1,681,042	100.0

Local revenue sources are primarily donations received from Viking Yacht Company and this amounted to \$604,000.

Expenses for major functions of the Academy are shown in the following table:

<u>Expense</u>	<u>6/30/16</u>	<u>% of Total 6/30/16</u>	<u>6/30/15</u>	<u>% of Total 6/30/15</u>
Instruction	\$ 838,011	48.5	\$ 755,997	45.4
Pupil Personnel Services	57,303	3.3	58,754	3.5
Curriculum Development	18,053	1.0	-	-
Instructional Staff Training	1,497	.1	14,033	.8
Instructional Related				
Technology	13,268	.8	70,361	4.2
Board	28,869	1.7	28,106	1.7
General Administration	48,317	2.8	53,220	3.2
School Administration	165,850	9.6	167,532	10.1
Facilities Acquisition	67,792	3.9	67,210	4.0
Fiscal Services	30,097	1.7	26,418	1.6
Food Services	2,720	.2	1,788	.1
Central Services	91,485	5.3	89,003	5.4
Pupil Transportation	203,343	11.8	190,766	11.5
Operation of Plant	109,894	6.4	95,259	5.7
Maintenance of Plant	10,101	.6	12,983	.8
Administrative Technology	2,520	.1	4,632	.3
Community Services	15,138	.9	8,443	.5
Depreciation & Amortization	23,036	1.3	18,994	1.2
Total	\$ 1,727,294	100.0	\$ 1,663,499	100.0

BUDGETARY HIGHLIGHTS

State and Federal revenues were approximately the same as budgeted.

Actual expenses were approximately the same as budgeted.

Total fund balance of the General Fund was \$68,538 at June 30, 2016.

RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

CAPITAL ASSETS

The Academy's investment in capital assets at June 30, 2016, was \$60,835 (net of depreciation and amortization). The investment includes building and leasehold improvements, furniture, fixtures and equipment, organizational costs, audio visual materials, and computer software. The following is a summary of capital assets balances at June 30, 2016:

Building and Leasehold Improvements	\$ 95,493
Furniture, Fixtures & Equipment	381,346
Organizational Costs	99,977
Computer Software	42,226
Audio Visual Materials	1,389
Motor Vehicle	8,359
	<hr/> 628,790
Less Accumulated Depreciation and Amortization	567,955
Total Capital Assets	<hr/> \$ 60,835 <hr/>

DEFINED BENEFIT PENSION PLAN

The Academy implemented GASB 68 for defined benefit pension plans resulting in a restatement of beginning net position by (\$419,617). See Footnote 7.

PROSPECTS FOR THE FUTURE

The Academy continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Academy should meet its budgeted amount of 130 students for the 2016-2017 academic year.
- The Administration believes that the Academy will continue to progress and contribute to the educational needs of Palm Beach County.
- The Academy expects to retain their "A" rating from the Florida Department of Education for the 2016-2017 academic year.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academy. Requests for additional information should be addressed to George Carter, President, at 259 W 11th Street, Riviera Beach, Fl 33404.

RIVIERA BEACH MARITIME ACADEMY, CORP.
Governmental Fund (General Fund) Balance Sheet
June 30, 2016

	<u>Governmental Funds</u>
ASSETS	
Cash	\$11,547
Grant Receivable	96,562
Prepayments	10,148
Deposits	2,709
Total Assets	<u><u>\$120,966</u></u>
LIABILITIES	
Accounts Payable	\$14,066
Compensated absences payable	<u>38,362</u>
Total Liabilities	<u><u>52,428</u></u>
FUND BALANCE	
Nonspendable	10,148
Unassigned	<u>58,390</u>
	<u><u>68,538</u></u>
Total Liabilities and Fund Balance	<u><u>\$120,966</u></u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
STATEMENT OF NET POSITION
June 30, 2016

ASSETS	Account Number	Governmental Activities	Business-type Activities	Total
Cash	1110	\$11,547		\$11,547
Investments	1160			
Taxes Receivable, net	1120			
Accounts Receivable, net	1130	96,562		96,562
Interest Receivable	1170			
Due from Reinsurer	1180			
Deposits Receivable	1210	2,709		
Due from Other Agencies	1220			
Internal Balances				
Inventory	1150			
Prepaid Expenses	1230	10,148		10,148
Restricted assets:				
Cash with Fiscal Agent	1114			
Capital assets:				
Land	1310			
Land Improvements - Non-depreciable	1315			
Improvements Other Than Buildings	1320			
Less Accumulated Depreciation	1329			
Buildings and Fixed Equipment	1330	95,493		95,493
Less Accumulated Depreciation	1339	(62,055)		(62,055)
Furniture, Fixtures and Equipment	1340	381,346		381,346
Less Accumulated Depreciation	1349	(360,888)		(360,888)
Motor Vehicles	1350	8,359		8,359
Less Accumulated Depreciation	1359	(1,671)		(1,671)
Audio Visual Materials	1381	1,389		1,389
Less Accumulated Depreciation	1388	(1,343)		(1,343)
Computer Software	1382	42,226		42,226
Less Accumulated Amortization	1389	(42,021)		(42,021)
Organizational Costs		99,977		99,977
Less Accumulated Amortization		(99,977)		(99,977)
Deferred outflows of resources		150,910		150,910
Total assets				
Total assets		\$332,711		\$332,711
LIABILITIES AND NET ASSETS				
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	14,066		14,066
Construction Contracts Payable	2140			
Due to Fiscal Agent	2240			
Accrued Interest on Sale of Bonds	2210			
Deposits Payable	2220			
Due to Other Agencies	2230			
Sales Tax Payable	2260			
Estimated Unpaid Claims	2271			
Estimated Liability for Claims Adjustment	2272			
Estimated Liability for Arbitrage Rebate	2280			
Noncurrent liabilities:				
Portion due within one year:				
Section 237.151 Notes Payable	2250			
Notes Payable	2310			
Bonds Payable	2320			
Obligations Under Capital Leases	2315			
Liability for Compensated Absences	2330	38,362		38,362
Certificates of Participation Payable	2340			
Estimated Liability for Long-Term Claims	2350			
Net Pension Liability	2370	452,035		
Deferred Inflows of resources	2410	118,492		
Portion due after one year:				
Notes Payable	2310			
Bonds Payable	2320			
Obligations Under Capital Leases	2315			
Liability for Compensated Absences	2330			
Certificates of Participation Payable	2340			
Estimated Liability for Long-Term Claims	2350			
Estimated PECO Advance Payable	2370			
Deferred Revenue	2410			
Total liabilities		622,955		622,955
NET POSITION				
Invested in Capital Assets, Net of Related Debt		60,835		60,835
Restricted for:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Capital Projects				
Other Purposes				
Unrestricted(Deficit)		68,538		68,538
Total Net Position		(\$290,244)		(\$290,244)

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2016

Fund Balance- Governmental Funds		\$68,538
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets		\$628,791
Less accumulated depreciation and amortization		<u>(567,956)</u>
		60,835
<p>Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:</p>		
Deferred Outflows		150,910
Deferred Inflows		(118,492)
<p>Long-term liabilities such as pension liabilities are not due and payable in the current period and therefore are not reported as a liability in the governmental funds</p>		
		(452,035)
Net Position of Governmental activities		<u><u>(\$290,244)</u></u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2016

	<u>Governmental</u> <u>Funds</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Outlay</u>	<u>Total</u>
EXPENSES				
Instruction	\$815,164	\$22,847		\$838,011
Pupil Personnel	57,303			57,303
Instruction and Curriculum Development	18,053			18,053
Instructional Staff Training	1,497			1,497
Instructional Related Technology	13,268			13,268
Board Services	28,869			28,869
General Administration	48,317			48,317
School Administration	165,850			165,850
Facilities Acquisition	35,472		32,320	67,792
Fiscal Services	30,097			30,097
Central Services	91,485			91,485
Food service	2,720			2,720
Pupil Transportation	203,343			203,343
Operation of Plant	109,894			109,894
Maintenance of Plant	10,104			10,104
Administration Technology	2,520			2,520
Community Services	15,138			15,138
Capital Outlay	10,209			10,209
TOTAL EXPENSES	<u>1,659,303</u>	<u>22,847</u>	<u>32,320</u>	<u>1,714,470</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	995,625			995,625
Capital grants and contributions			31,929	31,929
Total program revenues	<u>995,625</u>		<u>31,929</u>	<u>1,027,554</u>
GENERAL REVENUES:				
Other federal sources		22,847		22,847
Other state sources	55,482			55,482
Other local sources	628,757			628,757
Total general revenues	<u>684,239</u>	<u>22,847</u>		<u>707,086</u>
Excess of Expenses over revenues	20,561	-	(391)	20,170
Fund Balance, Beginning of Year	<u>48,368</u>			<u>48,368</u>
Fund Balance, End of Year	<u>\$68,929</u>	<u>\$ -</u>	<u>(\$391)</u>	<u>\$68,538</u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
STATEMENT OF ACTIVITIES
June 30, 2016

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction	5000	\$ 838,011		\$ 78,329		\$ (759,682)		(759,682)
Pupil Personnel Services	6100	57,303				(57,303)		(57,303)
Instructional Media Services	6200					-		-
Instruction and Curriculum Development Services	6300	18,053				(18,053)		(18,053)
Instructional Staff Training Services	6400	1,497				(1,497)		(1,497)
Instructional Related technology	6500	13,268				(13,268)		(13,268)
Board	7100	28,869				(28,869)		(28,869)
General Administration	7200	48,317				(48,317)		(48,317)
School Administration	7300	165,850				(165,850)		(165,850)
Facilities Acquisition and Construction	7400	67,792			31,929	(35,863)		(35,863)
Fiscal Services	7500	30,097				(30,097)		(30,097)
Food Services	7600	2,720				(2,720)		(2,720)
Central Services	7700	91,485				(91,485)		(91,485)
Pupil Transportation Services	7800	203,343				(203,343)		(203,343)
Operation of Plant	7900	109,894				(109,894)		(109,894)
Maintenance of Plant	8100	10,101				(10,101)		(10,101)
Administrative Technology	8200	2,520				(2,520)		(2,520)
Interest on Long-term Debt	9200							-
Community Services	9500	15,138				(15,138)		
Unallocated Depreciation Expense *		23,036				(23,036)		(23,036)
Amortization						-		-
Total governmental activities		1,727,294		78,329	31,929	(1,617,036)		(1,601,898)
Business-type activities:								
Total business-type activities								
Totals		1,727,294		78,329	31,929	(1,617,036)		(1,601,898)

General Revenues:

Taxes:

Florida Education Finance Program (FEFP)

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Special items

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position-beginning, Restated See Note 7

Net position-ending

	995,625		995,625
	628,757		628,757
			-
			-
			-
			-
	1,624,382	-	1,624,382
	7,346	-	7,346
	(297,590)		(297,590)
	(\$290,244)		(\$290,244)

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds (General Fund) To The
Statement of Activities
June 30, 2016

Net Changes in Fund Balances- Governmental Funds \$20,170

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$10,209	
Less current year depreciation and amortization	<u>(23,036)</u>	
		(\$12,826)

Change in Net Position of Governmental Activities		<u><u>\$7,344</u></u>
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The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2016

	Governmental Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final			Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:												
Instruction	\$809,881	\$815,164	\$5,283	\$22,847	\$22,847					\$832,728	\$838,011	\$5,283
Pupil Personnel	58,118	57,303	(815)							58,118	57,303	(815)
Curriculum Development	20,000	18,053	(1,947)							20,000	18,053	(1,947)
Instructional staff training	1,700	1,497	(203)							1,700	1,497	(203)
Instructional related Technology	13,600	13,268	(332)							13,600	13,268	(332)
Board Services	29,200	28,869	(331)							29,200	28,869	(331)
General Administration	48,707	48,317	(390)							48,707	48,317	(390)
School Administration	168,168	165,850	(2,318)							168,168	165,850	(2,318)
Facilities Acquisition	36,680	35,472	(1,208)				32,320	32,320		69,000	67,792	(1,208)
Fiscal Services	30,240	30,097	(143)							30,240	30,097	(143)
Food services	3,000	2,720	(280)							3,000	2,720	(280)
Central Services	93,450	91,485	(1,965)							93,450	91,485	(1,965)
Pupil Transportation	203,650	203,343	(307)							203,650	203,343	(307)
Operation of Plant	114,150	109,894	(4,256)							114,150	109,894	(4,256)
Maintenance of Plant	10,500	10,104	(396)							10,500	10,104	(396)
Administrative technology	2,750	2,520	(230)							2,750	2,520	(230)
Community Services	15,500	15,138	(362)							15,500	15,138	(362)
Capital Outlay		10,209	10,209								10,209	10,209
	<u>1,659,294</u>	<u>1,659,303</u>	<u>9</u>	<u>22,847</u>	<u>22,847</u>		<u>32,320</u>	<u>32,320</u>		<u>1,714,461</u>	<u>1,714,470</u>	<u>9</u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types (Continued)
Year Ended June 30, 2016

	Governmental Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance
	Budget	Actual		Budget	Actual		Budget	Actual		Budget	Actual	
PROGRAM REVENUES:												
Florida Education Finance Program	\$968,816	\$995,625	\$26,809							\$968,816	\$995,625	\$26,809
Capital grants and contributions							32,320	31,929	(391)	32,320	31,929	(391)
	<u>968,816</u>	<u>995,625</u>	<u>26,809</u>				<u>32,320</u>	<u>31,929</u>	<u>(391)</u>	<u>1,001,136</u>	<u>1,027,554</u>	<u>26,418</u>
GENERAL REVENUES:												
Other federal sources				22,847	22,847					22,847	22,847	
Other state sources	55,482	55,482								55,482	55,482	
Other local sources	657,843	628,757	(29,086)							657,843	628,757	(29,086)
	<u>713,325</u>	<u>684,239</u>	<u>(29,086)</u>	<u>22,847</u>	<u>22,847</u>					<u>736,172</u>	<u>707,086</u>	<u>(29,086)</u>
Excess of Revenues over												
Expenditures	<u>\$ 22,847</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 1,737,308</u>		<u>(\$2,659)</u>
Net change in fund balance		20,561						(391)			20,170	
Fund Balance, Beginning of Year		<u>48,368</u>									<u>48,368</u>	
Fund Balance, End of year		<u>\$68,929</u>						<u>(\$391)</u>			<u>\$68,538</u>	

The accompanying notes are an integral part of this statement

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Riviera Beach Maritime Academy, Corp. (“the Academy”) was established as a nonprofit organization in February 2006 under the laws of the State of Florida and is the reporting entity.

The Academy operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Palm Beach County, Florida (“the School District”). Under the Contract the Academy provides an education to high school students who are interested in a career in the marine industries who reside in Palm Beach County. For financial statement purposes the Academy is not considered a component unit of the School District of Palm Beach County which is a primary government entity for financial reporting.

The School District of Palm Beach County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract was renewed and is effective through June 30, 2019. The Contract requires the School District to provide the Academy’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

The Academy is a tax exempt organization under 501(C)(3) of the Internal Revenue Code.

The Academy’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Academy are discussed below.

Basic Financial Statements

The Academy’s basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the Academy are classified as governmental type activities. There are no business type activities of the Academy. All the Academy’s governmental type activities are included in the general fund or special revenue fund. There are no other major or non major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Academy’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (Cont'd.)

The Statement of Activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Start Up Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

General Fund – is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the Academy to use restricted resources first, then unrestricted resources as they are needed.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the Academy to concentrations of credit risk include cash and deposits. While the Academy attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits. The Academy has not experienced any losses on such balances. Deposits are not insured and consist of a lease deposit for its facilities.

Cash deposits are held at banks qualified as public depositories under Florida law.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Academy measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Financial assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services

The Academy does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e. salaries, purchased services, and capital outlay).

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Organizational costs have been capitalized and reported at historical costs, and are amortized. Other costs incurred for repairs and maintenance are expensed as incurred.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Capital Assets (Cont'd.)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building & Improvements	20 Years
Furniture, Fixtures and Equipment	5-10 Years
Computer Hardware and Software	5-10 Years
Organizational Costs	5 Years

Revenue Sources

Revenues for operations are received primarily from the School District of Palm Beach County pursuant to the funding provisions included in the Academy's Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the Academy will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the Academy is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the Academy during the designated full-time equivalent student survey periods. In addition, the Academy receives an annual allocation of charter school capital outlay funds for leasing of school facility.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There were nonspendable fund balances at year end.

- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There were no restricted fund balances at year end.

- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision making authority. There were no committed fund balances at year end.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the Academy's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There were no assigned fund balances at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The Academy's policy is to apply expenditures against nonspendable fund balance followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The Academy's Board of Directors can deviate from this policy if it is in the best interest of the Academy.

Compensated Absences

Employees of the Academy are entitled to paid vacation, sick days and other time off depending on job classification and length of service. A liability for compensated absences attributable to services already rendered, and not contingent on a specific event that is outside the control of the Academy or employee, is accrued. The balance for compensated absences at June 30, 2016, was \$38,362.

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 were as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Building & Leasehold Improvements	\$ 95,493	\$ -	\$ -	\$ 95,493
Furniture, Fixtures and Equipment	372,526	8,820	-	381,346
Organizational Costs	99,977	-	-	99,977
Audio Visual Materials	-	1,389	-	1,389
Computer Software	42,226	-	-	42,226
Motor Vehicle	8,359	-	-	8,359
	<u>\$ 618,581</u>	<u>\$ 10,209</u>	<u>\$ -</u>	<u>\$ 628,790</u>
Less Accumulated Depreciation	433,649	(7,692)	-	425,957
Less Accumulated Amortization	111,270	30,728	-	141,998
NET CAPITAL ASSETS	<u><u>\$ 73,660</u></u>	<u><u>\$ (12,825)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 60,835</u></u>

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 – CAPITAL ASSETS (Cont'd.)

Depreciation and Amortization expenses of \$23,036 were unallocated during the year ended June 30, 2016.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Descriptions

The Florida Retirement System (FRS) is a cost-sharing multiple-employer qualified defined benefit pension plan with a Deferred Option Program (DROP) available for eligible employees. The FRS was established, is administered, and may be amended in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state the Academy, county the Academy, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established, administered, and subject to amendment in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs. For the Fiscal Year Ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (System). The Academy participated in two defined benefit plans administered by the Division. Beginning with the fiscal year ended June 30, 2014, the Division issued a publicly-available, audited comprehensive annual financial report (CAFR) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plan is provided in the CAFR, which is available on line at:

http://www.dms.myflorida.com/workforce_operations/retirement/publications

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

The system's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P. O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Special Risk Administrative Support—42.07% and 32.95%; Special Risk—19.82% and 22.04%; Senior Management Service—21.14% and 21.43%; Elected Officers'—43.24% and 42.27%; and DROP participants—12.28% and 12.88%.

The Academy's contributions, including employee contributions, to the Pension Plan totaled \$36,367 for the Fiscal Year Ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Academy reported a liability of \$192,661 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Academy's proportionate share of the net pension liability was based on the Academy's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Academy's proportionate share was .001491607 percent, which was a decrease of .000000445 percent from its proportionate share measured as of June 30, 2014.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

For the Fiscal Year Ended June 30, 2016, the Academy recognized pension expense of \$15,553. In addition the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,339	\$ 4,569
Change of assumptions	12,788	-
Net difference between projected and actual earnings on Pension Plan investments	67,861	113,865
Changes in proportion and differences between Academy Pension Plan contributions and proportionate share of contributions	7,697	58
Academy's Pension Plan contributions subsequent to the measurement date	-	-
Total	<u>\$ 108,685</u>	<u>\$ 118,492</u>

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following years:

Fiscal Year Ending	Amount
June 30:	
2017	\$ (15,240)
2018	(15,240)
2019	22,713
2020	4,410
Thereafter	1,151

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below.

Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

		Annual	Compound	
	Target	Arithmetic	Annual	Standard
Asset Class	Allocation (1)	Return	(Geometric)	Deviation
			Return	
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic Investments	12.00%	6.70%	6.10%	11.40%
Total	100.00%			
Assumed Inflation - Mean		2.60%		1.90%
(1) As outlined in the Pension Plan's investment policy				

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

Florida Retirement System			
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Academy's proportionate share of the net positions liability	\$ 499,228	\$ 192,661	\$ (62,453)

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2016, the Academy reported a payable in the amount of \$-0- for outstanding contributions to the Pension Plan required For the Fiscal Year Ended June 30, 2016.

HIS Plan Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Fiscal Year Ended June 30, 2016, the HIS contribution for the period July 1, 2015 through June 30, 2016 was 1.26%, respectively. The Academy contributed 100% of its statutorily required contributions for the current and preceding three years.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Academy's contributions to the HIS Plan totaled \$9,722 for the Fiscal Year Ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Academy reported a liability of \$259,374 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Academy's proportionate share of the net pension liability was based on the Academy's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Academy's proportionate share was .002543275 percent, which was an increase of .000112028 percent from its proportionate share measured as of June 30, 2014.

For the Fiscal Year Ended June 30, 2016, the Academy recognized pension expense of \$23,223. In addition the Academy reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	20,406	-
Net difference between projected and actual earnings on HIS Plan investments	140	-
Changes in proportion and differences between Academy HIS Plan contributions and proportionate share of contributions	21,679	-
Academy Pension Plan contributions subsequent to the measurement date	-	-
	<u> </u>	<u> </u>
Total	<u>\$ 42,225</u>	<u>\$ -</u>

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
June 30:	Amount
2017	\$ 3,553
2018	3,553
2019	3,525
2020	3,511
Thereafter	2,848

Actuarial Assumptions – The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.80 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
 NOTES TO FINANCIAL STATEMENTS (Cont'd.)
 FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

Sensitivity of the Academy’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Academy’s proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

Health Insurance Subsidy			
	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Academy's proportionate share of the net positions liability	\$ 295,544	\$ 259,374	\$ 229,213

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2016, the Academy reported a payable in the amount of \$-0- for outstanding contributions to the HIS Plan required For the Fiscal Year Ended June 30, 2016.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. The Academy employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)

Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Academy Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and The Academy Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the Fiscal Year Ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Academy.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

NOTE 4 – RELATED PARTY TRANSACTIONS

Three members of the Academy's Board of Directors are employees of the Viking Yacht Company, the sponsor and main supporter of the Academy. Lease payments to the Sponsor were \$59,000 at June 30, 2016.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 – OPERATING LEASE

The Academy occupies its facilities under an operating lease with the sponsor and main supporter and the City of Riviera Beach. Annual rental expenses for the year ended June 30, 2016 were \$65,000.

Future minimum lease payments, over the next five years, are as follows:

June 30,	
2017	60,000
2018	60,000
2019	60,000
2020	60,000
2021	60,000
	\$ 300,000

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management

The Academy is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Academy purchases commercial insurance for all material risks of loss to which the Academy is exposed, including general liability, property, auto and workers compensation. A review of the last six years reveals that settled claims have not exceeded insurance coverage.

The Academy receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the Academy and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations.

NOTE 7 – NET POSITION, RESTATED

Due to the implementation of GASB 68, Net Position has been restated as of June 30, 2015 as follows:

Net Position, July 1, 2015	\$ 122,027
Adjustment required	(419,617)
	\$ (297,590)

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 23, 2016. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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

To the Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida

I have audited the financial statements of Riviera Beach Maritime Academy, Corp. ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2016, and have issued my report thereon dated September 23, 2016. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (Continued)**

To the Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board Members, Management, others within the Academy and Federal Awarding Agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mark EscOFFER, P.A.

Palm Beach Gardens, Florida
September 23, 2016

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida

Report on the Financial Statements

I have audited the financial statements of Riviera Beach Maritime Academy, Corp., Florida, (“the Academy”) as of and for the fiscal year ended June 30, 2016, and have issued my report thereon dated September 23, 2016.

Auditor’s Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Required by *Government Auditing Standards*

I have issued my Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Riviera Beach Maritime Academy, Corp.

MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as whether or not the Riviera Beach Maritime Academy Corp. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Riviera Beach Maritime Academy Corp. did not meet any of the conditions described in Section 218.503(1).

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for the Riviera Beach Maritime Academy, Corp. It is management's responsibility to monitor the Riviera Beach Maritime Academy, Corp.'s financial condition, and my financial condition assessment was based in part on the representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Riviera Beach Maritime Academy, Corp.'s financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the Riviera Beach Maritime Academy, Corp. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Riviera Beach Maritime Academy, Corp. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Purpose of this Letter

My management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and The School District of Palm Beach County and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.
September 23, 2016

Mark Escoffery, P.A.

RIVIERA BEACH MARITIME ACADEMY, INC.

Supplementary Schedule

Required Supplementary Information	<u>FRS</u>	<u>HIS</u>
	<u>2016</u>	<u>2016</u>
Florida Retirement System plan		
Total pension liability	161,370,735	10,249,201 *
Plan fiduciary net position	(148,454,394)	(50,774) *
Net pension liability	<u>12,916,341</u>	<u>10,198,427 *</u>
Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%
Riviera Beach maritime Academy Corp		
Share of net pension liability as a percentage	0.001491607%	0.002543275%
Share of net pension liability as an amount	\$ 192,661	\$ 259,374
Covered employee payroll	\$ 814,560	\$ 814,560
Net pension liability as a percentage of covered employee payroll	23.65%	31.84%

Note to schedule:

* Numbers in thousands

Assumptions

1. Total pension liability for each of the defined benefit plans was determined by actuarial valuation as of July, 2015, using the entry age normal actuarial cost method.
2. Inflation increases for both plans is assumed to be at 2.6%.
3. Payroll growth for both plans is assumed to be 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan Investments is 7.65%.
5. Mortality assumptions for both plans were based on the generational RP-2000 with Projection Scale BB tables.
6. The municipal rate (the Bond Buyer general Obligation 20-Bond Municipal bond Index) used to determine total pension liability for HIS is 4.29%.

Benefit types:

1. FRS pension plan's retirees receive a lifetime pension benefit with joint and survival payment options.
2. HIS program is a monthly payment to assist retirees of the state administered retirement systems in paying their health insurance costs. Pursuant to section 112.363 Florida Statutes eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service times \$5. The minimum payment is \$30 and the maximum is \$150 per month.

RIVIERA BEACH MARITIME ACADEMY, INC.

Schedule of Contributions

	<u>FRS</u>		<u>HIS</u>
	<u>2016</u>		<u>2016</u>
Contractually required contribution	\$ 36,367	\$	9,722
Contributions in relation to the contractually required contributions	\$ (36,367)	\$	(9,722)
Contributions deficiency	-		-
Covered employee payroll	\$ 814,560	\$	814,560
Contributions as a percentage of covered payroll	4.46%		1.19%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.