

**CITY OF OPA-LOCKA, FLORIDA  
For the Fiscal Year Ended  
September 30, 2006**

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**Comprehensive Annual Financial Report and  
Supplemental Reports as Required by the  
Office of the Auditor General**



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT OF THE  
CITY OF OPA-LOCKA, FLORIDA**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2006**

**PREPARED BY THE  
FINANCE DEPARTMENT  
City of Opa-Locka, Florida  
Ezekiel Orji, PH.D, CPA  
Assistant City Manager/Finance Director**



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**INTRODUCTORY SECTION**

“ THE GREAT CITY “



*City of*  
**OPA-LOCKA**  
*Florida*

**LETTER OF TRANSMITTAL**

February 16, 2007

The Honorable Mayor,  
Members of the City Commission, and City Manager  
City of Opa-locka, Florida

Ladies and Gentlemen:

The City of Opa-locka, Florida (the "City") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2006 is submitted herewith pursuant to Florida Statutes, Chapter 11, Section 45, and Chapter 10.550 and 10.660 of the Rules of the Auditor General of the State of Florida. Responsibility for the accuracy and fairness of the presentation, including all disclosures rests with management of the City. We believe the data, as presented, is accurate in all material respects; that is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The comprehensive financial report consists of four sections: introductory, financial, statistical, and single audit. The introductory section includes the letter of transmittal and provides information about the City's structure and personnel. The financial section includes the basic financial statements, management's discussion and analysis and the combining and individual fund statements and schedules, as well as the report of the independent auditors on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented in a multi-year format. The single audit section includes a schedule of federal awards, summary schedule of prior audit findings, and auditor reports.



The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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### Reporting Entity

The City of Opa-locka was incorporated in 1926 and operates under a Commission/City Manager form of government. The City Commission is comprised of the Mayor and four Commissioners, who are responsible for enacting ordinances, resolutions, and regulations; governing the City; and, appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances, and the appointment and supervision of the City's department heads.

The City provides a full range of services. The services include but are not limited to police; sanitation, water and sewer services, storm water services, maintenance of streets and infrastructure, and recreational activities.

For accounting principles generally accepted in the United States of America (GAAP) purposes, the City includes all funds, account groups, departments and agencies of the City, as well as boards, commissions, and authorities. The City has also considered all potential "component units" for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the City's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

### Significant Local Economic Events

The economy of the City of Opa-locka is strongly oriented towards service industry and light manufacturing. Major capital projects essential to the growth of the City have been vigorously pursued. These projects include the following:

- Curtis Drive Infrastructure Improvements – Phase I  
Location: Curtis Drive from Perviz Ave to Harem Ave  
Expected Completion Date: July 2007
- Sherbondy Park Rehabilitation – Phase I and II  
Location: 777 Sharazad Blvd

The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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Expected Completion Date: 2008

- Port Said Road Drainage / Roadway Improvements  
Location: Port Said Road from NW 135<sup>th</sup> St to Proposed NW 129<sup>th</sup> St  
Status: Completed
- NW 38<sup>th</sup> Court Drainage / Roadway Improvements  
Location: NW 38<sup>th</sup> Ct from NW 135<sup>th</sup> St to NW 132<sup>nd</sup> St  
Status: Completed
- Citywide Wastewater Improvements  
Location: Citywide  
Status: On-going
- Town Center II Mixed-Use, Retail/Residential Project  
Location: Downtown  
Expected Completion Date: 2010
- Villa Francine Townhouse Ownership Residential Development (72) units  
Location: NW 132<sup>nd</sup> St and 28<sup>th</sup> Ave  
Status: Construction On-going
- Sail Boat Cove – Townhouse/Condo ownership project (172 units)  
Location: NW 143<sup>rd</sup> St and 17<sup>th</sup> Ave  
Status: Construction On-going
- Serenity Lake Industrial project  
Location: 19<sup>th</sup> Ave North of Opa-locka Blvd  
Status: On-going
- Landscaping and Beautification Project  
NW 27<sup>th</sup> Ave from NW 135<sup>th</sup> Street to NW 151<sup>st</sup> Street and  
SR9 from NW 27<sup>th</sup> Avenue to NW 17<sup>th</sup> Avenue  
Status: On going
- Water Meter Replacement Program  
Approximately 4,700 meters citywide  
Status: On going

The Police department motor pool has been completely revamped with the acquisition of eighteen (18) new dodge chargers and two motor cycles for patrol and traffic enforcement, the purchase of new laptops to outfit the cars and the addition of five (5) new officers.

The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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During the year the Parks and Recreation department provided summer camps for over two hundred (200) youths last year, our football program saw an enrollment of three hundred and fifty (350) participants and the city started an after school and mentoring program which included use of computers acquired through the Front Porch program for both Sherbondy Park and Ingram Park.

The Finance and Utility Billing system was upgraded, the city moved from a UNIX to a WINDOWS environment allowing greater efficiency in the production of financial and other reports. In addition, the utility billing customers were able to get new and more user friendly utility bills.

The water meter replacement program also will provide for the installation of new meter reading equipment known as an Automatic Meter Reading (AMR). Each meter is equipped with radio transmitters for a complete Drive-By reading system. The transmitters will send radio signals instead of requiring meter-readers to read them manually. Each month, City Workers will drive by in trucks equipped with computers, and the meters will turn on and send radio signals that will report the amount of water used. The new AMR will eliminate the need for meter readers to enter home or business to acquire the reads. Additionally, the new system will eliminate the need to manual input of the meter reads for billing process.

#### Accounting System and Budgetary Control

The City's accounting records for General Governmental and Expendable Trust funds are maintained on a modified accrual basis. Revenues are recorded when available and measurable. The City primarily accrues such items as intergovernmental taxes, franchise fee revenues and telecommunication revenues. Expenditures are recorded when the goods or services are received and the liabilities are incurred. Accounting records for the City's Proprietary fund are maintained on an accrual basis.

As a recipient of federal, state and county financial assistance, the City of Opa-locka is responsible for ensuring that an adequate internal control structure is in place to assure compliance with the laws and regulations applicable to those programs. The internal control structure is subject to periodic evaluation by management. As part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Budgetary control is maintained at the departmental and fund level, with the finance department providing support to departments in the administration of their budgets. In accordance with the city's budget transfer policy, the city manager is authorized to transfer budgeted amounts within any fund or function; however, any supplemental appropriations or revisions that amend the

The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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adopted budget must be approved by the City Commission. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the balance sheet date are canceled.

Internal controls have been designed to provide reasonable, but not absolute, assurance about the achievement of the City's objectives in reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The form and content of the CAFR and the accompanying financial statements and statistical tables were prepared in conformance with standards set forth by:

1. Governmental Accounting Standards Board (GASB)
2. Financial Accounting Standards Board (FASB)
3. Auditor General, State of Florida
4. Charter and Code of Ordinances of the City of Opa-locka, Florida
5. Government Finance Officers Association of the United States and Canada.

#### Deferred Compensation

The City offers its employees a deferred compensation plan which is administered by two administrators. The portion of the plan created in accordance with Internal Revenue Code Section 457 is administered by the International City Management Association Retirement Corporation ("ICMA"). The other portion constitutes a nonqualified plan and is administered by the Equitable Life Assurance Society. Additional information on the City's deferred compensation benefits can be found in Note 12 in the notes to the basic financial statements.

#### Debt Administration

The City's outstanding debt is classified and reported according to the type of resources pledged to satisfy the individual debt series.

The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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The City has no general obligation debt (debt secured by ad valorem taxes) outstanding. General long-term debt consists of bonds supported by general revenues that are obligations of the City as a whole and not of its individual funds. Enterprise Fund debt encompasses the water and sewer enterprise fund revenue bonds and State Revolving Loan Fund indebtedness and is comprised of obligations incurred in the course of financing extensions and improvements to its water and sewer system payable solely from water and sewer system's revenues.

The City defeased its Capital Improvement Revenue Bonds Series 1991A by placing the proceeds of the sale of its 1994A Series Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the refunded 1991A Series Revenue Refunding Bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's Financial Statements. As of September 30, 2001, all of the deferred bonds were retired.

All requirements mandated by bond covenants have been made. Additional information on the City's debt administration can be found in Note 7 in the notes to the basic financial statements.

#### Ratings

Ratings for the City's bonds are assigned by independent nationally recognized agencies. These ratings have a significant influence in establishing the interest rate the City must pay when the bonds are sold. Such ratings for the City's debt have been consistently judged to be of good investment quality. Ratings by the two major rating agencies for the most recently issued 1994A Series Revenue Refunding Bonds were: Moody's "Aaa" and Standard & Poor's "AAA". The ratings of each series of outstanding long-term bonded debt continues to demonstrate the good investment quality of the City's debt.

#### Cash Management.

The City Charter provides for the adoption of an investment policy of all City non-pension funds. In 1995, the Florida Legislature passed a law creating State Statute 218.415 which mandated that if local governments desired to invest outside the parameters of a narrowly defined list, they must adopt a written policy. The law further defines 14 parameters that any written investment policy must include in order to be in compliance with the law. The law became effective October 1, 1996.

The finance department pursues an aggressive cash management and investment program in order to achieve maximum financial return on all available funds. Cash temporarily idle during the year is invested in money market funds, U.S. Treasury obligations, certificates of deposits and repurchase agreements. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. It is the City's policy not to invest in leveraged derivatives.

The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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### Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government obtained general liability insurance at a cost it considered to be economically justifiable. The City contracts with the Florida League of Cities Municipal Insurance Trust for its general insurance and workers' compensation coverage.

The government continues to carry commercial insurance for all other risks of loss, including automobile insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The risk management department, which is under the purview of the City Attorney, continues to implement and monitor various risk control techniques to minimize accidents and losses to City personnel and property.

### Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Harvey, Branker & Associates, P.A. was selected by the City. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133 "Audits of State and Local Governments, and Non-profit Organizations". The auditors' report on the general-purpose financial statements and supplemental combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports relating specifically to the single audit are included in the City's Single Audit Report.

### Future Outlook

The City of Opa-locka has faced many challenges, but despite the obstacles the City remains a good and strategic place for new business development. The City is currently faced with several exciting and aggressive initiatives. They include annexation, creation of a Community Redevelopment Agency (C.R.A.), imposing impact fees, development of the downtown area, transportation plan, and street improvements.

We also continue to make improvements to our water and sewer infrastructure system. The City would then be in a position to offer more timely services to residents and to the many new businesses, which have shown an interest in locating within the City limits. Robust economic activity will only begin after the City's infrastructure is fixed.

The Honorable Mayor,  
Members of the City Commission, and City Manager  
March 31, 2007

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Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and members of various departments throughout the City, who participated in the compilation of the report, along with the excellent cooperation and assistance of the accounting firm associated with the audit of the City's operation.

Due credit also should be given to the Mayor and the Commissioners for their cooperation and assistance in matters pertaining to the financial affairs of the City.

Sincerely,



Ezekiel Orji, PH.D, CPA  
Assistant City Manager/Finance Director



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**THE CITY OF OPA LOCKA, FLORIDA**  
777 Sharazad Boulevard  
Opa-Locka, Florida 33054

**For Fiscal Year Ending September 30, 2006**

The City of Opa-Locka is located in the Northwest quadrant of Miami-Dade County, Florida. The City was created pursuant to Florida Statutes in 1926 as a municipal entity.

**BOARD OF COMMISSIONERS:**

Joseph Kelley, Mayor  
Terence Pinder, Vice-Mayor  
Timothy Holmes, Commissioner  
Dorothy Johnson, Commissioner  
Rose Tydus, Commissioner

**CITY MANAGER:**

Jannie Beverly

**CITY ATTORNEY:**

A. Quinn Jones

**CITY CLERK:**

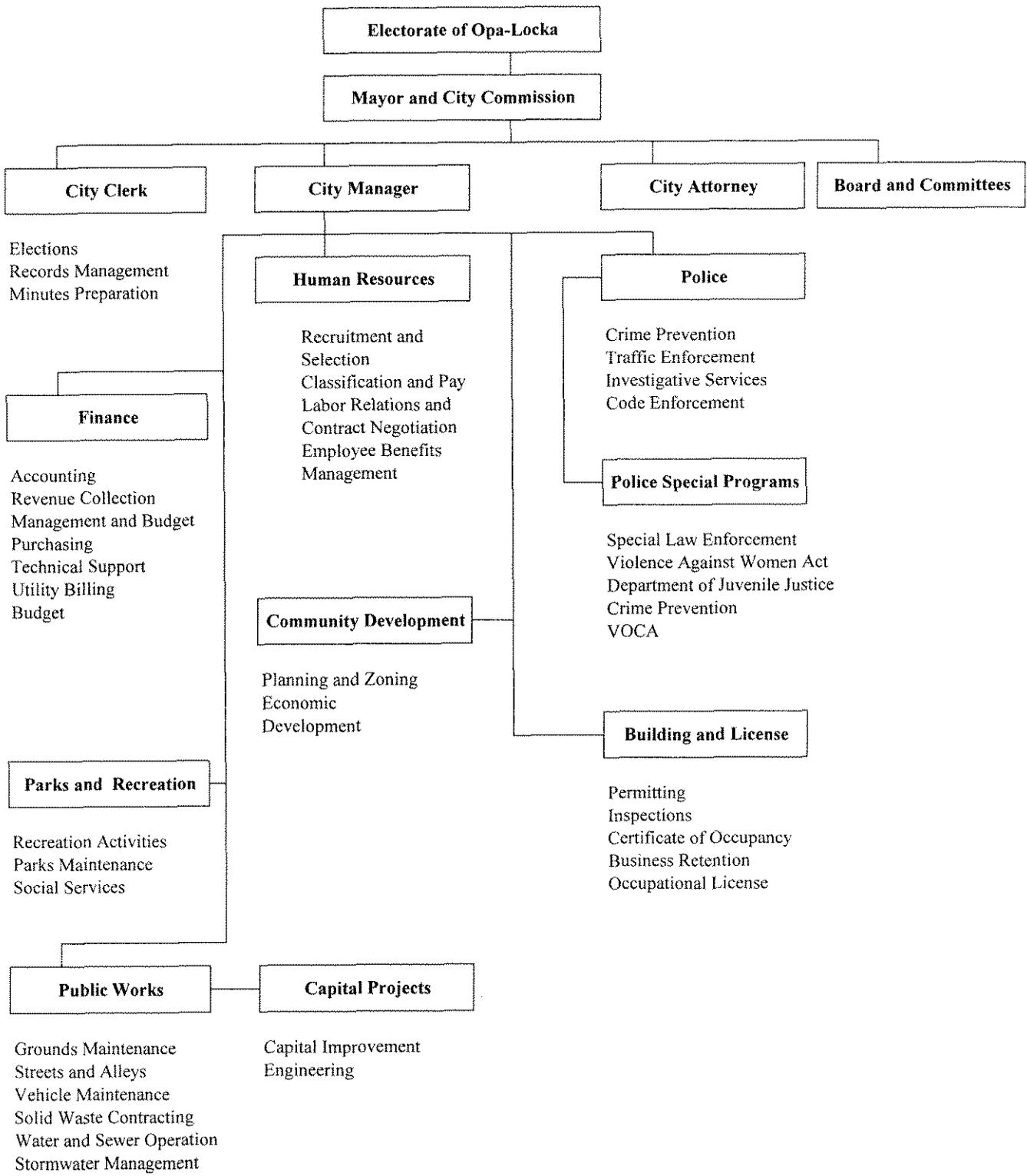
Deborah S. Irby

PREPARED BY THE FINANCE DEPARTMENT

**FINANCE DIRECTOR:**

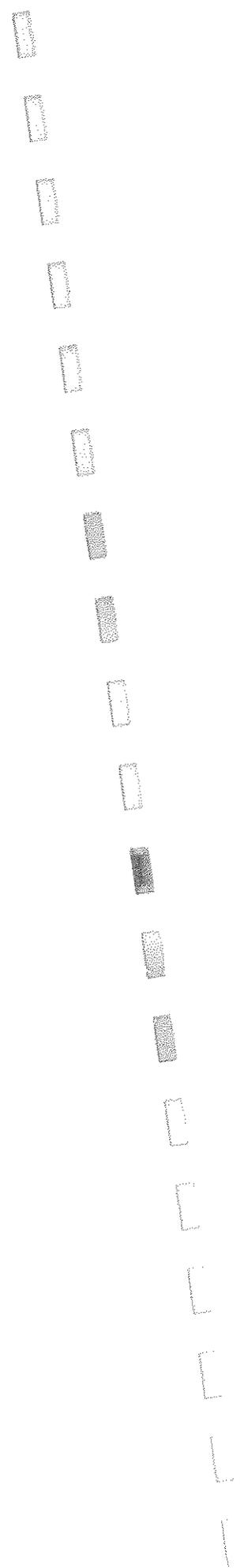
Ezekiel Orji, PH.D, CPA

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**FINANCIAL SECTION**





# HARVEY, BRANKER & ASSOCIATES, P.A.

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Commission  
City of Opa-locka, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opa-locka, Florida (the "City") as of and for the fiscal year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the basic financial statements, the City adopted provisions of the Governmental Accounting Standards Board Statement (GASB) No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments; GASB No. 37, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments: Omnibus; GASB No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements; as of October 1, 2002. This resulted in a change in the format and content of the basic financial statements. GASB 39 Determining whether Certain Organizations are Component Units, GASB Statement No. 40, Deposit and Risk Disclosures, GASB 41 Budgetary Comparison Schedules were also implemented.



In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opa-locka, Florida as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2007 on our consideration of the City's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, 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 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 4 through 17 and the schedules of budgetary comparison on pages 57 through 61 respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We 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, we did not audit the information and express no opinion on such information.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City of Opa-locka's basic financial statements taken as a whole. The accompanying combining financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal & state financial assistance projects 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*, Chapter 10.550, Rules of the Auditor General and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information included in the introduction section and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Harvey Branker & Associates*  
February 16, 2007  
Hollywood, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of the City of Opa-locka's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2006.

We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal.

### Financial Highlights

- The City's assets exceeded its liabilities by \$15,551,735 (net assets) for the fiscal year report.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$528,679 include property and equipment, net of a depreciation, and reduced for outstanding debt related to the purchase or construction of
  - (2) Net assets of \$912,155 are restricted by constraints imposed from outside the City, including covenants, grantors, laws, or regulations.
  - (3) Unrestricted net assets of \$14,110,901 represent the portion available to maintain the obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$5,363,851 this year, compared to the prior year ending fund balance of \$5,591,351 showing a decrease of \$227,500 during the year. Unreserved fund balance of \$4,692,457 for fiscal year 2006 shows a \$592,399 decrease from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,692,457, compared to total General Fund expenditures of \$4,692,457.
- Overall, the City continues to maintain a stable financial position.

### Overview of the Financial Statements

This report has been prepared in accordance with Governmental Accounting Standard Board (GASB) Statement No. 34, 'Basic Financial Statements—and Management's Discussion and Analysis for State and Local Governments'. The Statement requires that the basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information and statistical data is also included in the report.

The City also implemented the following GASB statements for fiscal year 2005-2006: Statement No. 35, *Accounting and Financial Reporting for Non-exchange Transactions*; Statement No. 37, *Statements and Management's Discussion and Analysis for State and Local Governments*; Statement No. 38, *Certain Financial Statements Note Disclosures*.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

*The statement of activities* presents information showing how the City's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, and earned, but unused vacation leave).

Both the *statement of net assets* and the *statement of activities* of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the City include general government, public safety, economic environment, highways and streets, and culture and recreation. The business-type activities of the City include water and sewer, solid waste, and storm water.

### ***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. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains twelve (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Debt Service and Federal Emergency Management Agency(FEMA) Fund which are considered to be major funds. Data from the other ten (12) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Capital Improvement Debt Service and FEMA Fund. A budgetary comparison statement has been provided for the General Fund, Capital Improvement Debt Service and FEMA Fund to demonstrate compliance with budget.

### **Proprietary Funds**

The City maintains three (3) different types of proprietary or enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its storm water utilities, water and sewer, and solid waste. Data from the three (3) proprietary funds are presented separately since these funds are considered major.

### **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 own programs. The fiduciary funds include the Pension Trust Funds.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$15.5 million at September 30, 2006, a decrease of \$642,943 from the prior year.

As mentioned previously, the basic financial statements include reconciliation between the governmental funds statement of revenues, expenditures, and changes in fund balances which reports a decrease of \$227,500 in fund balances and the reported decrease in the excess of assets over liabilities reported in the government-wide statement of activities of \$436,564 difference of \$209,055.

Key elements of the reconciliation of these two statements are that the government-wide statement of activities reports the purchases of capital assets as assets; which are then charged to expense over their useful lives (through annual depreciation charges) and changes in long-term liabilities as adjustments of expenses. Conversely the governmental funds statements report the repayment of debt and purchase of capital assets as expenditures, and do not reflect changes in long-term liabilities.

The table below summarizes the statement of net assets:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 7,488,313	\$ 8,654,945	\$ 13,991,544	\$ 10,202,036	\$ 21,479,857	\$ 18,856,981
Capital assets, net	6,618,474	6,864,156	5,814,531	5,346,330	12,433,005	12,210,486
Total assets	14,106,787	15,519,101	19,806,075	15,548,366	33,912,862	31,067,467
Long-term liabilities	7,565,848	7,765,274	4,713,284	1,994,177	12,279,132	9,759,451
Other liabilities	2,500,437	3,276,761	3,581,558	1,836,862	6,081,995	5,113,623
Total liabilities	10,066,285	11,042,035	8,294,842	3,831,039	18,361,127	14,873,074
<b>Net Assets</b>						
Invested in capital assets						
net of related debt	173,474	2,881,664	355,205	306,435	528,679	3,188,099
Restricted	349,600	340,785	562,555	371,568	912,155	712,353
Unrestricted	3,517,428	1,254,617	10,593,473	11,039,324	14,110,901	12,293,941
Total net assets	\$ 4,040,502	\$ 4,477,066	\$ 11,511,233	\$ 11,717,327	\$ 15,551,735	\$ 16,194,393

By far the largest portion of the City's net assets (91%) reflects unrestricted net assets of the city that can be used to meet the city's ongoing obligations to citizens and creditors. The main reason for this change in unrestricted net assets stems from increases in ad valorem taxes and other revenues coupled with decreases in expenditures due to stringent monitoring to improve overall efficiencies in 2006.

A portion of the City's net assets (4%) reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

The remaining balance of restricted net assets (\$912,155) for the governmental activities represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net assets decreased by \$642,658 or 4% during the current fiscal year. Governmental activities account for 68% of this decrease while Business-type activities account for 32% of the decrease. The Governmental activities change in net assets is \$436,564 or 10% less than prior year. The governmental activities' revenues decreased by \$10.5 million or 35%, its total expenses also decreased by \$9.09 million or 32%, these massive decreases were due to the revenue and expenditures generated from expenditures on roads and streets through grants from the Federal Emergency Management Agency (FEMA). Business-type activities increases are due to increases in revenue and simultaneous increases in expenses. Revenues increased by \$288 thousand or 3.21% and expenses increased by \$3.5 million or 60.5% over the prior year, this primarily due to increases in the cities payments for sewer services and expenditure on pump station upgrades.

The table below summarizes the changes in net assets - Governmental Activities.

	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>		
Charges for Services	\$ 949,613	\$ 41,280
Grants and Contributions	6,229,660	19,177,425
<b>General revenues:</b>		
Property taxes	5,802,009	4,877,060
Franchise fees	1,941,938	1,313,694
Other taxes	1,823,970	503,181
Intergovernment	2,227,585	3,662,889
Unrestricted investment earnings	89,567	41,352
Other Miscellaneous	209,409	164,759
Transfers	-	-
<b>Total general revenues and transfers</b>	<u>19,273,751</u>	<u>29,781,640</u>
<b>Expenses</b>		
General government	4,051,643	4,349,856
Public safety	5,278,005	4,865,651
Economic environment	-	-
Highway and streets	9,200,709	18,637,182
Culture and recreation	758,395	496,612
Interest and fiscal charges	421,563	455,432
<b>Total Expenses</b>	<u>19,710,315</u>	<u>28,804,733</u>
<b>Change in Net assets</b>	(436,564)	976,907
Net Assets beginning	4,477,066	3,500,159
Net Assets ending	<u>\$ 4,040,502</u>	<u>\$ 4,477,066</u>

### ***Governmental Activities***

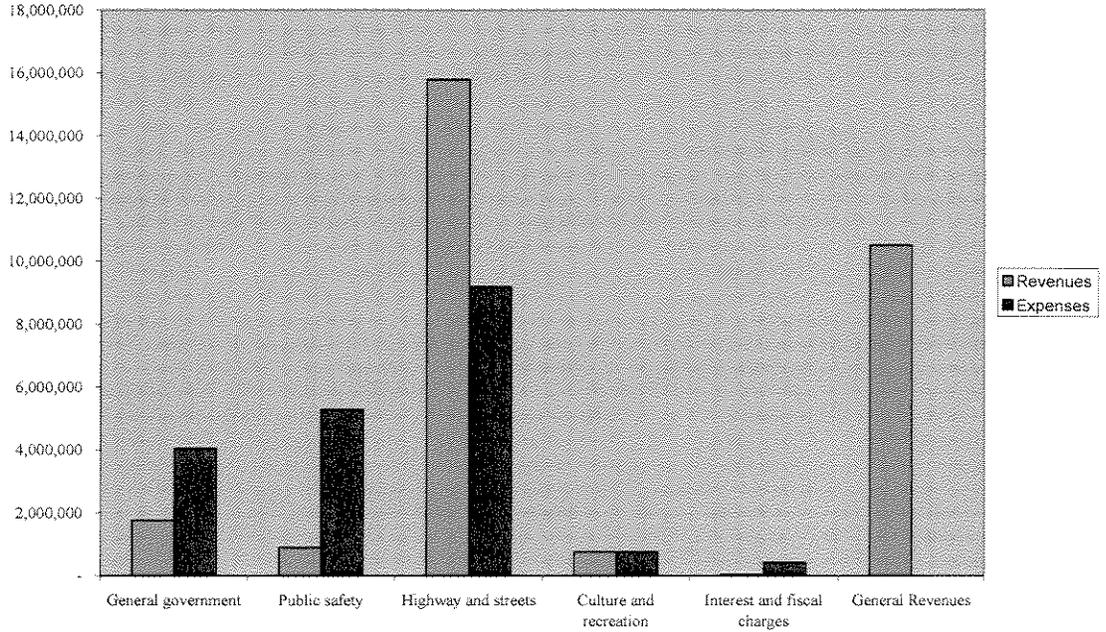
Governmental activities decreased the City's net assets by \$436 thousand, thereby accounting for 67% of the total decline in the net assets of the City.

Key elements of the decrease are as follows:

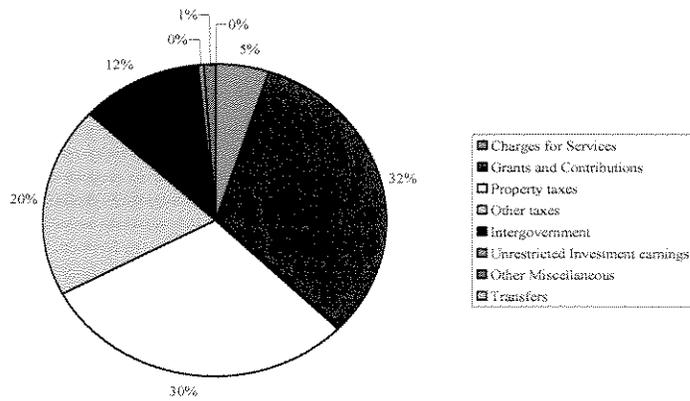
- Expenditures on projects completed in 2006 were greater than expenditures in the prior year. Necessary changes in Drainage and roadway improvement contracts were approximately \$700,000 more than budget.
- Decreases in revenue streams such as the FEMA Fund which decreases by \$11 million less than the 2005 revenue of \$15.8 million.
- Property Taxes also increased by \$925 thousand or 19%. This was due to new and increased assessments by Dade County in 2006.

The charts below show a comparison of expenses to revenues; and a comparison of revenues by source of the governmental activities.

Expenses and Program Revenues - Governmental Activities  
for the year ended September 30, 2006



Revenues by Source - Governmental Activities  
for the year ended September 30, 2006



**Business-type Activities**

The table below summarizes the changes in net assets - Business-type Activities

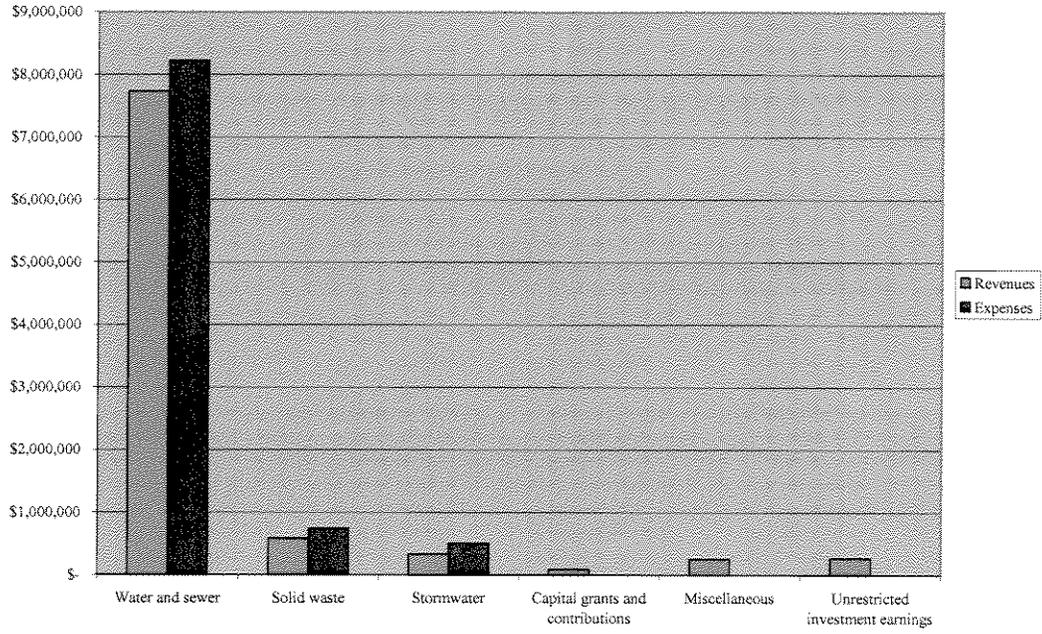
	2006	
<b>Revenues:</b>		
Charges for services		
Water and sewer	\$ 7,732,804	\$
Solid waste	583,408	
Storm water	332,822	
Capital grants and contributions	92,864	
General revenues		
Miscellaneous	258,915	
Unrestricted investment earnings	273,781	
Total revenues	<u>9,274,594</u>	
<b>Expenses:</b>		
Water and sewer	8,223,846	
Solid waste	747,215	
Storm water	509,627	
Total expenses	<u>9,480,688</u>	
Change in net asset	<u>(206,094)</u>	
Net assets beginning	11,717,327	
Net assets ending	<u>\$ 11,511,233</u>	<u>\$</u>

Business-type activities caused a decrease in the City's net assets of \$3.2 million. Increases in the cost of water and sewer charges, water purchases and sewer charges moved from \$1,036,807 to \$2,009,713 a combined increase of \$972,906. Other expenses included approximately \$3.4M in repairs to pump stations.

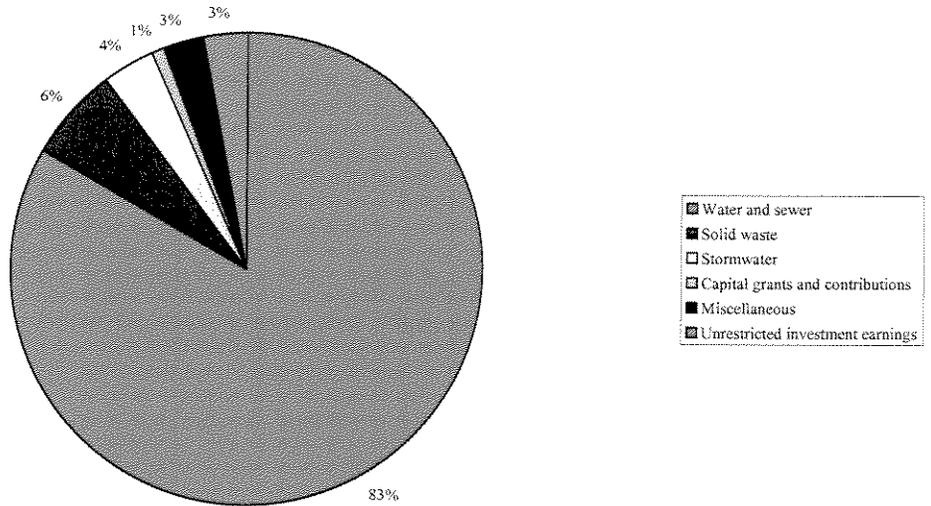
Revenues also increased in the Water and Sewer fund due to an increase in commercial properties in the City and greater customer demands.

The following charts shows a comparison of expenses to program revenue source of the business-type activities for fiscal year 2006:

Expenses and Program Revenues - Business-type Activities  
for the year ended September 30, 2006



Revenue by Source - Business-type Activities  
for the year ended September 30, 2006



## Governmental Funds Financial Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

### Governmental Funds

	General Fund	FEMA	Debt Service	Funds	Funds
Fund Balances Sept. 30, 2005	\$ 4,270,774	\$ 23,257	\$ 252,811	\$ 1,044,543	\$ 5,591,351
Revenues	10,992,245	4,601,107	1,809,064	1,871,344	19,273,760
Expenditures	(11,637,481)	(4,601,330)	(601,563)	(3,082,356)	(19,922,730)
Other financing Sources (uses)	1,416,915	-	(1,127,577)	132,132	421,470
Fund Balances Sept. 30, 2006	\$ 5,042,419	\$ 23,034	\$ 332,735	\$ (34,337)	\$ 5,363,851

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,653,301, while total fund balance reached \$5,042,419. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to expenditures. Unreserved fund balance represents 40% of total general fund expenditures, while total fund balance represents 44% of the same amount.

During the current fiscal year, the fund balance of the general fund increased by \$771,679. A key factor in this growth was the ability to maintain expenditures under budgeted amounts and minimizing the need for residual equity transfers to other governmental funds.

The City's general fund is required to adopt an annual budget prepared on a basis consistent with Accounting Principles Generally Accepted in the United States (GAAP). Surpluses from any prior fiscal year cannot be appropriated in future fiscal years.

The City's capital projects fund accounts for the funding of the City's capital program. The primary resources are obtained from the issuance of City debt.

**Proprietary Funds**

The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total growth in net assets for all enterprise funds was \$3.4 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

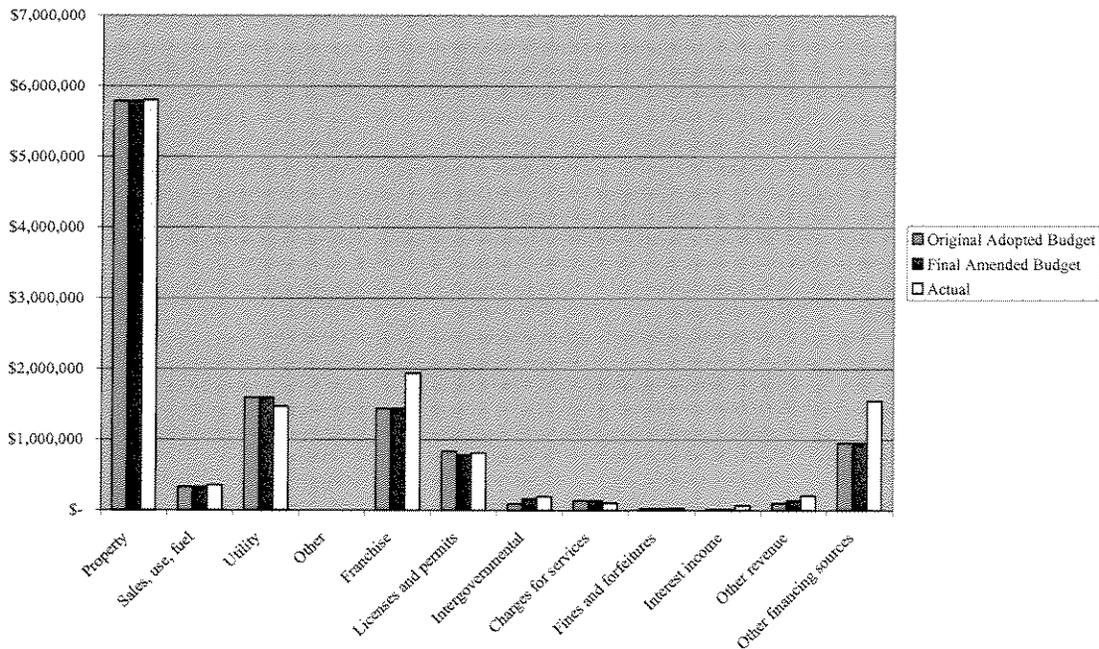
**Budgetary Highlights**

The following information is presented to assist the reader in comparing the original budget (Adopted Budget), and the final amended budget (Amended Budget) and how actual results compared with these budgeted amounts. The Amended Budget can be modified subsequent to the end of the fiscal year.

The major variances between the final budget and the actual revenues are primarily due to positive variances in the tax revenues and franchise fees. This resulted from successful higher assessments and more aggressive collection by Dade County.

The following chart and table summarizes actual revenues by category for fiscal year 2006 and compare revenues with Adopted Budget, Amended Budget, and Actual.

General Fund Revenues  
for the year ended September 30, 2006



**General Fund Revenues**  
**For the fiscal year ended September 30, 2006**

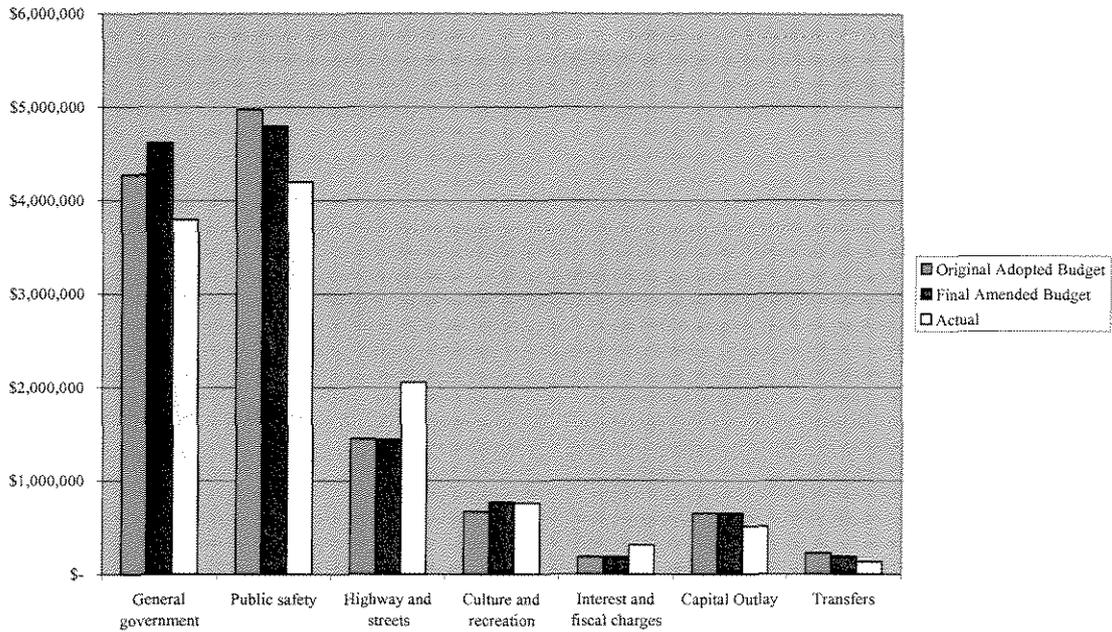
	Original Adopted Budget	Final Amended Budget	Actual
<b>Taxes:</b>			
Property	\$ 5,789,720	\$ 5,789,720	\$ 5,802,009
Sales, use, fuel	330,030	330,030	356,931
Utility	1,591,295	1,591,295	1,467,039
Other	-	-	-
Taxes	<u>7,711,045</u>	<u>7,711,045</u>	<u>7,625,979</u>
<b>Other than taxes:</b>			
Franchise	1,439,940	1,442,640	1,941,938
Licenses and permits	833,540	783,540	813,503
Intergovernmental	90,370	165,370	197,091
Charges for services	138,450	138,450	104,535
Fines and forfeitures	25,230	25,230	31,584
Interest income	20,600	20,600	68,727
Other revenue	101,575	139,575	208,888
Other financing sources	<u>956,640</u>	<u>956,640</u>	<u>1,549,047</u>
Other than taxes	<u>3,606,345</u>	<u>3,672,045</u>	<u>4,915,313</u>
Total Revenues	<u>\$ 11,317,390</u>	<u>\$ 11,383,090</u>	<u>\$ 12,541,292</u>

**General Fund Expenditures**

The major variances between the final budget and the actual are primarily due to positive variances in general government and public safety. General government was \$821 thousand lower than the budgeted amounts of \$4.6 million. Public Safety was \$596 thousand lower than the budgeted amounts of \$4.6 million. Both variances were due primarily to the fact that there were unfilled vacant positions in some department.

The following chart and table summarizes actual expenditures by function/program for fiscal year 2006 and compared expenditures with Adopted Budget, Amended Budget and Actual.

General Fund Expenditures  
for the year ended September 30, 2006



	Original Adopted Budget	Final Amended Budget	Actual
<b>General government</b>	\$ 4,277,425	\$ 4,617,441	\$ 3,795,813
<b>Public safety</b>	4,975,480	4,797,025	4,200,832
<b>Highway and streets</b>	1,450,645	1,442,949	2,055,913
<b>Culture and recreation</b>	667,945	769,245	758,395
<b>Interest and fiscal charges</b>	188,145	188,145	312,762
<b>Capital Outlay</b>	652,350	652,350	513,766
<b>Transfers</b>	225,675	190,675	132,132
<b>Total Expenditures</b>	<u>\$ 12,437,665</u>	<u>\$ 12,657,830</u>	<u>\$ 11,769,613</u>

## Capital Assets and Debt Administration

### Capital Assets

At the end of 2006, the City had invested \$12.4 million in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of \$222 thousand or 1.8% over last year. There were no major additions this year.

#### City of Opa Locka Capital Assets

(Net of Depreciation)

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2006	2005	2006	2005	2006	2005	Change
							2005-2006
Land	2,805,291	2,812,470	14,762	14,762	2,820,053	2,827,232	-0.25%
Building	779,770	763,800	3,186,080	2,486,070	3,965,850	3,249,870	22.03%
Machinery and Equipment	874,753	697,495	2,613,689	2,845,498	3,488,442	3,542,993	-1.54%
Infrastructure	2,158,660	2,590,392	-	-	2,158,660	2,590,392	-16.67%
<b>Total</b>	<b>6,618,474</b>	<b>6,864,157</b>	<b>5,814,531</b>	<b>5,346,330</b>	<b>12,433,005</b>	<b>12,210,487</b>	<b>1.82%</b>

The City's fiscal year 2007 Budget projects spending of approximately \$3.2 million to upgrade water meters, this will be financed through notes payable obtained during this fiscal year.

Additionally the City has plans to acquire Real Property for approximately \$12M, the city will issue additional debt to finance this acquisition.

More detailed information about the City's capital assets is presented in Note 1 to the financial statements.

### Long Term Debt

At the year-end the City had \$9,893,586 in bonds and notes outstanding an increase of 33% over prior year. More detailed information about the City's long-term debt liabilities are presented in Note 7 to the financial statements.

New debt resulted mainly from notes payable to SunTrust Bank of \$3.4 million for the Financing of the City's Water Meter upgrade program. In addition the Police department entered into Capital leases for eighteen new Police cars, the leases valued at \$462,000.

**City of Opa Locka Outstanding Debt**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Total</b>
	<b>Activities</b>		<b>Activities</b>				<b>Percentage</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>Change</b>
Revenue Bonds	6,445,000	6,625,000	-	-	6,445,000	6,625,000	-2.72%
Capital Leases	619,110	343,578	25,681	35,143	644,791	378,721	70.25%
Notes Payable	15,679	203,822	5,081,406	1,814,847	5,097,085	2,018,669	152.50%
Compensated Absences	862,040	871,196	85,686	-	947,726	871,196	8.78%
<b>Total</b>	<b>7,941,828</b>	<b>8,043,596</b>	<b>5,192,773</b>	<b>1,849,990</b>	<b>13,134,601</b>	<b>9,893,586</b>	<b>32.76%</b>

**Requests for Information**

This financial report is designed to provide a general overview of the City of Opa-Locka's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The City of Opa-Locka, Finance Department, 215 Perviz Ave, Opa-Locka, Florida 33054.



**BASIC FINANCIAL STATEMENTS**



**CITY OF OPA LOCKA, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,449,719	\$ 8,938,794	\$ 13,388,513
Cash with fiscal agents	364,088	-	364,088
Investments	-	73,433	73,433
Receivables - (Net)			-
Taxes	93,070	-	93,070
Accounts	-	5,294,993	5,294,993
Others		3,425	3,425
Estimated unbilled service revenues	155,162	437,310	592,472
Internal Balances	766,340	(766,340)	-
Due from Other Governments	1,324,285		1,324,285
Prepaid assets and other items	334,968	5,275	340,243
Inventories	681	4,654	5,335
Capital assets, net	6,618,474	5,814,531	12,433,005
<b>Total assets</b>	<u>14,106,787</u>	<u>19,806,075</u>	<u>33,912,862</u>
<b>LIABILITIES</b>			
Accounts payable & accrued expenses	2,009,702	1,275,360	3,285,062
Deferred revenue	105,313	-	105,313
Customer Deposits	-	876,587	876,587
Due to Other Governments	9,442	597,883	607,325
Long-term Liabilities			
Due Within One Year:			
Loans and Leases Payable	180,980	831,728	1,012,708
Bonds and Notes Payable	195,000		195,000
Due In More Than One Year:			-
Loans and Leases Payable	453,808	4,627,598	5,081,406
Bonds and notes payable	6,250,000	-	6,250,000
Compensated absences payable	862,040	85,686	947,726
<b>Total liabilities</b>	<u>10,066,285</u>	<u>8,294,842</u>	<u>18,361,127</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	173,474	355,205	528,679
Restricted for debt service	349,600	562,555	912,155
Unrestricted	3,517,428	10,593,473	14,110,901
<b>Total net assets</b>	<u>\$ 4,040,502</u>	<u>\$ 11,511,233</u>	<u>\$ 15,551,735</u>

The accompanying notes are an integral part of the financial statements



CITY OF OPA LOCKA, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2005

Function/programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	Expenses	Fines, Fees & Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 4,051,643	\$ 839,753	\$ 615,828	\$ 445,618	\$ (2,150,444)	\$ -	\$ (2,150,444)
Public safety	5,278,005	97,549	492,107	-	(4,688,349)	-	(4,688,349)
Highways & streets	9,200,709	-	-	4,601,107	(4,599,602)	-	(4,599,602)
Culture and recreation	758,395	12,311	-	75,000	(671,084)	-	(671,084)
Interest & Fiscal Charges	421,563	-	-	-	(421,563)	-	(421,563)
Total governmental activities	<u>19,710,315</u>	<u>949,613</u>	<u>1,107,935</u>	<u>5,121,725</u>	<u>(12,531,042)</u>	<u>-</u>	<u>(12,531,042)</u>
Business-type activities:							
Water & Sewer	8,223,846	7,732,804	92,864	-	-	(398,178)	(398,178)
Solid Waste	747,215	583,408	-	-	-	(163,807)	(163,807)
Stormwater	509,627	332,821	-	-	-	(176,806)	(176,806)
Total business-type activities	<u>9,480,688</u>	<u>8,649,033</u>	<u>92,864</u>	<u>-</u>	<u>-</u>	<u>(738,791)</u>	<u>(738,791)</u>
Total primary government	<u>\$ 29,191,003</u>	<u>\$ 9,598,646</u>	<u>\$ 1,200,799</u>	<u>\$ 5,121,725</u>	<u>\$ (12,531,042)</u>	<u>\$ (738,791)</u>	<u>\$ (13,269,833)</u>
<b>GENERAL REVENUES:</b>							
Property taxes					5,802,009	-	5,802,009
Franchise and other taxes					1,941,938	-	1,941,938
Utility taxes					1,467,039	-	1,467,039
Intergovernmental Revenue					410,327	-	410,327
Investment Income, (Net)					89,567	273,781	363,348
Local Option Gas Tax					356,931	-	356,931
State of Florida Shared Revenues					1,817,258	-	1,817,258
Miscellaneous Revenues					209,409	258,916	468,325
Total general revenues and transfers					<u>12,094,478</u>	<u>532,697</u>	<u>12,627,175</u>
Change in net assets					(436,564)	(206,094)	(642,658)
Net assets, beginning					4,477,066	11,717,327	16,194,393
Net assets, ending					<u>\$ 4,040,502</u>	<u>\$ 11,511,233</u>	<u>\$ 15,551,735</u>

The accompanying notes are an integral part of the financial statements.



**CITY OF OPA LOCKA, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2006**

Funds balances - total government funds	\$	5,363,851
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

	\$	9,201,040	
Governmental capital assets			
Less accumulated depreciation		(2,582,567)	6,618,473

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

		(634,782)	
Capital Leases Payable			
Bonds and notes payables		(6,445,000)	
Compensated absences		(862,040)	

Net assets of governmental activities		\$ 4,040,502
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**CITY OF OPA LOCKA, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2006**

	<b>MAJOR FUNDS</b>			Other Governmental Funds	Total Governmental Funds
	General Fund	FEMA Fund	Capital Improvement		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,540,148	\$ 287,661	\$ -	\$ 621,910	\$ 4,449,719
Cash with Fiscal Agents	-	-	338,925	25,163	364,088
Investments	-	-	-	-	-
Receivables:					
Taxes	93,070	-	-	-	93,070
Others	150,966	-	4,206	-	155,172
Due from other funds	1,899,559	36,070	6,656	795,332	2,737,617
Due from Governments	328,741	679,846	129,984	185,714	1,324,285
Inventories	681	-	-	-	681
Prepaid Expenses	334,968	-	-	-	334,968
	<u>\$ 6,348,133</u>	<u>\$ 1,003,577</u>	<u>\$ 479,771</u>	<u>\$ 1,628,119</u>	<u>\$ 9,459,600</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued expenses	945,833	971,101	2,255	90,513	2,009,702
Due to other funds	254,568	9,442	144,781	1,571,943	1,980,734
Due to Other Governments	-	-	-	-	-
Deferred revenues, (net)	105,313	-	-	-	105,313
Total liabilities	<u>1,305,714</u>	<u>980,543</u>	<u>147,036</u>	<u>1,662,456</u>	<u>4,095,749</u>
Fund balances:					
Reserved for:					
Inventories	45,335	-	-	-	45,335
Debt Service	8,815	-	316,613	24,172	349,600
Prepaid Items	334,968	-	-	-	334,968
Unreserved reported in major funds	4,653,301	23,034	16,122	-	4,692,457
Unreserved reported in non-major:					
Special revenue funds	-	-	-	(140,465)	(140,465)
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	81,956	81,956
Total fund balances	<u>5,042,419</u>	<u>23,034</u>	<u>332,735</u>	<u>(34,337)</u>	<u>5,363,851</u>
Total liabilities and fund balance	<u>\$ 6,348,133</u>	<u>\$ 1,003,577</u>	<u>\$ 479,771</u>	<u>\$ 1,628,119</u>	<u>\$ 9,459,600</u>



**CITY OF OPA-LOCKA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	General Fund	FEMA Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 5,802,009	\$ -	\$ -	\$ -	\$ 5,802,009
Franchise Fees	1,941,938	-	-	-	1,941,938
Licenses & permits	813,503	-	-	-	813,503
Intergovernmental	197,091	4,591,665	1,790,593	1,868,454	8,447,803
Charges for services	104,535	-	-	-	104,535
Fines & forfeitures	31,584	-	-	-	31,584
Interest Earnings	68,727	9,442	18,471	2,369	99,009
Other Taxes	1,823,970	-	-	-	1,823,970
Miscellaneous	208,888	-	-	521	209,409
<b>Total Revenues</b>	<u>10,992,245</u>	<u>4,601,107</u>	<u>1,809,064</u>	<u>1,871,344</u>	<u>19,273,760</u>
<b>Expenditures:</b>					
General government	3,795,804	-	-	17,943	3,813,747
Public safety	4,200,832	-	-	952,679	5,153,511
Highways & Streets	2,055,913	4,601,330	-	2,111,734	8,768,977
Culture & Recreation	758,395	-	-	-	758,395
Capital outlay	513,766	-	-	-	513,766
Debt service:					-
Principal	312,771	-	180,000	-	492,771
Interest	-	-	421,563	-	421,563
<b>Total expenditures</b>	<u>11,637,481</u>	<u>4,601,330</u>	<u>601,563</u>	<u>3,082,356</u>	<u>19,922,730</u>
Excess (Deficiency) of revenues of revenues over expenditures	<u>(645,236)</u>	<u>(223)</u>	<u>1,207,501</u>	<u>(1,211,012)</u>	<u>(648,970)</u>
Other financing sources (uses):					-
Capital Leases	421,470	-	-	-	421,470
Transfers in	1,127,577	-	-	132,132	1,259,709
Transfers out	(132,132)	-	(1,127,577)	-	(1,259,709)
<b>Total other financial sources (uses)</b>	<u>1,416,915</u>	<u>-</u>	<u>(1,127,577)</u>	<u>132,132</u>	<u>421,470</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	771,679	(223)	79,924	(1,078,880)	(227,500)
Fund balances, Beginning of year	<u>4,270,740</u>	<u>23,257</u>	<u>252,811</u>	<u>1,044,543</u>	<u>5,591,351</u>
Fund balances, Ending of year	<u>\$ 5,042,419</u>	<u>\$ 23,034</u>	<u>\$ 332,735</u>	<u>\$ (34,337)</u>	<u>\$ 5,363,851</u>



**CITY OF OPA-LOCKA, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2005**

Net Changes in Fund Balances - Total Governmental Funds \$ (227,500)

Amounts reported for 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 these assets are depreciated over their estimated useful lives. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold, and, therefore, were not capitalized.

Expenditures for Capital Assets	\$	513,766	
Less: Current Year Depreciation		(797,826)	
Net Effect of Sale of Fixed Assets		(43,873)	
Net Proceeds of Capital Leases in the funds are not report as in the Statement of Activities.		(421,470)	(749,403)

Debt proceeds provide current financing resources to governmental funds, but issuing debt increases Long-Term Liabilities in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds but reduces the Long-Term liability in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Bond and Notes Payable		180,000	
Other Loan Proceeds and Leases Payable		184,304	
Change in Compensated Absences		176,035	540,339

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

Change in Net Assets of Governmental Activities			\$ (436,564)
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**CITY OF OPA LOCKA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Enterprise Funds			
	Water & Sewer	Solid Waste	Stormwater	Total
Operating revenue:				
Charges for services	\$ 7,732,804	\$ 583,408	\$ 332,821	\$ 8,649,033
Other Revenues	351,780		-	351,780
<b>Total Operating Revenues</b>	<b>8,084,584</b>	<b>583,408</b>	<b>332,821</b>	<b>9,000,813</b>
Operating expenses:				
Salaries, wages and employee benefits	875,712	-	228,514	1,104,226
Contractual services, materials and supplies	4,502,939	747,215	219,767	5,469,921
Depreciation and amortization	375,622	-	61,346	436,968
Other expenses	2,434,587	-	-	2,434,587
<b>Total operating expenses</b>	<b>8,188,860</b>	<b>747,215</b>	<b>509,627</b>	<b>9,445,702</b>
Operating income (loss)	(104,276)	(163,807)	(176,806)	(444,889)
Non-operating revenues (expenses):				
Interest and other income	273,745	36	-	273,781
Interest expense	(34,986)	-	-	(34,986)
Income (loss) before capital contributions (expenses)	134,483	(163,771)	(176,806)	(206,094)
Change in net assets	134,483	(163,771)	(176,806)	(206,094)
Total net assets - beginning	9,536,464	207,741	1,973,122	11,717,327
Total net assets - ending	<u>\$ 9,670,947</u>	<u>\$ 43,970</u>	<u>\$ 1,796,316</u>	<u>\$ 11,511,233</u>



**CITY OF OPA-LOCKA, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2006**

	Enterprise Funds			
	Water & Sewer	Solid Waste	Stormwater	Total
Cash and cash equivalents	\$ 8,899,065	\$ 39,729	\$ -	\$ 8,938,794
Investments	73,433	-	-	73,433
Receivables - (Net)				
Accounts	5,147,550	-	147,443	5,294,993
Others	3,425	-	-	3,425
Estimated Unbilled Service Revenues	419,389	-	17,921	437,310
Due From Other Funds	388,077	454,070	1,675,539	2,517,686
Prepaid Assets and Other Items	5,275	-	-	5,275
Inventories	4,654	-	-	4,654
Capital Assets (Net)	5,454,945	-	359,586	5,814,531
<b>Total Assets</b>	<b>20,395,813</b>	<b>493,799</b>	<b>2,200,489</b>	<b>23,090,101</b>
<b>LIABILITIES</b>				
Accounts Payable & Accrued Expenses	1,147,644	123,251	4,465	1,275,360
Deferred Revenue	-	-	-	-
Due to Other Funds	2,697,658	207,098	379,270	3,284,026
Due to Other Governments	597,883	-	-	597,883
Customer Deposits	757,107	119,480	-	876,587
Long-term Liabilities				
Due Within One Year:				
Loans and Leases Payable	831,728	-	-	831,728
<b>Total current liabilities</b>	<b>6,032,020</b>	<b>449,829</b>	<b>383,735</b>	<b>6,865,584</b>
Due In More Than One Year:				
Compensated Absences Payable	65,247	-	20,439	85,686
Loans and Leases Payable	4,627,598	-	-	4,627,598
<b>Total non-current liabilities</b>	<b>4,692,845</b>	<b>-</b>	<b>20,439</b>	<b>4,713,284</b>
<b>Total liabilities</b>	<b>10,724,865</b>	<b>449,829</b>	<b>404,174</b>	<b>11,578,868</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(4,381)	-	359,586	355,205
Restricted for debt service	562,555	-	-	562,555
Unrestricted	9,112,774	43,970	1,436,729	10,593,473
<b>Total net assets</b>	<b>\$ 9,670,948</b>	<b>\$ 43,970</b>	<b>\$ 1,796,315</b>	<b>\$ 11,511,233</b>



**CITY OF OPA LOCKA, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Business Type Activities- Enterprise Funds			Total
	SOLID WASTE	WATER & SEWER	STORM WATER	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 583,444	\$ 3,210,778	\$ 185,378	\$ 3,979,600
Payments to Suppliers	(623,964)	(5,824,868)	(215,302)	(6,664,134)
Payments to Employees	-	(875,712)	(228,514)	(1,104,226)
Internal Activity Payments from (to) other funds	40,420	1,900,810	258,438	2,199,668
Net Cash Provided (Used) by Operating Activities	(100)	(1,588,992)	-	(1,589,092)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal Paid on Bonds, Loans, and Leases	-	(9,462)	-	(9,462)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	-	(9,462)	-	(9,462)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Capital Debt	-	4,098,679	-	4,098,679
Principal Retirement on long-term debt	-	(464,718)	-	(464,718)
Interest paid on long-term debt	-	34,986	-	34,986
Acquisition and construction of Capital Assets	(285)	(113,765)	-	(114,050)
Net Cash (Used) by Capital and Related Financing Activities	(285)	3,555,182	-	3,554,897
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Dividends	-	273,745	-	273,745
Net Cash Provided by Investing Activities	-	273,745	-	273,745
Net Increase (Decrease) in Cash and Cash Equivalents	(385)	2,230,473	-	2,230,088
Cash and Cash Equivalents - Beginning of Year	40,114	6,668,592	-	6,708,706
Cash and Cash Equivalents - End of Year	\$ 39,729	\$ 8,899,065	\$ -	\$ 8,938,794
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ (163,771)	\$ 134,482	\$ (176,806)	\$ (206,095)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	375,622	61,346	436,968
Change in Assets and Liabilities				
Receivables, net	-	(1,544,747)	(49,153)	(1,593,900)
Estimated Unbilled Service Revenues	-	(419,389)	(17,921)	(437,310)
Due from other funds	607,023	1,500,082	255,998	2,363,103
Prepaid Assets	-	(5,275)	-	(5,275)
Accounts and Other Payables	103,251	802,330	(3,084)	902,497
Customer Deposits	(2,583)	104,915	-	102,332
Due to other funds	(544,020)	(2,366,211)	(90,819)	(3,001,050)
Due to other Governments	-	(56,719)	-	(56,719)
Compensated absences	-	(114,082)	20,439	(93,643)
Net Cash Provided (Used) by Operating Activities	\$ (100)	\$ (1,588,992)	\$ -	\$ (1,589,092)



**CITY OF OPA LOCKA, FLORIDA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
SEPTEMBER 30, 2006**

<b>Assets</b>	
Investments	\$ 561,916
	<hr/>
Total assets	561,916
	<hr/>
<b>Liabilities</b>	
Assets held in trust	561,916
	<hr/>
Total Liabilities	561,916
	<hr/>
<b>Net Assets</b>	<u><u>\$ -</u></u>

This accompanying notes are an integral part of the financial statements.



## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Opa-Locka, Florida (the “City”) in Miami-Dade County, Florida (the “County”) was incorporated in 1926 by the Laws of Florida Chapter 13187. The City comprises approximately 4.5 square miles of land and operates under a Commission/City Manager form of government and provides municipal services to its residents, including general government, public safety, highways and streets (public works), economic environment, culture, and recreation. The City also operates water, sewer, stormwater, and sanitation enterprises.

### **A. Reporting Entity**

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization’s governing body, and 1) the ability of the City to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, entities were evaluated for inclusion in the City’s reporting entity with the following results:

The City passed ordinances in prior years establishing various neighborhood improvement districts. The following neighborhood improvement districts, which are considered to be component units of the City, have not been included in the financial statements because there has been no financial activity for several years and the funds have no assets, liabilities, or fund balances.

- East-West Neighborhood Improvement District
- Ali-Baba Neighborhood Improvement District
- Niles Garden Neighborhood Improvement District

### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

### C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

#### 1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

- a) **General Fund** – The General Fund is the general operation fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments; street and highway maintenance; public safety, parks, library, and recreation programs, are accounted for in this fund.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- b) **F.E.M.A. Fund** – The FEMA Fund accounts for grant receipts from the Federal Emergency Management Agency, through the State of Florida, to fund restoration projects in relation to a declared natural disaster.
- c) **Capital Improvement Debt Service Fund** – The Capital Improvement Debt Service Fund accounts for sinking fund requirements of the 1994 series capital improvement revenue bonds.

The other governmental funds of the City are considered non-major and are as follows:

**Special Revenue Funds** are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

The following non-major funds are included in this fund type:

- a) **Police Special Law Enforcement** - To account for the receipt and disbursement of the State's special law enforcement trust fund, fines and forfeitures.
- b) **Boy Scouts** - To account for proceeds from donations to the City's Police Explorer Program.
- c) **Crime Prevention** - To account for special state grants to the City to develop a crime prevention program.
- d) **Youth Crime Prevention** - To account for grants to the City to develop and implement intervention programs that will aid in the reduction of crimes committed by individuals eighteen (18) years old and under.
- e) **DJJ Aftercare** - To account for grants to the City to provide service to the Department of Juvenile Justice court mandated juveniles for care after release from incarceration.
- f) **People's Transportation Fund** - To account for revenues received from the half-cent transportation sales tax used to support transportation operations, transportation related capital projects and acquisition of capital transportation assets.
- g) **Stop VAWA Grant** – To account for grants for the Department of Children and Families, to provide domestic violence Law enforcement services to victims.
- h) **Local Law Enforcement Block Grant (LLEBG)** – To account for grants to the City from the Department of Justice to reduce crime and improve public safety.
- i) **DEP Waste Water & South Florida Water Management Grant** – To account for grant money received from the Department of Environmental Protection to assist in the upgrade of our drainage systems.
- j) **Community Redevelopment** – To account for redevelopment activities within the City.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Projects Funds** are used to account for the acquisition of major facilities other than those financed by proprietary funds.

The following non-major funds are included in this fund type:

- a) **Capital Acquisition** - To account for capital assets (including infrastructure) acquisition and construction from proceeds of the 1994 Series Capital Improvement Revenue Bonds.
- b) **Safe Neighborhood Capital Improvements** - To account for grants to be utilized for activities related to the Enterprise Zone Safe Neighborhood Capital Improvement Project.

**2) Proprietary Fund Types**

Proprietary fund types are used to account for a government's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. Pursuant to the election option made available by GASB Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the Proprietary Fund types.

**Enterprise Funds** are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- a) **Water and Sewer Fund** - to account for the operation and maintenance of the City's Water and Sewer System.
- b) **Solid Waste Fund** - to account for the operation and maintenance of the City's Solid Waste Collection System.
- c) **Storm Water Fund** - to account for the operation and maintenance of the City's Storm water Utility.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3) Fiduciary Fund Types (Agency Funds)

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Agency Funds-** Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources which are collected, held as such for a brief period, and then disbursed to authorized recipients. The City has Deferred Compensation Agency Fund used to account for assets held by the City for the City's employees.

#### D. Measurement Focus and Basis of Accounting

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within (60) sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Amounts reported as program revenue include 1) charges to customers or applicants for good, 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 in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost 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.

**E. Encumbrances**

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to serve that portion of the applicable appropriation, is employed in the General and Capital Projects Funds. Encumbrances outstanding at the balance sheet date are canceled.

**F. Cash and Cash Equivalents**

The City considers cash on hand, cash with fiscal agents, demand deposits, and certificates of deposit with an original maturity of (90) ninety days or less to be cash and cash equivalents.

**G. Investments**

Investments, consisting of U.S. Government securities, repurchase agreements, and certificates of deposit with financial institutions, are stated at cost plus accrued interest, except for those in the Deferred Compensation Agency Fund, which are stated at market.

**H. Statement of Cash Flows**

For purposes of the statement of cash flows for proprietary fund types fund, all highly liquid investments (including restricted assets) with maturity of three months or less when purchased are considered to be cash equivalents.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Inventories**

Inventories are valued at cost, which approximates market, using the first-in, first-out method. Inventories in the General and Enterprise Funds consist of expendable supplies held for consumption. The costs of Governmental Fund type inventories are recorded as expenditures when consumed rather than when purchased.

**J. Capital Assets**

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, improvements, infrastructure and equipment assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	10-50
Infrastructure Systems	30
Equipment	3-10
Vehicles	3-10

**K. Deferred and Unearned Revenues**

Deferred revenues in the governmental funds represent amounts due, which are measurable, but not available. In the statement of net assets, deferred revenues represent grants and similar items received; however, the City has not met all eligibility requirements imposed by the provider. Unearned revenues represent grants and similar items received; however, the City has not met all eligibility requirements imposed by the provider.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Inter-fund Transactions

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" or "advances to /from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Non-current portions of long-term inter-fund loan receivables are reported as advances within the governmental funds, and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources, and therefore, are not available for appropriation.

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involve organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund. Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Operating revenues in the water and sewer are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30<sup>th</sup> are accrued based on the meter readings for the applicable consumption period and billed in October. Revenues and the associated receivable balances are accrued for taxes, franchisee fees, and other utility services based on collections within 60 days of year-end.

### M. Compensated Absences

Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Sick leave is payable when used, or upon death or retirement.

For government-wide statements and proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave that is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. There were no matured compensated absences as of September 30, 2006.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Reconciliation**

Certain accounts in the 2005 financial statements were reclassified to conform with the 2006 financial statement presentation.

**O. Fund Equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**P. Net assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Q. Allowance for Uncollectible**

The City calculates its allowance for uncollectible using historical collection data, specific account analysis, and management's judgment. As of September 30, 2006, the allowance for uncollectible was \$85,686 and \$862,040 for the governmental-type activities and business-type activities, respectively.

**R. Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

4. Budgetary control is maintained at the departmental and fund level, with finance department providing support to departments in the administration of their budgets. In accordance with the City's budget transfer policy, the City Manager is authorized to transfer budgeted amounts within any fund or function; however, any supplemental appropriations or revisions that amend the total expenditures of any fund must be approved by the City Commission. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the balance sheet date are canceled.
5. Annual operating budgets are legally adopted for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds. All budgets are on a basis consistent with accounting principles generally accepted in the United States of America.
6. All annual appropriations lapse at fiscal year end.

#### **NOTE 2. FINANCIAL EMERGENCY**

On February 28, 2002 the Mayor and City Commissioners notified the Governor of the State of Florida that the City was in a state of financial emergency as defined by Part V of Chapter 218, Florida Statutes (the "Local Government Financial Emergencies Act") As of September 30, 2006, the City is **no** longer under the state of financial emergency as defined by Part V of Chapter 218, Florida Statutes.

#### **NOTE 3. PROPERTY TAXES**

Property tax bills are mailed in October of each fiscal year on the assessed taxable value of all property located within the City listed as of the prior January 1 and are payable upon receipt, with discounts of one to four percent allowed if paid prior to March 1 of the following calendar year. Assessed values are established by the Miami-Dade County Property Appraiser's Office. The assessed taxable value of property at July 1, 2005, upon which the 2005-2006 levy was based, was approximately \$609,059,496.

The millage rate to finance general government services for the fiscal year ended September 30, 2006 was 9.80 (\$9.80 per \$1,000 of assessed taxable value). The City is permitted by the State to levy a maximum of 10.00 mills for general government services, leaving a tax margin of 0.20 mills. Total property taxes levied for the year ended September 30, 2006, net of a 5% allowance for uncollectibles, were approximately \$5,789,720.

Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificates and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the following the year of assessment. No accrual for the property tax levy becoming due in November 2005 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2005, and such taxes are collected to finance expenditure of the fiscal year ending September 30, 2006.

**NOTE 3. PROPERTY TAXES (Continued)**

Property taxes receivable as of September 30, 2006 are composed of the following:

<u>Year of Tax Levy</u>	<u>General Fund</u>
2005	\$ 167,222
2004	30,969
2003	1,877
2002	32,425
2001	3
2000	51
1999	572
1998	562
Year Before 1998	98
Total Property Taxes Receivable	233,779
Less Allowance for Uncollectible	(140,709)
Accounts and Write-Offs	
Net Property Taxes Receivable	93,070
Other Taxes	150,966
<b>TOTAL PROPERTY TAXES RECEIVABLE</b>	<b>\$ 244,036</b>

**NOTE 4. CASH, CASH EQUIVALENTS, RESTRICTED CASH AND INVESTMENTS**

At September 30, 2006, the City's cash, cash equivalents, and investments are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to establish its own investment policy by ordinance. All investments are reported at fair value including fiduciary funds, have been classified on the balance sheet as follows. Various restrictions on deposits and investments, including repurchase agreements, are imposed by State Statutes.

**Deposits**

All deposits with financial institutions are fully insured or collateralized as required by the City Commission. The deposits are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act ("the Act"). Provisions of the Act require that public deposits may only be made at qualified public depositories. 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 a 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.

**Investments**

The City is authorized to make direct investments in U.S. government, federal agency, and instrumentality obligations at a price not to exceed the market price at the time of purchase. In addition, the City may invest in certificates of financial institutions insured by the United States government or agencies thereof and repurchase agreements. Investments made by the City, including repurchase agreements, are summarized below. The investments that are represented by specific, identifiable investment securities are classified as to credit risk by the three categories described below.

Category 1: Insured or registered, or securities held by the City or its agent in the City's name

Category 2: Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name

Category 3: Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the City's name

	Category 1	Category 2	Category 3	Carrying Value	Market Value
Certificate of Deposit	\$ 73,433	\$ -	\$ -	\$ -	\$ 73,433
Investment- Def. Comp Plan	-	-	-	561,916	561,916
Total Investment	<u>\$ 73,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,916</u>	<u>\$ 635,349</u>

From time to time the City invests funds in overnight repurchase agreements, commonly classified as yield maintenance agreements. Under yield maintenance agreements, the City agrees to retain securities purchased that yield the rate of return specified in the agreement. At September 30, 2006 the City had no investments in repurchase agreements.

**Restricted Cash**

Restricted cash is set up for several purposes. Cash is restricted for debt service, Customers' deposits, utility bill assistance, revenue bond retirement, and sewer system improvements.

**NOTE 5. TRANSFERS AND INTERFUND ITEMS**

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers are eliminated in the consolidation, by column, for the Governmental Activities. Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

	<b>DUE FROM</b>							<b>Total Due From</b>
	<b>General Fund</b>	<b>Capital Imprvmnt</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	<b>Solid Waste</b>	<b>Storm Water</b>		
<b>D</b> General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>U</b> FEMA	-	-	-	-	-	-	-	-
<b>E</b> Non-major Governmental	-	-	-	(388,077)	(250)	-	-	(388,327)
<b>T</b> Water & Sewer	423,888	-	144,411	-	-	-	-	568,299
<b>O</b> Storm Water	32,489	-	346,781	-	-	-	-	379,270
Solid Waste	200,442	6,656	-	-	-	-	-	207,098
<b>Total Due To</b>	<b>\$656,819</b>	<b>\$6,656</b>	<b>\$ 491,192</b>	<b>\$(388,077)</b>	<b>\$(250)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 766,340</b>

## NOTE 6. CAPITAL ASSETS

The changes in the capital assets for the year ended September 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 2,812,470	\$ -	\$ 7,179	\$ 2,805,291
Construction in Progress	-	-	-	-
Total assets not being Depreciated	<u>2,812,470</u>	<u>-</u>	<u>7,179</u>	<u>2,805,291</u>
Capital Assets being Depreciated:				
Buildings	2,920,549	-	54,694	2,865,855
Furniture and Equipment	3,105,439	556,966	38,375	3,624,030
Sewer Collection System	84,800	-	-	84,800
Infrastructure	12,951,965	57,048	-	13,009,013
Total Assets being Depreciated	<u>19,062,753</u>	<u>614,014</u>	<u>93,069</u>	<u>19,583,698</u>
Less Accumulated Depreciation:				
Buildings	(2,156,749)	(237,896)	-	(2,394,645)
Infrastructure	(10,361,572)	(431,732)	-	(10,793,304)
Machinery and Equipment	(2,492,744)	(128,197)	(38,375)	(2,582,566)
Total Accumulated Depreciation	<u>(15,011,065)</u>	<u>(797,825)</u>	<u>(38,375)</u>	<u>(15,770,515)</u>
Total Capital Assets being Depreciated (Net)	<u>19,062,753</u>	<u>614,014</u>	<u>93,069</u>	<u>19,583,698</u>
Governmental Activities Capital Assets (Net)	<u><b>\$ 6,864,158</b></u>	<u><b>\$ (183,811)</b></u>	<u><b>\$ 61,873</b></u>	<u><b>\$ 6,618,474</b></u>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$ 14,762	\$ -	\$ -	\$ 14,762
Total assets not being Depreciated	<u>14,762</u>	<u>-</u>	<u>-</u>	<u>14,762</u>
Capital Assets being Depreciated:				
Buildings	991,006	-	-	991,006
Utility plant and systems	11,053,807	904,881	-	11,958,688
Machinery and equipment	2,634,752	-	6,642	2,628,110
Total Assets being Depreciated	<u>14,679,565</u>	<u>904,881</u>	<u>6,642</u>	<u>15,577,804</u>
Less Accumulated Depreciation:				
Building & building improvements	(1,035,842)	(347)	-	(1,036,189)
Utility plant and systems	(5,545,914)	(171,778)	-	(5,717,692)
Machinery and equipment	(2,766,239)	(264,558)	6,642	(3,024,155)
Total Accumulated Depreciation	<u>(9,347,995)</u>	<u>(436,683)</u>	<u>6,642</u>	<u>(9,778,036)</u>
Total Capital Assets being Depreciated (Net)	<u>14,679,564</u>	<u>904,881</u>	<u>6,642</u>	<u>15,577,804</u>
Total business-type activities capital assets, net	<u><b>\$ 5,346,332</b></u>	<u><b>\$ 468,198</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 5,814,530</b></u>

## NOTE 7. LONG-TERM DEBT

Fiscal Year	Balance September 30, 2005	Additions/ Adjustments	Reductions	Balance September 30, 2006	Due Within One Year
<b>Governmental Activities:</b>					
Revenue Bonds	\$ 6,625,000	\$ -	\$ (180,000)	\$ 6,445,000	\$ 195,000
Capital Leases	343,578	394,452	(118,920)	619,110	180,980
Payable to State of Florida, Division of Retirement	203,833	-	(188,143)	15,679	15,679
Compensated Absences	871,196	-	(9,156)	862,040	-
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>8,043,607</b>	<b>394,452</b>	<b>(496,219)</b>	<b>7,941,829</b>	<b>\$ 391,659</b>
<b>Business-Type Activities:</b>					
State Revolving Loan – Project No. CS120800020	225,211	-	(25,023)	200,188	\$ 32,365
State Revolving Loan – Project No. CS12080003P	816,986	557,580	-	1,374,566	84,226
SunTrust Bank – Lease	-	3,400,000	-	3,400,000	246,170
Dept. of Transportation	522,186	-	(63,295)	458,892	63,295
Capital Leases	35,143	-	(9,462)	25,681	10,076
Payable to Miami-Dade County Water and Sewer Authority	250,464	-	(250,464)	-	-
Accrued Compensated Absences	-	-	-	85,686	85,686
<b>Total Business-type Activities Long-term Liabilities</b>	<b>\$ 1,849,990</b>	<b>\$ 3,957,580</b>	<b>\$ (348,244)</b>	<b>\$ 5,545,013</b>	<b>\$ 521,818</b>

## NOTE 7. LONG-TERM DEBT (Continued)

### Compensated Absences

It is City policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absences have typically been liquidated in the general fund, other governmental funds and enterprise funds. A liability for these amounts is reported in governmental funds to reflect estimated current liability.

### Long-Term Debt – Governmental Activities

Long-term debt of the City's governmental activities include the 1994A Capital Improvement Revenue bonds, bearing annual interest rates ranging from approximately 5.0% to 6.125%, and are payable from a pledge of Grantee Entitlement Revenues which must be shared by the State of Florida, in annual principal installments ranging from \$125,000 in 1998 to \$570,000 through 2024.

The payable to State of Florida, Division of Retirement represents retroactive retirement contributions in arrears under a repayment plan. The payment agreement requires sixty (60) monthly payments of \$15,679, including interest, from November 15, 2001 to October 15, 2006. As of September 30, 2006 the remaining balance is approximately \$15,679.

### Long-Term Debt - Business-Type Activities

Long-term debt of the City's business-type activities, excluding compensated absences and capital leases, consists of the following:

State Revolving Loan Note under Project No. CS120800020 for \$480,816, bearing interest at rates ranging from 2.89% to 3.75% due in 20 annual payments of \$32,365, including interest, from July 31, 1994 through July 31, 2013, secured by a lien on Pledge Revenues as defined by the State Revolving Fund loan agreement.

State Revolving Loan Note under Project No. CS12080003P, as amended, for \$1.827 million, bearing interest at a rate of 2.56% and 1.54%, due in 40 semi-annual payments of \$53,240, including interest, from June 15, 2003 through December 15, 2022, secured by a lien on Pledge Revenues as defined by the State Revolving Fund loan agreement.

Settlement with the Florida Department of Transportation (FDOT) for \$632,954, bearing an implied interest rate of 4.11%, due in 119 monthly payments of \$5,319, including interest, from January 2001 through November 2010.

Miami-Dade County Water and Sewer Authority for the payment of water and sewer bills in arrears in the amount of \$1,766,326 with interest rate at 7%, due in sixty (60) monthly installments of \$35,000, including interest, from May 2002 through April 2007. As of September 30, 2006, the amount due was zero dollars.

## NOTE 7. LONG-TERM DEBT (Continued)

SunTrust Bank – Lease Agreement for \$3,400,000, bearing an interest rate of 4.219%, was obtained by the City, in May 2006 for the acquisition of meter reading equipment. The terms of the agreement include a repayment period of ten years. The monthly principal repayment is \$105,745, plus interest.

### Debt Service Requirements

The annual requirements to amortize all long-term debt outstanding at September 30, 2006, other than the liability for accumulated vacation and sick leave and the capital leases, are as follows:

Maturing in Fiscal Year	Governmental		Business-type	
	Activities Principal	Activities Interest	Activities Principal	Activities Interest
2007	\$ 210,679	\$ 405,475	\$ 237,968	\$ 42,607
2008	210,000	376,075	246,056	34,519
2009	225,000	376,075	254,440	26,135
2010	275,000	323,925	347,677	46,817
2011-2015	1,435,000	1,551,090	248,077	550
2016 - 2020	2,005,000	964,841	-	-
Thereafter	2,100,000	266,438	-	-
<b>TOTALS</b>	<b>\$ 6,460,679</b>	<b>\$ 4,263,919</b>	<b>\$ 1,334,218</b>	<b>\$ 150,628</b>

### Summary of Debt Service Requirements

1994 Services Capital Improvement Revenue Bonds – Debt service is provided by a pledge of guaranteed state revenue sharing funds, local option gas tax revenues, and the half-cent sales tax. Reserves must be maintained equal to the maximum bond service requirement. At September 30, 2006 the City had on deposit with the trustee for these bonds, a reserve account insurance policy which unconditionally and irrevocably guarantees the full and complete payment required to be made by or on the behalf of the City.

Pledge Revenues - the City's agreement under the State of Florida Revolving Loan Fund Program requires the City to generate Pledged Revenues, as defined by the agreement, from the services furnished by its Water and Sewer Systems equal to or exceeding 1.15 times the sum of the semiannual loan payments. As of September 30, 2006 the City is in compliance with this requirement. The amount of long-term debt that can be incurred by the City is limited by the charter of the City. Total general obligation bond of the City outstanding in any one fiscal year can be no greater than 15% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2006 the amount of bonds outstanding and notes payable exclusively from the revenues of a municipal project was less than 5% of property assessments as of September 30, 2006.

Bonds payable exclusively from the revenue of a municipal project may be issued and outstanding without regard to the 15% limitation; however, such an issue would be subject to the limitations imposed by the City's charter with respect to restrictions on bonds parity with or junior to the 1994A Series Capital Improvement Revenue Bonds.

## **NOTE 8. DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

The City participates in the Florida Retirement System (“the System” or FRS”), a cost-sharing multiple-employer defined benefit plan, which covers substantially all of the City’s full-time employees. Benefit provisions are established under chapter 121, Florida Statutes, which may be amended by the Florida Legislature. The system was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970, and those employed prior to 1970 that elect to be enrolled are covered by the System. Benefits under the plan vest after six years of service. Employees who retire at or after age 62, with ten years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits.

City employees comprise less than 1% of the total employees covered by the System. The City’s payroll for employees covered by the System for the year ended September 30, 2006 was \$5,678,123; the City’s total payroll was \$5,985,326. The System is non-contributory and is administered by the State of Florida.

### **Funding Policy**

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due.

Level percentage of payroll employer contributions rates, establish by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefits changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The City is required to contribute amounts necessary to pay benefits when due as defined by State Statute. Such contribution requirements ranged between 7.89% and 8.53% of gross salaries during 2006. City contributions aggregated \$666,517 for the year ended September 30, 2006, which represented 12% of the City’s covered payroll.

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and separate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to indicate the System’s funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligations for participating employers.

A copy of the System's annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or by calling (850) 448-5706.

#### **NOTE 9. RELATIONSHIP WITH THE COUNTY**

In 1955, the Florida Legislature approved and submitted to a general election a constitutional amendment designed to give a new form of government to the County of Miami-Dade. The County is, in effect, a municipality with governmental powers effective upon more than 29 cities, including the City, and the unincorporated areas. It has not displaced or replaced the cities, but supplements them. The County can take over particular activities of the City's operations if (1) the services fall below minimum standards set by the County Commission, or (2) with the consent of the governing body of the City.

Since its inception, the County has assumed responsibility for a number of functions, including county-wide police services, complementing county-wide fire protection; consolidated two-tier court system; creation of the various surface transportation programs; installation of a central traffic control computer system; merging all public transportation systems into a county system; and centralization of the property appraiser and tax collector functions.

#### **NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES**

##### **a. Grant Programs**

The City participates in a number of Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The possible disallowance of any item charged to the program or request for the return of already collected funds may be disallowed by the grantor agency. Any potential disallowed amounts cannot be determined at this time. No provision for any liability that may result has been made in financial statements. The City expects such amounts, if any, to be immaterial.

##### **b. Litigation**

In *FDOT v. City of Opa-locka* 1993, the Florida Department of Transportation relocated the City's sewer lines along Opa-locka Boulevard and NW 135<sup>th</sup> Street, pursuant to Florida Statutes, 337.403. The damages are assessed at over \$800,000. The City contends that the facilities were installed at the time that Miami-Dade County owned the right-of-way at the 135<sup>th</sup> Street Corridor. The City believes that they should not have to pay for the project. The City's research shows that the conveyance from Miami-Dade County to FDOT of the right-of-way occurred in 1979. A final order was entered finding the City responsible, therefore, the City must reimburse the Department of Transportation \$791,751 for costs of relocating the City's utilities. The City filed an appeal on July 25, 1998, the City made a settlement offer to FDOT in the amount of \$632,954. The City Commission authorized the City Manager to execute a Settlement Agreement pursuant to Resolution No. 00-6166 for 119-installment payments to begin in January, 2002. Because of the City's state of financial emergency, the payments were suspended commencing August 15, 2002, for a period of thirty-six (36) months. The payments resumed in August 2005.

## **NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

In *A. Griffin vs. City of Opa Locka*, the plaintiff, a former City of Opa Locka employee, filed suit alleging sex discrimination based on sexual harassment. The plaintiff also named a former City Manager individually as a defendant. The case resulted in a jury verdict in favor of the defendant together with an appeal which affirmed in part and reversed in part the final judgment against the City of Opa-Locka. A final judgment for compensatory damages together with attorney's fees and costs was entered against the City. The unsatisfied portion of these judgments totals approximately \$500,000 with interest at 6.29% per annum. A Writ of Mandamus was issued on May 27, 2004 which requires the City to make payments of \$176,011 and \$187,202 on or before January 14, 2006 and 2007, respectively.

In *A. Griffin and Sonnet R. Kapila, as Trustee of the Bankruptcy of Earniest P. Neal vs. City of Opa-Locka*, the plaintiffs are seeking to recover from the City of Opa-locka, the amount of \$1.5 million awarded by a jury in the federal sexual assault claim against the City's former City Manager. The plaintiffs seek recovery pursuant to the employment agreement entered into by the City and Neal, while City Manager, wherein the City agreed to indemnify Neal for any claims, judgments, and attorneys' fees whether in his individual or representative capacity. The case is presently in the discovery stage. The City has filed a motion to dismiss based on a Release of Claims executed by Neal in 1997, upon leaving the employ of the City. A hearing on the City's Motion for Summary judgment is pending. The Court Granted the City's Motion to Dismiss based on the indemnification agreement. The Plaintiffs filed a Notice of Appeal on January 13, 2004.

Various other claims and lawsuits, which arose in the normal course of operations, are pending against the City. In the opinion of management, based on the advice of the City's Attorney, the outcome of these actions is not anticipated to have a material effect on the financial position and results of operations of the City.

### **c. Water Supply Contract**

In February 1985, the City entered into an agreement with Miami-Dade Water and Sewer Authority (the "Authority") for the purpose of providing to the City all of its potable water supply and sewer services for a period of thirty (30) years subject to termination at any time by operation of law or by mutual consent of the City and the Authority. For the year ended September 30, 2006 and 2005, the City purchased water and sewer services totaling \$1,134,098 and \$2,009,713 respectively, from the Authority under the terms of this agreement.

### **d. Construction Commitments**

As of September 30, 2006 the City has outstanding construction commitments amounting to approximately \$1,979,535. These commitments are entirely funded from Federal sources through the State of Florida.

**NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

**e. Solid Waste Collection and Disposal Contract**

On September 30, 2003, the City entered into a Residential Solid-Waste Collection and Disposal Agreement (the Agreement) with a third party (the Contractor). The Agreement provides that the Contractor assumes the debt for delinquent tipping fees owed by the City to Miami-Dade County Solid Waste Department which amount to zero as of September 30, 2006. Total amount paid to the Contractor for the year amounted to zero.

**f. Capital Leases**

The balance of the liability under capital leases at September 30, 2006 in the amount of \$ 644,791 represents the net present value of the balance due in future lease rentals for the use of various vehicles. Since the term of each lease is approximately the same as the estimated useful life of the vehicles, and the present value of the future minimum lease payments at the beginning of the lease approximated the fair value of the leased assets at that date, the lease is considered to be a capital lease and have been so recorded. Future minimum payments under the lease agreements and the present value of the minimum payments as of September 30, 2006 are as follows:

<b>Fiscal year ending</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
2007	\$ 179,138	\$ 10,076	\$ 189,214
2008	157,300	10,730	168,030
2009	138,254	4,875	143,129
2010	86,162	-	86,162
Thereafter	58,256	-	58,256
<b>TOTAL</b>	<b>\$ 619,110</b>	<b>\$ 25,681</b>	<b>\$ 644,791</b>

## **NOTE 11. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan, which is administered by two administrators. The portion of the plan administered by the International City Management Association Retirement Corporation ("ICMA") was created in accordance with Internal Revenue Code Section 457 (a qualified plan). The other portion constitutes a nonqualified plan benefit and is administered by the Equitable Life Assurance Society ("Equitable"). The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in this plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's Attorney that the City has no liability for losses under the plan, but does have the duty of fiduciary due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments managed by the ICMA are under one of three (3) investment options, or a combination thereof. The choice of the investment options(s) is made by the participants.

The City has chosen to have this plan administered by independent plan administrators. By agreement between the employee and the City, the applicable portion of the employee's compensation is deposited with the ICMA's national trust fund and/or with the Equitable in annuity contracts. The administrators will invest and reinvest the money and credit each account with earnings from its investments.

## **NOTE 12. RISK MANAGEMENT**

The government is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government obtained general liability insurance at a cost it considered to be economically justifiable. Coregis Insurance Company and National Union Fire Insurance Company provide the City's insurance coverage.

The government continues to carry commercial insurance for all other risks of loss, including automobile insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The risk management department is under the purview of the Human Resources Director, and continues to implement and monitor various risk control techniques to minimize accidents and losses to City personnel and property. The Worker's Compensation program is administered by Miami-Dade County, Risk Management Division

**NOTE 13. NEW FINANCIAL STANDARD NOT YET IMPLEMENTED**

GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries have been issued. The City did not elect early implementation of GASB No. 42, and therefore, has not determined the financial statement impact of this new pronouncement.

**NOTE 14. 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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**NOTE 15. REQUIRED SUPPLEMENTARY INFORMATION**

Budget and actual comparison for the General Fund, the FEMA Fund, and the Capital Improvement Debt Service are presented in the Required Supplementary Information section of the report. Budget and actual comparisons for other funds are reflected in the Combining Statements section.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN (M D & A)**

**CITY OF OPA-LOCKA, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	FY2006 Original Budget	FY2006 Final Budget	FY2006 Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 5,789,720	\$ 5,789,720	\$ 5,802,009	\$ 12,289
Utility Taxes	1,591,295	1,591,295	1,467,039	(124,256)
Local Option Gas Tax	330,030	330,030	356,931	26,901
Franchise Fees	1,439,940	1,442,640	1,941,938	499,298
Licenses and Permits	833,540	783,540	813,503	29,963
Fines and Forfeitures	25,230	25,230	31,584	6,354
Charges for Services	138,450	138,450	104,535	(33,915)
Grants and Entitlements	90,370	165,370	197,091	31,721
Interest Earnings	20,600	20,600	68,727	48,127
Other Revenue	101,575	139,575	208,888	69,313
Total Revenues	<u>10,360,750</u>	<u>10,426,450</u>	<u>10,992,245</u>	<u>565,795</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Mayor and City Commission	129,165	129,165	119,534	(9,631)
Office of the City Manager	477,800	444,400	373,832	(70,568)
Office of the City Clerk	354,835	386,435	524,955	138,520
Office of the City Attorney	1,168,055	1,068,055	1,056,876	(11,179)
General Administration	1,140,585	1,500,210	1,128,921	(371,289)
Finance/Utility Billing	1,010,500	1,028,391	284,866	(743,525)
Human Resources	207,120	204,920	190,530	(14,390)
Community Development	254,860	256,360	252,484	(3,876)
Public Safety:				
Police	4,510,930	4,394,160	3,560,590	(833,570)
Building and Licenses	464,550	402,865	367,902	(34,963)
Public Works:				
Public Works Administration	379,670	306,110	259,104	(47,006)
Street Maintenance	379,595	376,800	1,382,966	1,006,166
Building Maintenance	293,700	272,359	296,442	24,083
Vehicle Maintenance	397,680	487,680	549,133	61,453
Culture and Recreation:				
Parks and Recreation	664,945	766,245	757,529	(8,716)
Special Events	3,000	3,000	866	(2,134)
Non Departmental:				
Contingencies	375,000	440,000	396,834	(43,166)
Capital Expenditures	-	-	134,117	134,117
Total Expenditures	<u>12,211,990</u>	<u>12,467,155</u>	<u>11,637,481</u>	<u>(829,674)</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(1,851,240)</u>	<u>(2,040,705)</u>	<u>(645,236)</u>	<u>1,395,469</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Leases	-	-	421,470	421,470
Transfers In	956,640	956,640	1,127,577	170,937
Transfers Out	(225,675)	(190,675)	(132,132)	58,543
Total Other Financing Sources and Uses	<u>730,965</u>	<u>765,965</u>	<u>1,416,915</u>	<u>650,950</u>
Net Change in Fund Balance	(1,120,275)	(1,274,740)	771,679	2,046,419
Fund Balances - Beginning	-	-	4,270,740	4,270,740
Fund Balances - Ending	<u>\$ (1,120,275)</u>	<u>\$ (1,274,740)</u>	<u>\$ 5,042,419</u>	<u>\$ 6,317,159</u>



CITY OF OPA-LOCKA, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 FEMA FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>FY2006 Original Budget</u>	<u>FY2006 Actual</u>	<u>FY2006 Variance with Final Budget Positive (Negative)</u>
REVENUES			
Grants and Entitlements	\$ 5,000,100	\$ 4,601,107	\$ (398,993)
Total Revenues	<u>5,000,100</u>	<u>4,601,107</u>	<u>(398,993)</u>
EXPENDITURES			
Current:			
General Government:			
Public Safety:			
Public Works:			
Street and Drainage Maintenance	5,000,100	4,601,330	(398,770)
Culture and Recreation:			
Non Departmental:			
Total Expenditures	<u>5,000,100</u>	<u>4,601,330</u>	<u>(398,770)</u>
Excess (deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(223)</u>	<u>(223)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balance	-	(223)	(223)
Fund Balances - Beginning	-	23,257	23,257
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 23,034</u>	<u>\$ 23,034</u>

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**CITY OF OPA-LOCKA  
CAPITAL IMPROVEMENT DEBT SERVICE  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SPETEMBER 30, 2006**

	<u>Capital Improvement Debt Service</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 1,557,240	\$ 1,790,593	\$ 233,353
Interest	3,000	18,471	15,471
<b>Total Revenues</b>	<u>1,560,240</u>	<u>1,809,064</u>	<u>248,824</u>
<b>Expenditures:</b>			
Current:			
Debt Service:			
Principal	180,000	180,000	-
Interest	423,600	421,563	(2,037)
<b>Total Expenditures</b>	<u>603,600</u>	<u>601,563</u>	<u>(2,037)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>956,640</u>	<u>1,207,501</u>	<u>250,861</u>
<b>Other Financing Sources and (Uses)</b>			
Transfers In	-	-	-
Transfers Out	(956,640)	(1,127,577)	(170,937)
<b>Total Other Financing Sources</b>	<u>(956,640)</u>	<u>(1,127,577)</u>	<u>(170,937)</u>
Net changed in fund balances	-	79,924	79,924
FUND BALANCES - BEGINNING	<u>-</u>	<u>252,811</u>	<u>252,811</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 332,735</u>	<u>\$ 332,735</u>



## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Chapter 166, Florida Statutes, requires that all municipalities prepare, approve, adopt and execute an annual budget for funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budgets control the levy and the expenditure of money for City purposes in the ensuing fiscal year. The budgeting process is based on estimates of revenues and expenditures. The City budgets are prepared on a modified-accrual basis or accrual basis of accounting in accordance with generally accepted accounting principles.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the departmental and fund level, with finance department providing support to departments in the administration of their budgets. In accordance with the City's budget transfer policy, the City Manager is authorized to transfer budgeted amounts within any fund or functions; however, any supplemental appropriations or revisions that amend the total expenditure of any fund must be approved by the City Commission. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the balance sheet date are canceled.
5. Annual operating budgets are legally adopted for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds. All budgets are on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the department level. This is the level at which expenditures may not exceed appropriations.
6. All annual appropriations lapse at fiscal year end.

### **Excess of expenditures over appropriations**

For the year ended September 30, 2006 expenditures did not exceed appropriations for any department.

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**COMBINING STATEMENTS**

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CITY OF OPA-LOCKA, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS BY FUND TYPE  
 SEPTEMBER 30, 2006

ASSETS	Special Revenue Fund	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 621,910	-	-	\$ 621,910
Due from Other Funds	710,531	-	84,800	795,331
Due from Governmental Agencies	100,913	-	84,800	185,713
Restricted Cash	-	4,760	20,403	25,163
Customer/other, net	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,433,354</b>	<b>\$ 4,760</b>	<b>\$ 190,003</b>	<b>\$ 1,628,117</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 65,513	\$ -	\$ 25,000	\$ 90,513
Accrued Wages & Taxes Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Due to other funds	1,508,306	-	63,635	1,571,941
Reserved for Debt Services	-	-	-	-
<b>Total Liabilities</b>	<b>1,573,819</b>	<b>-</b>	<b>88,635</b>	<b>1,662,454</b>
<b>FUND BALANCES</b>				
Reserved for:				
Debt Services	-	4,760	19,412	24,172
Unreserved	(140,465)	-	81,956	(58,509)
<b>Total Fund Balances</b>	<b>(140,465)</b>	<b>4,760</b>	<b>101,368</b>	<b>(34,337)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,433,354</b>	<b>\$ 4,760</b>	<b>\$ 190,003</b>	<b>\$ 1,628,117</b>



**CITY OF OPA-LOCKA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS BY FUND TYPE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental	\$ 1,868,454	\$ -	\$ -	\$ 1,868,454
Interest	1,699	-	670	2,369
Miscellaneous	521	-	-	521
Total Revenues	<u>1,870,674</u>	<u>-</u>	<u>670</u>	<u>1,871,344</u>
<b>EXPENDITURES</b>				
Current:				
General Government	17,943	-	-	17,943
Public Safety and works	952,679	-	-	952,679
Highway & Streets	2,060,511	-	51,223	2,111,734
Total Expenditures	<u>3,031,133</u>	<u>-</u>	<u>51,223</u>	<u>3,082,356</u>
Excess of Revenues over Expenditures	<u>(1,160,459)</u>	<u>-</u>	<u>(50,553)</u>	<u>(1,211,012)</u>
Other Financing Sources and (Uses)				
Transfers In	132,132	-	-	132,132
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>132,132</u>	<u>-</u>	<u>-</u>	<u>132,132</u>
Excess of Revenues and other Financing sources over Expenditures and other financing sources	<u>(1,028,327)</u>	<u>-</u>	<u>(50,553)</u>	<u>(1,078,880)</u>
FUND BALANCE - BEGINNING	<u>887,862</u>	<u>4,760</u>	<u>151,921</u>	<u>1,044,543</u>
FUND BALANCE - ENDING	<u>\$ (140,465)</u>	<u>\$ 4,760</u>	<u>\$ 101,368</u>	<u>\$ (34,337)</u>



CITY OF OPA LOCKA, FLORIDA  
SPECIAL REVENUE FUNDS  
NONMAJOR COMBINING BALANCE SHEET  
SEPTEMBER 30, 2005

	Special Law Fund	Boy Scout Fund	DJJ Aftercare Fund	Crime Prevention Fund	STOP/VAWA Program Fund	Peoples Trans Tax Fund	Dep-Wastewater Sys Imprv Fund	South Florida Water Management Canal Maintenance Fund	Local Law Enforcement Block Fund	Community Redevelopment	TOTAL
<b>ASSETS</b>											
Cash and cash equivalents	\$ 106,216	\$ 18,147	\$ -	\$ -	\$ -	\$ 69,194	\$ 356,686	\$ 3,043	\$ 68,624	\$ -	\$ 621,910
Due from Other Funds	1,358	-	125,909	-	-	93,268	143,215	346,781	-	-	710,531
Due from Government Agencies	-	-	22,984	-	-	77,929	-	-	-	-	100,913
Customer/other, net	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 107,574</b>	<b>\$ 18,147</b>	<b>\$ 148,893</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240,391</b>	<b>\$ 499,901</b>	<b>\$ 349,824</b>	<b>\$ 68,624</b>	<b>\$ -</b>	<b>\$ 1,433,354</b>
<b>LIABILITIES</b>											
Accounts Payable	\$ 5,768	\$ -	\$ 379	\$ 198	\$ -	\$ 43,303	\$ -	\$ -	\$ -	\$ -	\$ 49,648
Accrued Wages & Taxes Payable	-	-	8,688	1,553	5,624	-	-	-	-	-	15,865
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	101,806	513	-	14,236	138,486	598,375	499,901	86,595	68,394	-	1,508,306
Compensated absences payable	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>107,574</b>	<b>513</b>	<b>9,067</b>	<b>15,987</b>	<b>144,110</b>	<b>641,678</b>	<b>499,901</b>	<b>86,595</b>	<b>68,394</b>	<b>\$ -</b>	<b>1,573,819</b>
<b>FUND BALANCES</b>											
Reserved for:											
Debt Services	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	17,634	139,826	(15,987)	(144,110)	(401,287)	-	263,229	230	-	(140,465)
<b>Total Fund Balances</b>	<b>-</b>	<b>17,634</b>	<b>139,826</b>	<b>(15,987)</b>	<b>(144,110)</b>	<b>(401,287)</b>	<b>-</b>	<b>263,229</b>	<b>230</b>	<b>-</b>	<b>(140,465)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 107,574</b>	<b>\$ 18,147</b>	<b>\$ 148,893</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240,391</b>	<b>\$ 499,901</b>	<b>\$ 349,824</b>	<b>\$ 68,624</b>	<b>\$ -</b>	<b>\$ 1,433,354</b>

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CITY OF OPA LOCKA, FLORIDA  
SPECIAL REVENUE FUNDS  
NONMAJOR COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	SPECIAL REVENUE										
	Special Law Fund	Boy Scout Fund	DJJ Aftercare Fund	Crime Prevention Fund	STOP/VAWA Program Fund	Peoples Trans Tax Fund	Dep-Wastewater Sys Imprv Fund	Community Redevelop Agency	South Florida Water Management Canal Maintenance Fund	Local Law Enforcement Block Fund	TOTAL
<b>REVENUES</b>											
Intergovernmental	\$ 5,033	\$ -	\$ 377,500	\$ 34,731	\$ 79,876	\$ 568,911	\$ 356,785	\$ -	\$ 445,618	\$ -	\$ 1,868,454
Taxes	-	-	-	-	-	-	-	-	-	-	-
Interest	1,659	17	-	-	-	-	-	-	(126)	149	1,699
Miscellaneous	21	-	500	-	-	-	-	-	-	-	521
Total Revenues	<u>\$ 6,713</u>	<u>\$ 17</u>	<u>\$ 378,000</u>	<u>\$ 34,731</u>	<u>\$ 79,876</u>	<u>\$ 568,911</u>	<u>\$ 356,785</u>	<u>\$ -</u>	<u>\$ 445,492</u>	<u>\$ 149</u>	<u>\$ 1,870,674</u>
<b>EXPENDITURES</b>											
Current:											
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,943	\$ -	\$ -	\$ 17,943
Public Safety and works	10,706	421	422,014	91,732	201,832	-	-	-	-	225,974	952,679
Highway and Streets	-	-	-	-	-	1,257,872	356,877	-	445,762	-	2,060,511
Total Expenditures	<u>10,706</u>	<u>421</u>	<u>422,014</u>	<u>91,732</u>	<u>201,832</u>	<u>1,257,872</u>	<u>356,877</u>	<u>17,943</u>	<u>445,762</u>	<u>225,974</u>	<u>3,031,133</u>
Excess of Revenues over Expenditures	(3,993)	(404)	(44,014)	(57,001)	(121,956)	(688,961)	(92)	(17,943)	(270)	(225,825)	(1,160,459)
Other Financing Sources and (Uses)											
Transfers In	45,361	-	-	15,554	39,940	-	13,334	17,943	-	-	132,132
Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>45,361</u>	<u>-</u>	<u>-</u>	<u>15,554</u>	<u>39,940</u>	<u>-</u>	<u>13,334</u>	<u>17,943</u>	<u>-</u>	<u>-</u>	<u>132,132</u>
Excess of Revenues and other Financing sources over Expenditures and other financing sources	41,368	(404)	(44,014)	(41,447)	(82,016)	(688,961)	13,242	-	(270)	(225,825)	(1,028,327)
FUND BALANCE - BEGINNING	(41,368)	18,038	183,840	25,460	(62,094)	287,674	(13,242)	-	263,499	226,055	887,862
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 17,634</u>	<u>\$ 139,826</u>	<u>\$ (15,987)</u>	<u>\$ (144,110)</u>	<u>\$ (401,287)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,229</u>	<u>\$ 230</u>	<u>\$ (140,465)</u>



**CITY OF OPA-LOCKA  
SPECIAL REVENUE FUNDS  
NONMAJOR COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SPETEMBER 30, 3006**

	Special Law			Boy Scout			DJJ Aftercare		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Intergovernmental	\$ 8,700	\$ 5,033	\$ (3,667)	\$ -	\$ -	\$ -	\$ 452,600	\$ 377,500	\$ (75,100)
Taxes	-	-	-	-	-	-	-	-	-
Interest	-	1,659	1,659	-	17	17	-	-	-
Other Revenue	-	21	21	-	-	-	-	500	500
<b>Total Revenues</b>	<b>8,700</b>	<b>6,713</b>	<b>(1,987)</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>452,600</b>	<b>378,000</b>	<b>(74,600)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	8,700	10,706	(2,006)	2,500	421	(2,079)	452,600	422,014	(30,586)
Public Works	-	-	-	-	-	-	-	-	-
Debt Service:	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>8,700</b>	<b>10,706</b>	<b>(2,006)</b>	<b>2,500</b>	<b>421</b>	<b>(2,079)</b>	<b>452,600</b>	<b>422,014</b>	<b>(30,586)</b>
Excess (Deficiency) of Revenues Over Expenditures	-	(3,993)	(3,993)	(2,500)	(404)	2,096	-	(44,014)	(44,014)
<b>Other Financing Sources and (Uses)</b>									
Transfers In	-	45,361	(45,361)	2,500	-	(2,500)	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>45,361</b>	<b>(45,361)</b>	<b>2,500</b>	<b>-</b>	<b>(2,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net changed in fund balances	\$ -	\$ 41,368	\$ 41,368	\$ -	\$ (404)	\$ (404)	\$ -	\$ (44,014)	\$ (44,014)
FUND BALANCES - BEGINNING	-	(41,368)	(41,368)	-	18,038	18,038	-	183,840	183,840
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -	\$ 17,634	\$ 17,634	\$ -	\$ 139,826	\$ 139,826



CITY OF OPA-LOCKA  
SPECIAL REVENUE FUNDS  
NONMAJOR COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SPETEMBER 30, 3005

	Crime Prevention			STOP/VAWA			Peoples Trans Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:									
Intergovernmental	\$ 75,000	\$ 34,731	\$ (40,269)	\$ 119,810	\$ 79,876	\$ (39,934)	\$ 497,065	\$ 568,911	\$ 71,846
Taxes	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	<u>75,000</u>	<u>34,731</u>	<u>(40,269)</u>	<u>119,810</u>	<u>79,876</u>	<u>(39,934)</u>	<u>497,065</u>	<u>568,911</u>	<u>71,846</u>
Expenditures:									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	75,000	91,732	16,732	159,750	201,832	42,082	-	-	-
Public Works	-	-	-	-	-	-	1,143,230	1,257,872	114,642
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>75,000</u>	<u>91,732</u>	<u>16,732</u>	<u>159,750</u>	<u>201,832</u>	<u>42,082</u>	<u>1,143,230</u>	<u>1,257,872</u>	<u>114,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(57,001)</u>	<u>(57,001)</u>	<u>(39,940)</u>	<u>(121,956)</u>	<u>(82,016)</u>	<u>(646,165)</u>	<u>(688,961)</u>	<u>(42,796)</u>
Other Financing Sources and (Uses)									
Transfers In	-	15,554	15,554	39,940	39,940	-	646,165	-	(646,165)
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>15,554</u>	<u>15,554</u>	<u>39,940</u>	<u>39,940</u>	<u>-</u>	<u>646,165</u>	<u>-</u>	<u>(646,165)</u>
Net changed in fund balances	\$ -	\$ (41,447)	\$ (41,447)	\$ -	\$ (82,016)	\$ (82,016)	\$ -	\$ (688,961)	\$ (688,961)
FUND BALANCES - BEGINNING	<u>-</u>	<u>25,460</u>	<u>25,460</u>	<u>-</u>	<u>(62,094)</u>	<u>(62,094)</u>	<u>-</u>	<u>287,674</u>	<u>287,674</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ (15,987)</u>	<u>\$ (15,987)</u>	<u>\$ -</u>	<u>\$ (144,110)</u>	<u>\$ (144,110)</u>	<u>\$ -</u>	<u>\$ (401,287)</u>	<u>\$ (401,287)</u>



CITY OF OPA-LOCKA  
SPECIAL REVENUE FUNDS  
NONMAJOR COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SPETEMBER 30, 2006

	Dep-Wastewater Sys Imprv			Community Redevlop Agency			South Florida Water Management Canal Maintenance Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:									
Intergovernmental	\$ 2,100,000	\$ 356,785	\$(1,743,215)	\$ -	\$ -	\$ -	\$ 1,150,000	\$ 445,618	\$ (704,382)
Taxes	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	(126)	(126)
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	<u>2,100,000</u>	<u>356,785</u>	<u>(1,743,215)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>	<u>445,492</u>	<u>(704,508)</u>
Expenditures:									
Current:									
General Government	-	-	-	55,000	17,943	(37,057)	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	2,100,000	356,877	1,743,123	-	-	-	1,150,000	445,762	(704,238)
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>2,100,000</u>	<u>356,877</u>	<u>1,743,123</u>	<u>55,000</u>	<u>17,943</u>	<u>(37,057)</u>	<u>1,150,000</u>	<u>445,762</u>	<u>(704,238)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(92)</u>	<u>(92)</u>	<u>(55,000)</u>	<u>(17,943)</u>	<u>37,057</u>	<u>-</u>	<u>(270)</u>	<u>(270)</u>
Other Financing Sources and (Uses)									
Transfers In	-	13,334	13,334	55,000	17,943	37,057	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>13,334</u>	<u>13,334</u>	<u>55,000</u>	<u>17,943</u>	<u>37,057</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changed in fund balances	\$ -	\$ 13,242	\$ 13,242	\$ -	\$ -	\$ -	\$ -	\$ (270)	\$ (270)
FUND BALANCES - BEGINNING	<u>-</u>	<u>(13,242)</u>	<u>(13,242)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,499</u>	<u>263,499</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,229</u>	<u>\$ 263,229</u>



CITY OF OPA-LOCKA  
SPECIAL REVENUE FUNDS  
NONMAJOR COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Local Law Management Canal Block Fund			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Intergovernmental	\$ 87,060	\$ -	\$ (87,060)	\$ 4,490,235	\$ 1,868,454	\$ (2,621,781)
Taxes	-	-	-	-	-	-
Interest	-	149	149	-	1,699	1,699
Other Revenue	-	-	-	-	521	521
<b>Total Revenues</b>	<b>87,060</b>	<b>149</b>	<b>(86,911)</b>	<b>4,490,235</b>	<b>1,870,674</b>	<b>(2,619,561)</b>
Expenditures:						
Current:						
General Government	-	-	-	55,000	17,943	(37,057)
Public Safety	96,735	225,974	(129,239)	795,285	952,679	157,394
Public Works	-	-	-	4,393,230	2,060,511	(2,332,719)
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>96,735</b>	<b>225,974</b>	<b>(129,239)</b>	<b>5,243,515</b>	<b>3,031,133</b>	<b>(2,212,382)</b>
Excess (Deficiency) of Revenues Over Expenditures	(9,675)	(225,825)	42,328	(753,280)	(1,160,459)	(407,179)
Other Financing Sources and (Uses)						
Transfers In	9,675	-	(9,675)	753,280	132,132	621,148
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>9,675</b>	<b>-</b>	<b>(9,675)</b>	<b>753,280</b>	<b>132,132</b>	<b>621,148</b>
Net changed in fund balances	\$ -	\$ (225,825)	\$ 32,653	\$ -	\$ (1,028,327)	\$ (1,028,327)
FUND BALANCES - BEGINNING	-	226,055	226,055	-	887,862	887,862
FUND BALANCES - ENDING	\$ -	\$ 230	\$ 258,708	\$ -	\$ (140,465)	\$ (140,465)



CITY OF OPA-LOCKA, FLORIDA  
 CAPITAL PROJECTS FUND  
 NON-MAJOR COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2006

ASSETS	Capital Projects		
	Capital Acquisition	Safe Neighborhood	Total
Cash and Equity in Pooled Cash and Investments	\$ 20,403	\$ -	\$ 20,403
Due from Other Funds	-	84,800	84,800
Due from Governmental Agencies	-	84,800	84,800
Customer/other, net	-	-	-
<b>Total Assets</b>	<b>\$ 20,403</b>	<b>\$ 169,600</b>	<b>\$ 190,003</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 25,000	\$ 25,000
Accrued Wages & Taxes Payable	-	-	-
Deferred Revenue	-	-	-
Due to other funds	19,412	44,223	63,635
Restricted for Debt Services	-	-	-
<b>Total Liabilities</b>	<b>19,412</b>	<b>69,223</b>	<b>88,635</b>
<b>FUND BALANCES</b>			
Reserved for:			
Impact Fees	-	-	-
Debt Services	19,412	-	19,412
Unreserved	(18,421)	100,377	81,956
<b>Total Fund Balances</b>	<b>991</b>	<b>100,377</b>	<b>101,368</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,403</b>	<b>\$ 169,600</b>	<b>\$ 190,003</b>



**CITY OF OPA-LOCKA, FLORIDA  
NONMAJOR COMBINING STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	Capital Projects		TOTAL
	Capital Aquisition Fund	Safe Neighborhood Fund	
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Taxes	-	-	-
Interest	670	-	670
Miscellaneous	-	-	-
Total Revenues	<u>670</u>	<u>-</u>	<u>670</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety and works	-	51,223	51,223
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>51,223</u>	<u>51,223</u>
Excess of Revenues over Expenditures	<u>670</u>	<u>(51,223)</u>	<u>(50,553)</u>
Other Financing Sources and (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and other Financing sources over Expenditures and other financing sources	670	(51,223)	(50,553)
FUND BALANCE - BEGINNING	<u>321</u>	<u>151,600</u>	<u>151,921</u>
FUND BALANCE - ENDING	<u>\$ 991</u>	<u>\$ 100,377</u>	<u>\$ 101,368</u>



**CITY OF OPA LOCKA, FLORIDA  
CAPITAL PROJECTS FUNDS  
NONMAJOR COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Capital Acquisition			Safe Neighborhood Capital Improvement			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Grants and Entitlements	\$ -	\$ -	\$ -	\$ 2,456,210	\$ -	\$(2,456,210)	\$ 2,456,210	\$ -	\$ (2,456,210)
Interest	-	670	670	-	-	-	-	670	670
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 670</u>	<u>\$ 2,456,210</u>	<u>\$ -</u>	<u>\$(2,456,210)</u>	<u>\$ 2,456,210</u>	<u>\$ 670</u>	<u>\$ (2,455,540)</u>
<b>Expenditures:</b>									
Current:									
Public Works	\$ -	\$ -	\$ -	\$ 2,456,210	\$ 51,223	\$(2,404,987)	\$ 2,456,210	\$ 51,223	\$ (2,404,987)
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,456,210</u>	<u>51,223</u>	<u>(2,404,987)</u>	<u>2,456,210</u>	<u>51,223</u>	<u>(2,404,987)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>670</u>	<u>670</u>	<u>-</u>	<u>(51,223)</u>	<u>(51,223)</u>	<u>-</u>	<u>(50,553)</u>	<u>(50,553)</u>
<b>Other Financing Sources and (Uses)</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changed in fund balances</b>	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 670</u>	<u>\$ -</u>	<u>\$ (51,223)</u>	<u>\$ (51,223)</u>	<u>\$ -</u>	<u>\$ (50,553)</u>	<u>\$ (50,553)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>321</u>	<u>321</u>	<u>-</u>	<u>151,600</u>	<u>151,600</u>	<u>-</u>	<u>151,921</u>	<u>151,921</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 991</u>	<u>\$ -</u>	<u>\$ 100,377</u>	<u>\$ 100,377</u>	<u>\$ -</u>	<u>\$ 101,368</u>	<u>\$ 101,368</u>



**STATISTICAL SECTION**

(THIS SECTION IS NOT COVERED BY THE AUDITOR'S OPINION)

**CITY OF OPA-LOCKA**

**COMMENTS ON THE STATISTICAL SECTION**  
**September 30, 2006**

The accompanying statistical tables are recommended by the Governmental Accounting Standards Board.

Ten-year (10) data relevant to special assessment billings and collections are omitted inasmuch as the City has no Special Assessment Fund.

Additional schedules that are felt to be useful to various users, principally investors, underwriters and rating agencies, have been included in this section.

**CITY OF OPA-LOCKA, FLORIDA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST FOUR FISCAL YEARS**  
*(accrual basis of accounting)*

	Program Revenues			
	2006	2005	2004	2003
<b>Function/Program</b>				
Governmental Activities:				
General Government	\$ 1,901,208	\$ 1,757,751	\$ 1,106,791	\$ 1,643,303
Public Safety	589,656	904,955	418,025	545,530
Highway & Streets	4,601,107	15,792,893	5,821,032	5,570,016
Culture and Recreation	87,311	762,270	53,153	66,269
Interest & Fiscal Charges	-	836	-	-
Subtotal Governmental Activities	<u>7,179,282</u>	<u>19,218,705</u>	<u>7,399,001</u>	<u>7,825,118</u>
Business-type Activities:				
Water & Sewer	7,825,668	7,817,072	7,463,513	7,579,951
Solid Waste	583,123	812,946	724,169	1,720,377
Storm Water	332,821	337,874	336,351	316,364
Subtotal Business-type Activities	<u>8,741,612</u>	<u>8,967,892</u>	<u>8,524,033</u>	<u>9,616,692</u>
<b>Total Primary Government</b>	<u><u>\$ 15,920,894</u></u>	<u><u>\$ 28,186,597</u></u>	<u><u>\$ 15,923,034</u></u>	<u><u>\$ 17,441,810</u></u>



**CITY OF OPA-LOCKA, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	19	19	22	22	18	22	22	22	22	22
<b>Other Public Works</b>										
Miles of Streets	36	36	36		36	36	36	36	36	36
Number of Street Lights	625	625	625		625	625	625	625	625	625
<b>Water</b>										
Miles of water mains	71	71	71	71	71	71	71	71	71	71
Number of service connections	6,500	6,500	5,700	5,700	5,690	6,500	6,500	6,500	6,500	6,500
Number fire hydrants	363	363	363	363	363	363	363	363	363	363
Daily average consumption in gallons(millions)	3.8	3.8	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.8
<b>Wastewater</b>										
Miles of sanitary sewers	77	77	77	77	77	77	77	77	77	77
Miles of storm sewers	14	14	14	14	14	14	14	14	14	14
Number of service connections	3,675	3,675	3,700	3,700	3,675	3,675	3,675	3,675	3,675	3,675
<b>Culture &amp; Recreation</b>										
Number of community centers	1	1	1	1	1	1	1	1	1	1
Number of parks	3	3	3	3	3	3	3	3	3	3
Number of libraries	1	1	1	1	1	1	0	0	0	0
Number of tennis courts	1	1	1	1	1	1	1	1	1	1



**CITY OF OPA-LOCKA, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Revenues</b>										
Advalorem Taxes	\$ 5,802,009	\$ 5,339,311	\$ 6,734,929	\$ 6,183,247	\$ 5,764,984	\$ 5,180,573	\$ 5,082,045	\$ 5,089,737	\$ 5,078,664	\$ 5,016,694
Other Taxes	1,823,970	-	-	-	-	-	-	-	-	-
Franchise Fees	1,941,938	1,313,694	1,674,120	1,198,858	1,032,531	1,027,026	1,001,783	1,027,964	1,064,817	956,559
Licenses and Permits	813,503	503,181	538,792	821,714	580,939	431,198	450,760	512,760	461,271	581,215
Fines and Forfeitures	31,584	123,479	149,548	116,519	129,198	94,210	197,073	171,541	153,497	223,607
Intergovernmental Revenues	8,457,245	20,284,816	8,497,712	8,158,238	2,897,003	2,698,412	2,158,013	1,979,423	2,215,149	2,151,933
Charges for Services	104,535	41,280	26,694	54,060	51,454	23,013	39,272	36,123	96,412	34,253
Interest Earnings	89,567	47,667	17,334	18,243	27,583	15,921	30,434	29,657	89,028	82,019
Contributions	-	-	99	836	111	133	4,007	6,357	8,004	249
Other Revenue	209,409	2,550,203	170,648	204,669	159,960	117,939	442,604	679,316	501,719	749,704
<b>Total Revenues</b>	<b>19,273,760</b>	<b>30,203,631</b>	<b>17,809,876</b>	<b>16,756,384</b>	<b>10,643,763</b>	<b>9,588,425</b>	<b>9,405,991</b>	<b>9,532,878</b>	<b>9,668,561</b>	<b>9,796,233</b>
<b>Expenditures</b>										
General Government	3,813,756	6,523,196	2,991,081	2,374,650	3,399,603	2,948,300	3,334,152	2,730,699	2,526,137	3,093,481
Public Safety	5,153,511	3,898,324	4,775,745	4,310,132	4,596,407	4,060,155	4,588,005	4,435,725	4,161,355	4,943,444
Economic Environment	-	-	-	179,588	-	-	-	89,982	187,814	864,468
Highway & Streets	8,768,977	16,977,785	6,961,686	6,574,144	924,199	1,401,235	1,581,890	1,768,309	1,727,114	2,530,713
Culture & Recreation	758,395	496,612	300,414	379,390	494,495	486,609	822,410	628,969	275,010	884,914
Capital Outlay	513,766	288,043	934,139	-	-	-	-	-	-	-
<b>Debt Service:</b>										
Principal	492,762	170,000	321,233	401,762	145,000	640,000	130,000	125,000	120,000	115,000
Interest	421,563	437,718	474,335	506,055	613,189	479,412	397,672	482,869	569,751	497,209
<b>Total Expenditures</b>	<b>19,922,730</b>	<b>28,791,678</b>	<b>16,758,633</b>	<b>14,725,721</b>	<b>10,172,893</b>	<b>10,015,711</b>	<b>10,854,129</b>	<b>10,261,553</b>	<b>9,567,181</b>	<b>12,929,229</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(648,970)</b>	<b>1,411,953</b>	<b>1,051,243</b>	<b>2,030,663</b>	<b>470,870</b>	<b>(427,286)</b>	<b>(1,448,138)</b>	<b>(728,675)</b>	<b>101,380</b>	<b>(3,132,996)</b>
<b>Other Financing Sources (Uses)</b>										
Capital Leases	421,470	16,844	462,334	-	-	-	-	-	-	-
Other Credits	-	-	-	-	662,161	500,000	-	-	-	-
Transfers In	1,259,709	949,083	1,048,387	683,710	687,044	753,983	1641763	988,043	1,493,766	2,395,831
Transfers Out	(1,259,709)	(949,083)	(1,048,387)	(683,710)	(687,044)	(753,983)	-993499	(738,043)	(31,053)	(604,832)
<b>Total Other Financing Sources (Uses)</b>	<b>421,470</b>	<b>16,844</b>	<b>462,334</b>	<b>-</b>	<b>662,161</b>	<b>500,000</b>	<b>648,264</b>	<b>250,000</b>	<b>1,462,713</b>	<b>1,790,999</b>
<b>Net Change In Fund Balance</b>	<b>\$ (227,500)</b>	<b>\$ 1,428,797</b>	<b>\$ 1,513,577</b>	<b>\$ 2,030,663</b>	<b>\$ 1,133,031</b>	<b>\$ 72,714</b>	<b>\$ (799,874)</b>	<b>\$ (478,675)</b>	<b>\$ 1,564,093</b>	<b>\$ (1,341,997)</b>
<b>Debt Service as a percentage of non capital expenditures</b>	<b>5%</b>	<b>2%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>11%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>



**CITY OF OPA-LOCKA, FLORIDA**  
**CHANGES IN NET ASSETS, LAST FOUR YEARS**  
**(accrual basis of accounting)**

	Fiscal Year			
	2006	2005	2004	2003
<b>Expenses</b>				
Governmental activities:				
General Government	\$ 4,051,643	\$ 4,349,856	\$ 3,047,149	\$ 3,483,349
Public Safety	5,278,005	4,865,651	4,830,590	4,411,455
Economic Environment	-	-	-	179,588
Highways & Streets	9,200,709	18,637,182	7,393,917	6,574,144
Culture and Recreation	758,395	496,612	295,795	379,390
Interest and Fiscal Charges	421,563	455,432	478,145	506,055
Total Governmental Activities Expenses	<u>19,710,315</u>	<u>28,804,733</u>	<u>16,045,596</u>	<u>15,533,981</u>
Business-type activities:				
Water & Sewer	8,223,846	4,537,539	5,013,772	5,312,483
Solid Waste	747,215	872,006	1,070,181	1,594,006
Storm Water	509,627	495,818	303,032	215,172
Total Business-type Activities	<u>9,480,688</u>	<u>5,905,363</u>	<u>6,386,985</u>	<u>7,121,661</u>
Total Primary Government Expenses	<u>\$ 29,191,003</u>	<u>\$ 34,710,096</u>	<u>\$ 22,432,581</u>	<u>\$ 22,655,642</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General Government	\$ 839,762	41,280	687,446	938,315
Public Safety	97,549	-	6,766	11,384
Highways & Streets	-	-	16,137	32,904
Culture and Recreation	12,311	-	53,153	66,269
Operating Grants and Contributions	1,107,935	1,415,067	830,604	1,239,134
Capital Grants and Contributions	5,121,725	17,762,358	5,804,895	5,537,112
Total Governmental Activities Program Revenues	<u>7,179,282</u>	<u>19,218,705</u>	<u>7,399,001</u>	<u>7,825,118</u>



<b>Business-type Activities:</b>				
Charges for Services				
Water & Sewer	\$ 7,732,804	\$ 7,817,072	\$ 6,695,298	\$ 5,949,701
Solid Waste	583,123	812,946	724,169	1,720,377
Storm Water	332,821	337,874	336,351	316,364
Operating Grants and Contributions	92,864	-	-	-
Capital Grants and Contributions	-	-	768,215	1,630,250
Total Business-type Activities Program Revenues	<u>8,741,612</u>	<u>8,967,892</u>	<u>8,524,033</u>	<u>9,616,692</u>
Total Primary Government Program Revenues	\$ 15,920,894	\$ 28,186,597	\$ 15,923,034	\$ 17,441,810
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (12,531,033)	\$ (9,586,029)	\$ (8,646,595)	\$ (7,708,863)
Business-type Activities	<u>(739,076)</u>	<u>3,062,529</u>	<u>2,137,048</u>	<u>2,494,491</u>
Total Primary Government Net Expense	\$ (13,270,109)	\$ (6,523,500)	\$ (6,509,547)	\$ (5,214,372)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes				
Property Taxes	\$ 5,802,009	4,877,060	4,679,897	4,314,652
Utility Taxes	1,467,039	503,181	836,173	816,519
Local Otion Gas Tax	356,931	-	318,589	327,810
Franchise Fees	1,941,938	1,313,694	1,674,120	1,198,858
Intergovernmental Revenue	410,327	145,524	-	-
Investment Earnings	89,567	41,352	17,334	18,244
State Shared Revenue	1,817,258	3,517,365	2,710,536	2,019,880
Miscellaneous	209,409	164,759	174,225	235,304
Total Governmental Activities	<u>12,094,478</u>	<u>10,562,935</u>	<u>10,410,874</u>	<u>8,931,267</u>
Business Type Activities:				
Investment Earnings	273,781	18,046	30,690	15,299
Miscellaneous	258,915	-	221,100	14,268
Total Business-type Activities	<u>532,696</u>	<u>18,046</u>	<u>251,790</u>	<u>29,567</u>
Total Primary Government	\$ 12,627,174	\$ 10,580,981	10,662,664	8,960,834
<b>Change in Net Assets</b>				
Governmental Activities	\$ (436,555)	\$ 976,906	1,764,279	1,222,404
Business-type Activities	<u>(206,380)</u>	<u>3,080,575</u>	<u>2,388,838</u>	<u>2,524,058</u>
Total Primary Government	\$ (642,935)	\$ 4,057,481	4,153,117	3,746,462



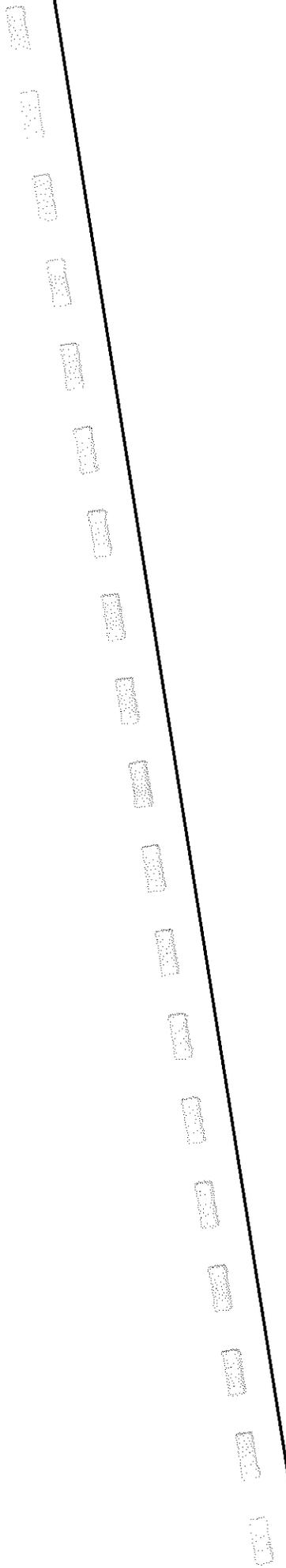
**CITY OF OPA-LOCKA, FLORIDA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
1997	16,000	N/A	\$ 6,767	N/A	1,680	N/A
1998	15,766	N/A	6,767	N/A	1,675	13.00%
1999	16,000	N/A	6,767	N/A	1,655	11.70%
2000	14,951	19,631	9,538	27.3	1,700	17.50%
2001	14,951	19,631	9,538	27.3	1,700	17.50%
2002	14,951	19,631	9,538	27.3	1,700	17.50%
2003	14,951	19,631	9,538	27.3	1,700	17.50%
2004	14,951	19,631	9,538	27.3	1,700	17.50%
2005	15,763	19,631	9,538	27.3	1,700	17.50%
2006	15,763	19,631	9,538	27.3	1,700	17.50%



**CITY OF OPA-LOCKA, FLORIDA  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF SEPTEMBER 30, 2006**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt</b>			
Miami Dade County	\$ 1,032,440,000	0.15%	\$ 1,559,000
<b>City direct debt</b>	6,445,000	100%	<u>6,445,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 8,004,000</u></u>



**CITY OF OPA-LOCKA, FLORIDA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

City of Opa-locka, Florida				Miami-Dade County						
Fiscal Year	(1) Operating Millage	Debt Service Millage	Total Millage	Operating Millage	Debt Service Miillage	Total Millage	(3) Schools	State	Municipal Service	Total
1997	9.80	-	9.80	9.495	0.832 (4)	10.327	10.366	0.710	2.227	33.430
1998	9.80	-	9.80	8.989	1.004 (4)	9.993	10.462	0.747	2.683	33.685
1999	9.80	-	9.80	9.153	0.905 (4)	10.058	10.160	0.744	2.517	33.279
2000	9.80	-	9.80	8.813	0.885	9.698	9.640	0.741	2.447	32.326
2001	9.80	-	9.80	8.785	0.721	9.506	9.620	0.738	2.447	32.111
2002	9.80	-	9.80	8.847	0.621	9.468	9.380	1.082	2.447	32.177
2003	9.80	-	9.80	8.957	0.621	9.578	9.250	0.736	2.447	31.811
2004	9.80	-	9.80	9.040	0.285	9.325	8.687	0.736	2.447	30.995
2005	9.80	-	9.80	8.925	0.285	9.210	8.438	0.736	2.447	30.630
2006	9.80	-	9.80	9.174	0.285	9.459	8.105	0.736	-	28.100

Millage Rate represents \$1,00 of taxable assessed valuation.

Additional Information:

Tax rates limits:  
 County 10.00 mills  
 Schools 10.00 mills  
 State 1.00 mills  
 Tax assessed - January 1  
 Taxes levied - November 1

Discount Allowed:

November - 4%  
 December - 3%  
 January - 2%  
 February - 1%  
 Taxes Delinquent - April 1

Note:

- (1) Statutory limit of 10 mills consist of Countywide, Fire & Rescue and Library districts.
- (2) Includes additional Millage of .500 for two years voted by the County's electors in 1988 for books and other enhancements.
- (3) Includes additional Millage of .750 for two years voted by the County's electors in 1992 to maintain, improve, and expand the occupational, vocational, and educational program at Miami-Dade Community College.
- (4) Includes Millage for Fire Rescue District voted debt.

N/A - Not applicable

Source: Miami-Dade CAFR



**CITY OF OPA-LOCKA, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of September 30									
<u>Function/Program</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Government</b>										
City Commission	6	6	6	6	5	5	5	5	5	5
City Manager	17	10	10	6	5	5	4	5	6	8
City Attorney	2	3	3	3	3	3	2	2	2	2
City Clerk	4	3	3	5	4	4	3	4	4	4
Human Resources	3	3	3	4	3	3	4	3	3	3
Finance	3	3	3	3	9	11	13	10	11	11
Purchasing	3	2	2	2	2	2	0	0	0	0
Community Development	1	0	0	2	2	3	3	4	4	4
Building & Occupational Licenses/Code Enforcement	3	3	3	7	6	8	8	8	10	11
Public Affairs	0	0	0	2	1	1	0	0	0	0
<b>Public Safety</b>										
Police	69	64	64	50	66	61	57	67	62	61
Crime Prevention	4	4	4	4	3	3	4	5	3	3
Youth Prevention	1	1	1	0	0	0	0	0	0	0
DJJ - Opa-locka Youth Academy	0	0	0	0	0	9	7	7	7	7
STOP/VAWA/VOCA Grants	0	0	0	0	0	0	4	4	4	5
<b>Highways &amp; Streets</b>										
Public Works	30	22	22	28	16	22	17	15	19	19
<b>Utilities</b>										
Finance - Utility Billing - Solid Waste	3	3	3	2	0	0	0	0	0	0
Finance - Utility Billing - Water & Sewer	3	3	3	3	0	0	0	0	0	0
Public Works - Solid Waste	16	14	14	15	10	12	14	0	0	0
Public Works - Meter Readers	4	4	4	3	4	5	4	4	6	7
Public Works - Water Services	6	5	5	7	4	6	5	4	5	5
Public Works - Sewer Services	5	5	5	3	4	2	6	3	4	5
Public Works - Storm Water Management	2	1	1	2	2	2	2	2	8	8
<b>Culture &amp; Recreation</b>										
Library	3	1	1	2	2	2	1	0	0	0
Parks & Recreation	8	10	10	12	10	6	6	6	6	10
<b>Total</b>	<b>196</b>	<b>170</b>	<b>170</b>	<b>171</b>	<b>161</b>	<b>175</b>	<b>169</b>	<b>158</b>	<b>169</b>	<b>178</b>



**CITY OF OPA-LOCKA, FLORIDA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	\$ 389,118	\$ 386,120	\$ 347,297	\$ 114,723	\$ 41,642	\$ 50,869	\$ 31,315	\$ 34,796	\$ 22,580	\$ 12,414
Unreserved	4,653,301	3,884,621	2,645,448	1,846,740	1,162,531	(58,240)	(440,802)	221,231	576,411	12,779
Total General Fund	\$ 5,042,419	\$ 4,270,741	\$ 2,992,745	\$ 1,961,463	\$ 1,204,173	\$ (7,371)	\$ (409,487)	\$ 256,027	\$ 598,991	\$ 25,193
All Other Governmental Funds										
Reserved	\$ 340,785	\$ -	\$ 637,374	\$ 340,785	\$ 122,569	\$ 122,569	\$ 650,721	\$ 650,721	\$ 650,721	\$ 650,721
Unreserved, reported in										
Special revenue funds	(117,431)	935,287	768,224	323,820	(581,741)	(540,407)	(286,501)	(243,336)	(258,246)	(204,320)
Capital Projects Funds	98,078	385,320	(235,793)	22,904	(307,757)	(270,577)	(727,993)	(947,110)	(796,490)	(311,583)
Debt Service Funds	-	-	-	-	-	-	-	310,312	310,312	310,312
Total all other governmental	\$ 321,432	\$ 1,320,607	\$ 1,169,805	\$ 687,509	\$ (766,929)	\$ (688,415)	\$ (363,773)	\$ (229,413)	\$ (93,703)	\$ 445,130



**CITY OF OPA-LOCKA, FLORIDA**  
**NET ASSETS BY COMPONENT**  
**LAST FOUR FISCAL YEARS**  
*(accrual basis of accounting)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 173,474	\$ 2,881,664	\$ 796,149	\$ 870,098
Restricted	349,600	340,785	340,785	340,785
Unrestricted	3,517,428	1,254,617	2,363,225	524,997
Total governmental activities net assets	<u>\$ 4,040,502</u>	<u>\$ 4,477,066</u>	<u>\$ 3,500,159</u>	<u>\$ 1,735,880</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 707,159	\$ 306,435	\$ 3,925,622	\$ 4,318,731
Restricted	562,555	371,568	371,568	190,922
Unrestricted	10,241,234	11,039,324	4,829,304	2,228,003
Total business-type activities net assets	<u>\$ 11,510,948</u>	<u>\$ 11,717,327</u>	<u>\$ 9,126,494</u>	<u>\$ 6,737,656</u>
Primary government				
Invested in capital assets, net of related debt	\$ 880,633	\$ 3,188,099	\$ 4,721,771	\$ 5,188,829
Restricted	912,155	712,353	712,353	531,707
Unrestricted	13,758,662	12,293,941	7,192,529	2,753,000
Total primary government net assets	<u>\$ 15,551,450</u>	<u>\$ 16,194,393</u>	<u>\$ 12,626,653</u>	<u>\$ 8,473,536</u>



**CITY OF OPA-LOCKA, FLORIDA  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds						State Revolving Loan					
	State Shared	Less:	Net	Debt Service		Coverage	Water and	Less:	Net	Debt Service		Coverage
	1/2 Cent Sales Tax	Transfers Out	Available Revenue	Principal	Interest		Gross Revenue	Operating Expenses	Available Revenue	Principal	Interest	
1997	\$ 1,219,858	\$ 604,832	\$ 615,026	\$ 115,000	\$ 490,043	101.65%	\$ 4,255,581	\$ 5,094,204	\$ (838,623)	\$ -	\$ -	0.00%
1998	1,218,053	619,918	598,135	120,000	484,168	99.00%	3,989,999		3,989,999	-	-	0.00%
1999	1,254,585	650,275	604,310	125,000	478,011	100.22%	3,727,722	4,542,022	(814,300)	-	-	0.00%
2000	1,302,952	663,187	639,765	130,000	471,475	106.37%	3,748,601	4,447,658	(699,057)	-	-	0.00%
2001	1,325,075	753,983	571,092	140,000	464,385	94.49%	4,196,786	6,304,982	(2,108,196)	-	-	0.00%
2002	1,272,016	664,544	607,472	145,000	456,760	100.95%	5,641,758	4,421,084	1,220,674	-	-	0.00%
2003	1,273,182	630,274	642,908	155,000	448,505	106.53%	5,960,824	3,560,179	2,400,645	132,802	33,733	3579.32%
2004	1,356,128	734,611	621,517	165,000	439,463	102.82%	6,916,398	4,649,900	2,266,498	186,777	29,970	3190.99%
2005	1,479,783	833,217	646,566	170,000	429,830	107.79%	7,648,557	4,503,524	3,145,033	191,413	25,334	3528.79%
2006	1,790,593	1,127,577	663,016	180,000	418,600	110.76%	8,084,583	8,188,860	(104,277)	103,445	35,400	5822.74%



**CITY OF OPA-LOCKA, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunications Inc.	\$ 10,983,900	1	14.74%	\$17,257,480	1	33.02%
St Ives, Inc/Avanti	10,764,724	2	14.45%	7,952,735	2	15.22%
Florida Power & Light	9,195,980	3	12.34%	6,663,638	3	12.75%
Trademark Metals Recycling	5,645,038	4	7.58%	-	-	-
Aero Precision Products Inc	4,315,621	5	5.79%	-	-	-
Miami Offset	2,492,062	6	3.34%	-	-	-
Cigarette Racing Team LLC	2,426,660	7	3.26%	-	-	-
Aramark Uniform Services Inc.	2,281,345	8	3.06%	3,745,400	5	7.17%
Don Greene Poultry Inc.	1,665,797	9	2.24%	-	-	-
PRC LLC	1,595,605	10	2.14%	-	-	-
Tinter Inc	-	-	-	4,042,612	4	7.74%
Sunshine Metal Processing	-	-	-	3,223,668	6	6.17%
Mako Marine Industries	-	-	-	2,858,911	7	5.47%
Everglades Recycling Corp.	-	-	-	2,455,256	8	4.70%
State Of Florida	-	-	-	2,337,253	9	4.47%
Caribbean Business Forms, Inc.	-	-	-	1,721,773	10	3.29%
Other Taxpayers	23,148,865	-	31.07%	-	-	-
<b>Total</b>	<b>\$ 74,515,597</b>		<b>100%</b>	<b>\$52,258,726</b>		<b>100%</b>

Source: Miami-Dade County Property Appraisers



**CITY OF OPA-LOCKA, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended Sept 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collection in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of levy</b>
1997	\$ 3,558,750	\$ 3,510,880	98.65 %	\$ 47,870	\$ 3,558,750	100 %
1998	3,755,405	3,635,333	96.81	120,072	3,755,405	100
1999	3,831,650	3,835,714	100	-	3,835,714	100
2000	3,931,000	3,619,392	92.07	60,581	3,679,973	93.61
2001	3,857,589	3,760,247	97.47	74,349	3,834,596	99.40
2002	4,116,853	3,846,425	93.43	86,538	3,932,963	100
2003	4,240,621	4,377,548	100	-	4,377,548	100
2004	4,772,752	4,679,897	98.05	19,843	4,699,740	98.47
2005	5,140,724	4,680,089	91.04	26,647	4,706,736	91.56
2006	5,968,783	5,802,009	97.21	-	5,802,009	97.21

**Source: Miami Dade County Property Appraisers and City of Opa-locka Finance Department**



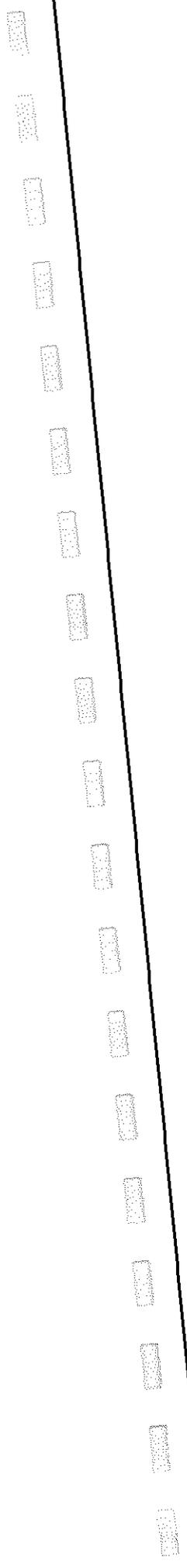
**CITY OF OPA-LOCKA, FLORIDA  
RATIOS OF OUSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government
	Revenue Bonds	Note Payable	Capital Leases	Revenue Bonds	Revolving Loan	Note Payable	Lease Agreement	
1997	\$7,775,000	\$ -	\$ -	\$ 160,000	\$ 396,209	\$ -	\$ -	\$ 8,331,209
1998	7,655,000	-	-	100,000	377,065	-	-	8,132,065
1999	7,530,000	-	-	60,000	357,284	-	-	7,947,284
2000	7,400,000	-	-	-	512,076	533,412	443,287	8,888,775
2001	7,260,000	-	-	-	519,020	2,256,438	321,406	10,356,864
2002	7,115,000	-	-	-	1,482,681	2,045,551	194,237	10,837,469
2003	6,960,000	538,781	-	-	1,407,349	1,521,745	61,647	10,489,522
2004	6,795,000	382,547	334,363	-	1,214,626	1,208,346	48,082	9,982,964
2005	6,625,000	203,822	343,578	-	1,042,197	772,650	35,143	9,022,390
2006	6,445,000	15,679	619,110	-	1,574,754	3,858,892	25,681	12,539,116



**CITY OF OPA-LOCKA, FLORIDA  
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Franchise</u>	<u>Other</u>
1997	\$ 3,510,880	\$ 1,500,117	\$ 956,559	\$ 1,505,814
1998	3,635,333	1,465,308	1,064,817	1,443,331
1999	3,835,714	1,298,353	1,027,964	1,254,023
2000	3,619,392	1,302,952	1,001,783	1,462,653
2001	3,760,247	1,427,879	1,027,026	1,420,326
2002	3,846,425	1,286,148	1,032,531	1,918,559
2003	4,377,548	1,357,982	1,198,858	1,805,699
2004	4,679,897	1,356,128	1,674,120	2,055,032
2005	4,877,060	1,479,783	1,313,694	1,794,845
2006	5,802,009	1,790,593	1,941,938	1,823,970
<b>Change</b>	65.3%	19.4%	103.0%	21.1%



**CITY OF OPA-LOCKA, FLORIDA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Centrally Assessed Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assesed Value as a Percentage of Actual Value</b>
1997	\$ 280,903,000	\$ 100,684,080	N/A	\$ (663,000)	\$ 382,250,080	9.80	\$ 381,587,080	100%
1998	280,137,000	100,068,000	N/A	1,622,000	378,583,000	9.80	380,205,000	100%
1999	296,899,000	94,086,000	N/A	5,038,000	385,947,000	9.80	390,985,000	99%
2000	303,915,000	97,212,000	N/A	4,297,000	396,830,000	9.80	401,127,000	99%
2001	317,469,000	84,083,000	N/A	10,157,000	391,395,000	9.80	401,552,000	97%
2002	337,721,469	81,094,116	1,271,453	10,162,000	408,653,585	9.80	418,815,585	98%
2003	357,301,495	87,946,659	1,133,008	8,326,000	436,922,154	9.80	445,248,154	98%
2004	394,926,966	90,984,153	1,104,373	2,801,905	484,213,587	9.80	487,015,492	99%
2005	434,282,541	88,332,831	1,948,311	13,277,720	511,285,963	9.80	524,563,683	97%
2006	514,575,250	93,121,243	1,363,003	18,622,416	590,437,080	9.80	609,059,496	97%

**Note:** The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ended September 30, property is valued as of January 1st of the preceding calendar year.

**Source:** Miami-Dade County Property Appraiser's Office

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**CITY OF OPA-LOCKA, FLORIDA**

**MISCELLANEOUS STATISTICS  
September 30, 2006**

Date of Incorporation	1927
Form of Government	Commission/City Manager
Area in square miles	4.5
Miles of streets	36
Number of street lights	625
Number of employees (excluding police)	
Classified	N/A
Unclassified	N/A
Police Protection:	
Number of stations	1
Number of police personnel and officers	52
Number of patrol units	22
Number of law violations:	
Physical arrests	N/A
Traffic violations	N/A
Parking violations	N/A
Sewer System:	
Miles of sanitary sewers	77
Miles of storm sewers	14
Number of service connections	3,675
Water System:	
Miles of water mains	71
Number of service connections	6,500
Number of fire hydrants	363
Daily average consumption in gallons	3.8 million
Culture & Recreation:	
Number of community centers	1
Number of parks	3
Number of libraries	0
Number of tennis courts	1
Hospitals:	
Number of hospitals	1
Number of patients beds	75
Education:	
Number of elementary schools	2
Number of elementary school instructors	N/A
Enrollment	N/A

N/A – Not Available

## CITY OF OPA-LOCKA, FLORIDA

### MISCELLANEOUS STATISTICS

September 30, 2006

#### GENERAL INFORMATION

##### Location

Opa-Locka is located in the northern quadrant of Miami-Dade County, Florida and is approximately six miles from the beach. The City is centrally located to Ft. Lauderdale, North Miami, and Hialeah and is easily accessible by all major highways.

##### Climate

Average Annual Temperature	76.0
Average January Temperature	67.1
Average July Temperature	85.0
Average Annual Rainfall (in inches)	58.0

Opa-Locka is within 30 minutes of two major airports, Miami International Airport and Ft. Lauderdale International Airport. Private and business aircraft are serviced by the Opa-Locka Airport, which although being within the City limits, is excluded from the reporting entity.

##### Road Systems

Opa-Locka is located five minutes from four major highways: I-95, the access route to Florida Turnpike (SR9), (SR 826) Palmetto Expressway, and I-75. A major connector road, the Gratigny Expressway, provides linkage between I-95 highway and (SR 826) Palmetto Expressway.

##### Transportation

###### Train

Opa-Locka is only five minutes from a major train depot in Hialeah.

###### Tri-Rail

The Tri-Rail is conveniently situated in the Downtown Business area.

###### Bus

Opa-Locka is serviced by the countywide Metro-Bus System.

##### Historical Point of Interest

Opa-Locka City Hall, built in 1926, and several homes and buildings which were designated with a Moorish architectural flair in keeping with the Arabian theme upon which the City was developed.

**COMPLIANCE SECTION**





# HARVEY, BRANKER & ASSOCIATES, P.A.

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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

To the Honorable Mayor and City Commissioners  
City of Opa-Locka, Florida

We have audited the basic financial statements of the City of Opa-Locka; Florida (the "City") as of and for the year ended September 30, 2006, and have issued our report thereon dated February 16, 2007. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. We noted no matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are reported at 06-ML-01 to 06-ML-04.

This report is intended solely for the information and use of the City Commission, management of the City, the Auditor General, State of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

*Harvey, Branker & Associates*

February 16, 2007  
Hollywood, Florida





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT**

To the Honorable Mayor and City Commissioner  
City of Opa-Locka, Florida

Compliance

We have audited the compliance of the City of Opa-Locka, Florida (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006. The City's major federal programs and state project are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state project is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.



In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its federal programs and major state project for the year ended September 30, 2006. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

#### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program and state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major Federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program and major state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not be necessarily disclose all reportable conditions that are also considered to be material weaknesses.

#### Schedule of Expenditures of Federal Awards and State Projects

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information("the basic financial statements") of the City of Opa-Locka, Florida as of and for the year ended September 30, 2006, and have issued our report thereon dated February 16, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Projects is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Commission and management of the City, the Auditor General, State of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

*Harvey, Branker & Associates*

February 16, 2007  
Hollywood, Florida

**CITY OF OPA-LOCKA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR YEAR ENDED SEPTEMBER 30, 2006**

Grantor/Pass through Grantor/Program Title	CFDA Number	Contract Grant No	Period	Grant Loan Amount	Total Expenditures	Outstanding Loan payable
<b><u>FEDERAL ASSISTANCE</u></b>						
Federal Emergency Management Agency Pass Through State of Florida, Dept. of Community Affairs						
Public Assistance Grant	83.544 96.037	01RM L5 11 23 02 033 06WL&K 11 23 02 734 06 KF BE 11 23 02 585	Ongoing	\$ 19,100,000	\$ 4,601,330	\$
US Environmental Protection Agency Pass Through State of Florida, Dept. of Environmental Protection						200,188
Capitalization Grants	66.458	CS 1208 000 20 CS 1208 000 3P	9/29/1992 – 7/31/2013 5/1/1996 – 12/15/2022	480,816 2,621,000	-- --	1,374,566
Department of Justice Pass Through State of Florida, Dept. of Children and Families, Domestic Violence Program STOP/VAWA Grant	16.588	LJ181	8/1/2004 – 6/30/2005	500,643	79,876	
Dept. of Justice, Bureau of Justice Assistance, Dept. of Law Enforcement, Bryne Formula Program	16.579	2002-LB-BX-2835	10/1/2001 – 2/16/2007	689,117	--	
US Environmental Protection Agency Brownsfield Redevelopment Grant	31.42	BP-97406300	9/1/200-9/30/2004	250,000	46,399	
Dept. of Housing & Urban Development Pass Through Miami Dade County, Office of Community & Economic Development CDBG Crime Prevention Program	14.218	--	--	--	34,731	
<b><u>STATE FINANCIAL ASSISTANCE</u></b>						
Dept. of Juvenile Justice Conditional Release Services	80.018	K9023 X1167	7/1/2003 – 6/30/2008	2,263,000	377,500	
State of Florida, Dept. of Community Affairs Pass Through Opa- Locka/North Dade Front Porch Council, Inc. Front Porch Grant		06 FP 3D 11 23 20 005	11/1/2005 – 6/30/2006	75,000	75,000	
State of Florida, Dept. of Environmental Protection Pass Through South Florida Water Management District City Flood Mitigation Strategy Project		C-13166-A02	9/30/2002 – 9/24/2005	700,000	445,618	
				<b>\$ 26,679,576</b>	<b>\$ 5,660,454</b>	<b>\$ 1,574,754</b>

## Notes to the Schedule of Expenditures of Federal and State Awards

### A. Basis of Accounting:

This schedule of expenditures of federal and state awards includes the federal grant activity of City of Opa-Locka, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### GENERAL

The Schedule of Expenditures of Federal Awards included herein represents the entire Federal grant awards of the City of Opa-Locka (the "City") over which the City exercised direct operating control for the fiscal year ended September 30, 2006.

### SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All Federal grant operations of the City are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (Revised March, 2004, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. This program represents all Federal award programs and other grants with fiscal 2002 cash and noncash expenditures that ensure coverage of at least 50% of federally granted funds since there were no individual or cluster grants in excess of \$500,000. Actual coverage is approximately 89% of total cash and noncash Federal award program expenses.

### FINDINGS OF NONCOMPLIANCE

There were findings of noncompliance identified in connection with the September 30, 2006 Single Audit.

### AUDITS PERFORMED BY OTHER ORGANIZATIONS

During the year ended September 30, 2006 there were no audits of the City's Administration of Federal Financial Assistance Program performed by Federal Agencies.

**I. Summary of Auditors' Findings**

**Financial Statements**

Type of Auditors' Report Issued	Unqualified
Internal Control over financial reporting:	
Material Weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses? Reported	None
Noncompliance material to the financial statements noted?	No

**State Awards**

Internal Control over Major Programs:	
Material Weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Type of Auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General	No
Major programs/projects identified:	
<u>Department of Community Affairs</u> FEMA - Disaster Relief Funding	CFDA Number 97.036

The threshold used to distinguish between Type A and Type B programs is the larger of \$500,000 or 30% of total State awards expended for Major State projects. Audit findings relative to the major federal programs and state projects for the City Of Opa-Locka, Florida are reported in Part III and IIIA of this Schedule.

Auditee Qualified as a low-risk auditee	No
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## II. Current Year Findings and Recommendation Related to The Financial Statements

06-ML-01

**Condition:**

During field work, we noted the City of Opa-Locka (the "City") pays employees for vacation time accrued. This policy allows the employee to receive a cash payout within a short period of time.

**Recommendation:**

We recommend the City implement an Evaluation Committee to approval all request for payout of accrued vacation time. We also recommend that the Committee define the term "emergency". There must also be parameters set within the employee manual for certain events that constitute immediately payout.

**Management Response:**

The City is in the process of developing new policies to address accrued time. In the interim all potential liabilities for sick and vacation leave is disclosed in the Financial Statement.

06-ML-02

**Condition:**

The City grants department does not operate in an effective and efficient method to ensure that all grants and other donor imposed stipulations are met in a timely manner. The City must ensure that all newly awarded and previously received grants are administrated to a reporting mechanism that allows for staff to produce or respond to reports and inquiries from Grantor agencies in a time is of the essence manner. Failure to produce reports and/ or provide adequate supporting documentation can lead to several Grantor agencies calling for certain awards to be returned to them or for the Grantor agency to cease providing funding for a program on written notice.

**Recommendation:**

We recommend the City compose, adopt and implement standardized grant acquisition policies and procedures. It is imperative that the City incorporate such policies and procedures in order to ensure all grants are properly obtained and maintained; and that reporting compliance guidelines are strictly followed and enforced. Management should also ensure that the Grant Writer is held accountable for all grant writing functions and practices. This person should be informed of all activities that directly affect his/her position.

**Management Response:**

The City is aggressively recruiting a competent Grant Writer. However, in the absence of a Grant Writer, the Management will ensure that there is proper division of duties so that all grant compliance is adhered to.

06-ML-03

**Condition:**

During field work, we reviewed the bank reconciliations for all funds. It was noted that the Customer Deposit account maintained uncleared checks that dated back to March 2005.

**Recommendation:**

We recommend that management consider reviewing and researching all reconciling items that do not clear in a timely manner for better cash management.. All reconciling items should be cleared and/or researched within 30 days of being identified. Items that are staled dated should be removed from the outstanding check list. Items such as customers deposits, refunds, and payroll checks that remain outstanding for 1 (one) year should be submitted to the State of Florida via Unclaimed Properties. We recommend that the City review the unclaimed property, remit the appropriate information to the state and implement policies and procedures which specify the City's specifications for handling unclaimed property.

**Management Response:**

At September 30, 2006 the oldest General Fund Check was dated June 21, 2006 which would make it seventy (70) days old, not ninety (90) as reported.

Outstanding checks for Customer Deposits amounted to \$9,908, of this amount of which \$7,110.08 dated back to 2005. The due date for the transfer of these monies to the State of Florida unclaimed properties is April 2007. Management will ensure that these amounts are submitted.

**06-ML-04**

**Condition:**

We submitted a confirmation letter to the State of Florida – Office of the Governor regarding the Brownfield Redevelopment Grant. We obtained a response stating the City was not in compliance with the grant agreement. Several requests were submitted to the City, on behalf of the State of Florida, regarding the outstanding information. We learned this grant was closed out in fiscal year 2006. A copy of the confirmation letter was mailed to the City Manager. We have included a few of the requested items below.

1. Quarterly reports
2. Final Project Performance Report
3. Financial summaries that compare actual expenditures to contract budget for the intervening periods since December 31, 1998 to current date.
4. A final accounting of expenditures at close of project.
5. Any audit reports that included funds obtained from the Brownfield Redevelopment grant.

**Recommendation:**

We recommend that the City obtain and review the agreement in order to fulfill the requirements therein and/or contact the State for assistance. It is imperative that this requested information is submitted in order to receive future assistance from the Grantor.

**Management Response:**

The City has been in contact with the State of Florida. The Brownsfield grant that was expended and closed out in fiscal year 2006 is properly accounted for and all required reports have been submitted.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**  
**SA-2006-01**

**CONDITION:**

During audit testwork, we learned the appropriate City staff was not aware of the existence of the Federal Emergency Management Agency "FEMA" agreements between the City and the State of Florida for Hurricanes Wilma and Katrina. These staff members have participated in some aspect of conducting and/or handling FEMA functions. We inquired about the compliance requirements of the grant and none were known. We obtained copies of the agreement by contacting FEMA who verified that several agreements were signed and where to obtain copies. We provided the information to the appropriate staff members and noted the City Manager's approval signature date of November 28, 2005. Please find below a sample listing of failed compliance requirements.

1. Quarterly reports
2. Vendor indemnification clause within contract
3. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion submitted prior to City entering into contract with prospective subcontractor
4. The language of the grant should be included in the award documents for all subawards at all tiers and that all subrecipients shall certify and disclose accordingly.

**CFDA NUMBERS:** 96.037

**QUESTIONED COST:** None

**RECOMMEDATION:**

We recommend that management reviews and comprehends the terms and conditions of all agreements prior to signing. It is imperative that the contracts are reviewed and understood by all involved in the process, in order to comply with the accountability of any grant. The lack of communication resulted in the City's non-compliance with the FEMA contracts. As per the agreement, the City may delay, reduce or forfeit future funds due to lack of compliance. We suggest management obtains a copy of the grant agreements and incorporate methods to ensure all requirements are met. If difficulties arise in completing or comprehending the requirements, the City should contact its FEMA representative for assistance.

**MANAGEMENT  
RESPONSE:**

Management will make every effort to ensure that all compliance requirements are adhered to.

*SA-2006-02*

**CONDITION:**

During test work, we requested supporting documentation for road and drainage projects initiated under the FEMA grant and were unable to obtain the information. We requested copies of the vendor contracts, permits, State of Florida and/or Miami-Dade County license/registration, occupational licenses and a copy of their liability insurance. All vendors receiving FEMA funds should have proper documentation on file to verify the company was not debarred or suspended prior to initiating work for the City. Several of these items are also required by the City for vendors in order for them to obtain working permits within the City.

**CFDA NUMBERS:** 96.037

**QUESTIONED COST:** None

**RECOMMEDATION:**

We recommend the City incorporate methods of ensuring all information is submitted and the proper verifications have been performed prior to the vendor beginning work. If the vendor is paid under a FEMA grant, the information should be copied and filed with the grant information. This process will also ensure additional back-up is maintained in case of loss or damage to files.

**MANAGEMENT  
RESPONSE:**

Management will implement the auditor's recommendations.

**CONDITION:**

During test work, we faced several complications in obtaining information for the single audit. We noted the information was unorganized and maintained in different locations. Some of the information was also held online and was not printed and filed with other FEMA documentation. Obtaining access to the online files added more delay in the processing of the single audit. We also noted different departments held information regarding jobs covered under the FEMA grant. Obtaining the information was tedious and in many instances unsuccessful.

**CFDA NUMBER:** 96.037

**QUESTIONED COST:** None

**RECOMMENDATION:**

We recommend the City implement a system that centralizes all the information regarding the FEMA grant. It is imperative that the information is preserved in a neat and orderly fashion to ensure a timely research return. All files that are prepared via the internet should be printed and filed with the corresponding documentation. This process will ensure all supporting documentation are accessible and complete when staff or auditors review. It will also serve as a check point for to review and ensure all forms and documentations have been completed and submitted to the State.

We further believe communication/synergy should be increased amongst all departments (i.e., Accounting / Finance, Grant Program Management, etc.) so that agreed-upon contract changes and waivers, as well as correspondence are effectively communicated to all groups and executed throughout the necessary systems. Additionally, we recommend the City prepares a comprehensive checklist for use by all departments, including accounting and grant management, which covers all necessary procedures and requirements to be performed on a periodic basis to comply with the agreements.

**MANAGEMENT  
RESPONSE:**

With the advent of technology, Management is moving toward the storage of files in an electronic format where possible. Management will make every effort to improve internal communication.

### III. Findings and Questioned Costs for Federal Awards

Findings noted on SA-2006-1 through SA-2006-03 for Federal awards expended

### IIIA. Findings and Questioned Costs for State Awards

Findings noted on SA-2006-1 through SA-2006-03 for State awards expended

### IV. Summary Schedule of Prior Audit Findings

At the completion of the audit for fiscal year 2005 recommendations were made and were to be addressed during the fiscal year 2006. Recommendation #1 related to a financial statement finding in the prior year. Recommendation #2 and #3 relates to findings and questioned costs for major federal programs and state projects. We have reviewed the recommendations and the progress made toward implementation. The current status of Organization's efforts towards implementing the 2005 recommendations are described below.

<b>Condition</b>	<b>Current Year's Status</b>
We recommend the unused general ledger account numbers be deleted or made inactive to deter or mitigate exposure for fraudulent activity. (We noted that approximately 22 funds out of 42 total funds are not used to record any financial activity.) <b>05-ML-01</b>	Implemented
We recommend that management consider ceasing the aggregation of revenue and expenditure activity and use separate revenue and expenditure line item accounts and descriptions for all significant activity. This will give management increased insight into amounts comprising a summarized balance and allow for more efficient tracing of an amount in the event of a mispost. Another by-product of maintaining a sufficient level of detail is better financial trend analysis, an increased ability to predict future line item surplus or deficits, and better management reporting. <b>05-ML-02</b>	Implemented
We recommend that management consider seeking grant funds or other resources to activate the three Neighborhood Improvement Districts. Management can also consider closing or deactivating the component units to mitigate fraudulent activity. <b>05-ML-03</b>	Not Applicable
We recommend that all employees be required to take vacations annually and that management consider cross training its employees to minimize the potential of fraudulent activity going undetected timely. <b>05-ML-04</b>	Implemented

<p>We recommend that management consider bonding all employees who might assume a position of trust. This will help to mitigate the City's exposure and risk of loss should a defalcation occur. <b>05-ML-05</b></p>	<p>Implemented</p>
<p>We recommend that management consider establishing a hierarchy of authorized approvers for the preparation of journal entries. This will decrease activity being posted to the books and records for which management is unaware. <b>05-ML-06</b></p>	<p>Implemented</p>
<p>We recommend that the finance department consider implementing a system or mechanism to maintain the integrity of the Original budget and also tracking subsequent amendments to the budget. This will allow management to better track of the City's performance to plan and increase management's ability to take more immediate corrective actions in the event of unplanned expenditure activity<b>05-ML-07</b></p>	<p>Implemented</p>
<p>We recommend that Interim Finance Director and the Assistant Finance obtain written approval from personnel at the appropriate level prior to creating a budget line item or reallocating budget amounts. The finance department heads should consider an approval system be implemented to control users read / write privileges in the accounting system. <b>05-ML-08</b></p>	<p>Implemented</p>
<p>We recommend that management considers collaborating with its Information Technology (IT) department to implement password protection procedures. A password mechanism will increase password security and decrease the likelihood of unauthorized employees gaining access to an application or the accounting system that has not been properly authorized. <b>05-ML-09</b></p>	<p>Implemented</p>

<p>We advise the finance department to implement a procedure to separate the bottom portion of any voided check that displays the bank routing numbers and the bank account numbers from the remaining voided check. <b>05-ML-10</b></p>	<p>Implemented</p>
<p>We advise the City seek to employ an adequate amount of staff personnel for the finance department. <b>05-ML-11</b></p>	<p>Implemented</p>
<p>We recommend that the management consider hiring additional staff to ensure meters are read monthly and recordings are done properly. It is imperative that management also document and report any violations of the City's policies and procedures to avoid overcharging or financial loss. Harvey, Branker &amp; Associates is available to assist the City in establishing a process to more accurately measure customer usage and fee charges. <b>05-ML-12</b></p>	<p>Implemented</p>
<p>We recommend that the finance department limit the number of check request per department to (3) three per month. The check requests should be for emergency situations only. <b>05-ML-12</b></p>	<p>Implemented</p>



# HARVEY, BRANKER & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor and City Commissioners  
City of Opa-Locka, Florida

We have audited the basic financial statements of the City of Opa-Locka; Florida (the "City") as of and for the year ended September 30, 2006, and have issued our report thereon dated February 16, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Compliance and Internal Control over Financial Reporting, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 16, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1) (g) 1.a.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations or laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding audit report.

The Rules of the Auditor General (Section 10.554(1)(g)1.b.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have

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been corrected except for those reported under the Status of Prior Year's Findings as not implemented.

As required by the Rules of the Auditor General (Section 10.554(1) (G)2), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City appears to be in compliance with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(g)4) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters, other than those already reported in the auditors' report on compliance and internal control or schedule of findings and questioned costs, required to be disclosed under the Rules of Auditor General (Section 10.554(1) (g) 4.)

The Rules of the Auditor General (Section 10.554(1) (g) 5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City was created by the Laws of the State of Florida in 1927 by Chapter 13187.

As required by the Rules of the Auditor General (Section 10.554(1) (g) 6.a.), the scope of our audit included a review of the provisions of Section 218.50. (1), Florida Statutes, regarding financial emergencies. In connection with our audit, we have determined that the City is no longer in a state of financial emergency at September 30, 2006, as defined in Section 218.503(1) of the Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1) (g) 6.b.), we determined that the annual financial report for the City for the fiscal year ended September 30, 2006, filed with the Florida Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

As required by the Rules of the Auditor General (Section 10.554 (g) (6) c. and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. The results of our assessment indicated that the City's overall financial condition is improving, showing a favorable overall rating. The following briefly discusses the results of the financial condition assessment.

We applied financial condition assessment procedures pursuant to Rule 10.556 (8) to assess the financial condition of the City. While the City is not currently in a state of financial emergency as defined in Section 218.503, Florida Statutes, we believe that the results of the financial indicators shows that the City's overall financial condition is showing signs of improvement, which, if not corrected, could result in a future financial emergency. Nineteen (19) financial ratios are applicable to the City, of which 4 were favorable, 5 were unfavorable and the 10 were inconclusive. Two significant factors that contributed to the financial condition are the small excess of expenditures over revenues for the total governmental funds in the current year and decrease in the debt service due. During the year ended 2006, many of the financial indicators are beginning to show a favorable trend, however, it is only for a two year and it is not sufficient to determine if this is the beginning of a favorable trend for the City or a change for the current year only.

### **Recommendation**

The City should continue to perform the following to improve and sustain its financial condition.

- ❖ Consideration should be given to appropriate sufficient amounts for maintenance expenses and debt service of the loan.
- ❖ Continue to perform necessary periodic preventive maintenance to the water and sewer system. The preventive maintenance in the past years was funded by a loan from the Florida Department of Environmental Protection.
- ❖ Budget five to ten percent each fiscal year for undesignated and unreserved fund balance to provide for future capital needs and unexpected expenditures.
- ❖ Develop procedures to perform monthly financial statement analysis in order to timely identify unexpected financial relationships (i.e., unexplained increases in cost of utility services).

This management letter is intended solely for the information of the City Commission, management and officials of the City of Opa-Locka, Florida, and the State of Florida, Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Harvey, Branker & Associates*

February 16, 2007  
Hollywood, Florida