

City of Opa-locka, Florida

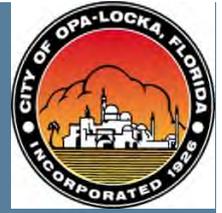


Audited Financial Report

**Fiscal Year Ended
September 30, 2012**



The City of Opa-Locka



Mission Statement

The Mission of the City of Opa-Locka is to enhance the quality of life, environment, and safety of our customers and employees in an atmosphere of courtesy, integrity, and quality service.



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

For the Fiscal Year Ended September 30, 2012



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

For the Fiscal Year Ended September 30, 2012



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December 31, 2013

To the Citizens, the Honorable Mayor, City Commissioners
and City Manager of the City of Opa-locka:

It is my pleasure to submit the Audited Financial Report for the City of Opa-locka, Florida, for the fiscal year ended September 30, 2012, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida and the City Charter. The financial statements included in this report conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). This report is published to fulfill that requirement for the fiscal year ended September 30, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements have been audited by Harvey, Covington & Thomas, LLC, a firm of licensed certified public accountants. The independent auditors have issued an unqualified opinion on the City's financial statements for the year ended September 30, 2012. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

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. Additionally, the City Commission appoints the City Manager, the City Attorney and the 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, including police, construction and maintenance of highways and streets and other infrastructure, recreational and cultural activities, water and wastewater, sanitation, planning and zoning, and general administrative services.

For additional information concerning our City, please visit our website at www.opalockafl.gov.

The financial reporting entity, under which the financial statements are prepared, includes all the activities and functions for which the City is financially accountable.

The City is required to prepare, approve, adopt and execute an annual budget. This annual budget serves as the foundation for the City's financial planning and control. 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 total adopted budget must be approved by the City Commission. Budget to actual comparisons are provided in this report for all of the City's funds that have an appropriated annual budget.

LOCAL ECONOMY

The City of Opa-locka comprises approximately 4.2 square miles, has a population of approximately 16,000 and is located in the northern portion of Miami-Dade County. The City is a mix of residential, commercial and industrial zones with the Opa-locka airport, which is owned and operated by Miami-Dade County, being its best known landmark. The City of Opa-locka community is served by two elementary schools.

This year has been very challenging with a further decline in taxable property values and the implementation of legislative measures that have placed limits on how local governments can levy ad valorem taxes today and into the future.

The economic decline, which began in fiscal year 2007, continued to negatively impact the City during fiscal year 2012. Revenue sources that are directly related to consumers spending declined in the past three years. Home prices continued to decline and properties under foreclosures in the City of Opa-locka at the beginning of the fiscal year were approximately more than 75. The taxable property value in the City declined by 8.91% compared to the prior tax year.

The reliance on grant funds has risen due to decreases in other revenue sources. The City is aggressively applying for grants to supplement city monies to fund services, especially in the area of public safety, parks and recreation and infrastructure improvement.

National and state economics continue to be key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures, due to the impact on tax receipts, revenue sharing, and the costs of providing city services. The 2012 census, recently completed, is anticipated to have some impact on revenue sharing for the City.

LONG-TERM FINANCIAL PLANNING

The City of Opa-locka's current focus related to economic growth is the creation of a community redevelopment agency (CRA) to help promote redevelopment in the City. The City has started this process by hiring an outside consultant to identify area of community redevelopment and prepare a Community Redevelopment Plan.

The designs for the major repairs of the City's four pump stations have been completed and permitted and construction is ready to commence any time soon. When finished, this project will allow the City to issue business permits to new businesses whose applications are currently pending.

In compliance with the City's financial integrity ordinance, the City's annual budget is adopted with the provision of \$500,000 for contingency reserve. As of September 30, 2012, the City's unreserved, undesignated general fund balance was 8.7% of general fund's fiscal year 2012 budget. The importance

of monitoring the City's fund balance levels has become an integral part of the overall financial planning of the City.

MAJOR INITIATIVES

It is no doubt that the fiscal year 2012 is another year full of challenges. This year our priorities include the construction of much needed repairs of 143rd Street and Alibaba Avenue, major repairs of four pump stations, implementation of free citywide bus route and the Ingram Park lakefront project. The most visible initiative for this fiscal year will be the construction of Helen Miller Community Center, and identifying a permanent location for the City of Opa-locka's Administrative Offices and long term solution for our Police Department Headquarters.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. This was the sixth consecutive year that the City has earned this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

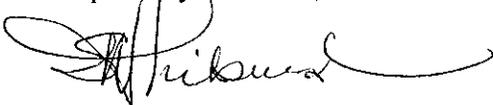
A Certificate of Achievement is valid for a period of one year only. Unfortunately the City did not submit a Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012. We are confident that we will submit a Comprehensive Annual Financial Report for FY2013 and continue receiving that prestigious designation once again.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its FY 2011-2012 budget document. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department and other departments. We wish to express our appreciation to the City Manager for his effective leadership, all the Departments who assisted and contributed to the preparation of this report. We acknowledge the services of Harvey, Covington and Thomas, LLC, the City's independent auditors.

In closing, without the leadership and support of the Mayor, the Commissioners, and the Management of the City the accomplishments and future successes noted in this report would not have been possible.

Respectfully submitted,



Susan A. Gooding-Liburd, CPA, CGFO
Finance Director



CITY OF OPA-LOCKA, FLORIDA

List of Principal Officials

CITY COMMISSION

Myra Taylor
Mayor

Joseph Kelly
Vice Mayor

Timothy Holmes
Commissioner

Dorothy Johnson
Commissioner

Luis Santiago
Commissioner

CITY EXECUTIVE MANAGEMENT

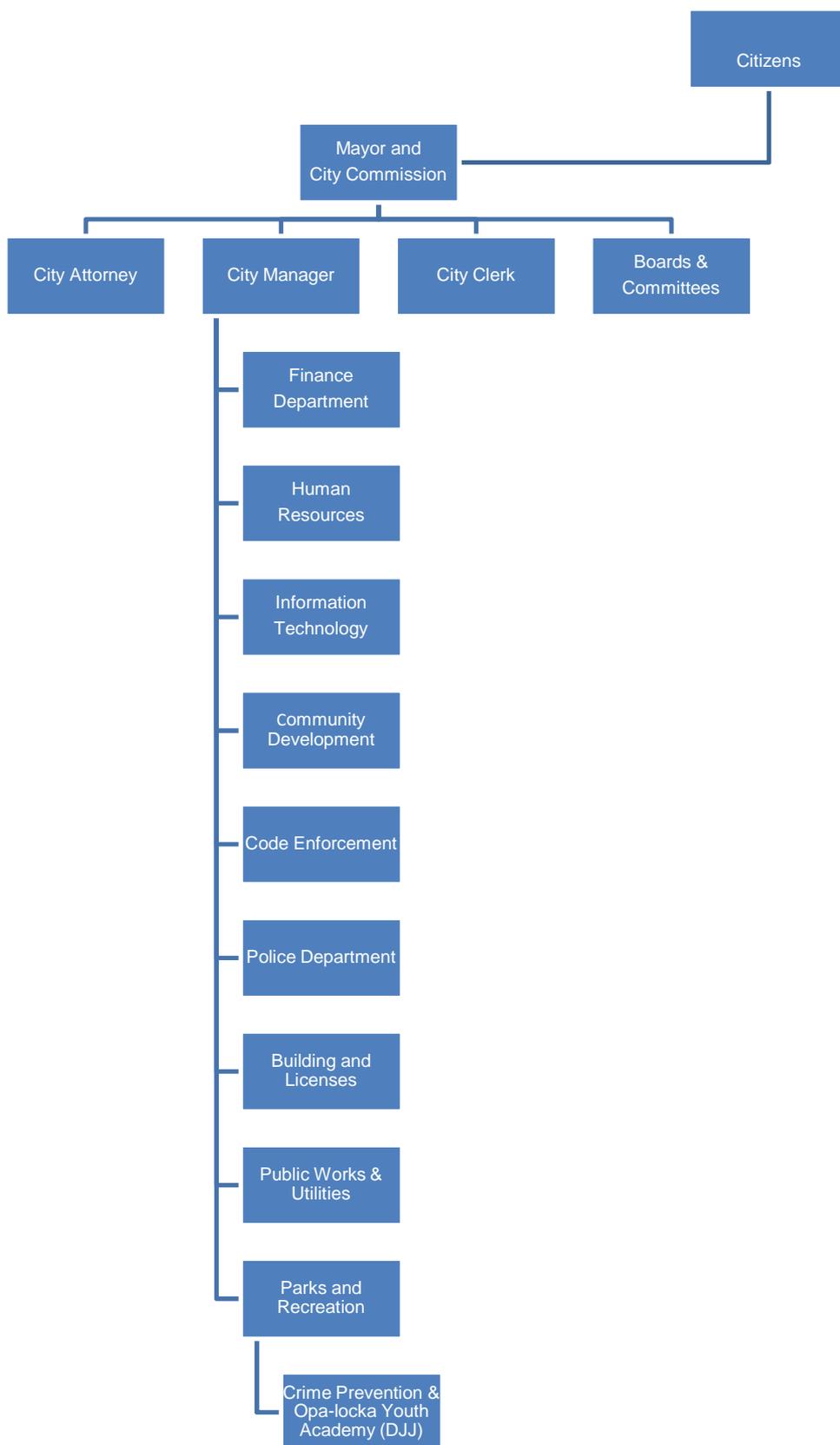
Kelvin Baker, Sr.
City Manager

Joanna Flores
City Clerk

Joseph Geller, P.A.
City Attorney

Susan Gooding-Liburd, CPA, CGFO
Finance Director

ORGANIZATIONAL CHART



INDEPENDENT AUDITOR'S REPORT

To the City Commission and honorable Mayor
City of Opa-Locka, State of 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 City of Opa-Locka, State of Florida ("the City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's, management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 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 the 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 opinions.

The City's financial statements do not disclose its obligation for Other Post Employment Benefits (OPEB) from its long-term liabilities in the accompanying statement of net assets. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. We were unable to determine the effect on the City's long-term liabilities due to the omission of the OPEB liability, since an actuarial determination was not performed.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the OPEB liability, 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 as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3

through 11 and 43 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Harvey Covington and Thomas of South Florida, LLC



Hollywood, Florida
December 31, 2013

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Opa-locka, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year. The City's total net assets equal \$28,026,859 million.

The City's total net assets increased by \$ 4.63 million.

The City's governmental funds reported combined ending fund balances of \$3.76 million, an increase of \$ 1.575 million in comparison with the prior year.

At the end of the current fiscal year, unassigned, undesignated fund balance for the general fund was \$.484 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 the most recent 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 (*governmental activities*) from other functions that are intended to

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, roads and streets, culture and recreation. The business-type activities of the City include water and sewer, solid waste, and storm water operations.

The government-wide financial statements can be found on pages 12-13 of this report.

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 two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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 the 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 thirteen (13) 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, peoples transportation, capital improvement debt service fund and the safe neighborhood capital projects fund which are considered to be major funds. Data from the other nine (9) 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 the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 12-17

Proprietary funds. The City maintains one type of proprietary fund. *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 water and sewer, storm water and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

water and sewer, storm water and solid waste operations. Water and sewer is the major enterprise fund of the City.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Notes to the Basic 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.

The notes to the financial statements can be found on pages 22-44 of this

report. 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 approximately \$28 million at the close of the most recent fiscal year. This was an increase of approximately 19.8% compared to last year's net assets of \$23.392 million.

By far the largest portion of the City's net assets (64 %) reflects its investment in capital assets (e.g., land, buildings and building improvements, 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.

City of Opa-locka's Net Assets - Government-wide

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(Restated)				(Restated)	
Current and other assets	\$ 4,634,416	\$4,215,694	\$ 12,413,152	\$ 10,429,129	\$ 17,047,568	\$ 14,644,823
Capital assets, net	16,799,873	16,212,546	12,025,190	11,647,475	28,825,063	27,860,021
Total assets	21,434,289	20,428,240	24,438,342	22,076,604	45,872,632	42,504,844
Long-term liabilities	8,593,530	8,879,285	4,577,953	5,165,746	13,171,483	14,045,031
Other liabilities	873,989	2,031,179	3,800,300	3,036,282	4,674,289	5,067,461
Total liabilities	9,467,519	10,910,464	8,378,254	8,202,028	17,845,772	19,112,492
Net assets:						
Invested in capital assets, net of related debt	9,735,712	8,402,867	8,256,492	6,733,269	17,992,204	15,136,136
Restricted	3,524,297	2,651,381	411,671	411,671	3,935,968	3,063,052
Unrestricted	(1,293,239)	(1,536,472)	7,391,926	6,729,636	6,098,687	5,193,164
Total net assets	\$ 11,966,770	\$ 9,517,776	\$ 16,060,089	\$ 13,874,576	\$ 28,026,859	\$ 23,392,352

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

An additional portion of the City's net assets (15%) 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 as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Opa-locka's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011 (Restated)	2012	2011	2012	2011 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 1,916,190	\$ 871,234	\$ 11,369,797	\$ 8,634,464	\$ 13,285,987	\$ 9,505,698
Operating/capital grants and cont.	1,916,028	1,805,571	-	-	1,916,028	1,805,571
General revenues:						
Property taxes	6,736,246	6,429,836	-	-	6,736,246	6,429,836
Other taxes	3,356,846	3,720,486	-	-	3,356,846	3,720,486
Intergovernmental, unrestricted	524,198	1,274,770	-	-	524,198	1,274,770
Unrestricted interest earnings	1,909	8,761	1,608	22,501	3,517	31,262
Miscellaneous	-	198,704	276,965	37,283	276,965	235,987
Total revenues	14,451,417	14,309,362	11,648,370	8,694,248	26,099,787	23,003,610
Expenses and transfers						
General government	5,402,679	5,258,247	-	-	5,402,679	5,258,247
Public safety	5,570,149	5,856,372	-	-	5,570,149	5,856,372
Highways and streets	1,744,207	3,000,577	-	-	1,744,207	3,000,577
Culture and recreation	982,440	1,179,470	-	-	982,440	1,179,470
Human services	-	278,733	-	-	-	278,733
Interest and fiscal charges	302,948	361,712	-	-	302,938	361,712
Water and sewer	-	-	5,954,797	5,446,235	5,954,797	5,446,235
Stormwater	-	-	1,145,855	1,203,020	1,145,855	1,203,020
Solidwaste	-	-	362,206	291,418	362,206	291,418
Transfers	(2,000,000)	(275,000)	2,000,000	275,000	-	-
Total Expenses	12,002,423	15,660,111	9,462,858	7,215,673	21,465,281	22,875,784
Increase (decrease) in net assets	2,448,994	(1,350,749)	2,185,514	1,478,575	4,634,507	127,826
Net assets, beginning	9,517,776	10,868,525	13,874,577	12,396,001	23,392,352	23,264,526
Net assets, ending	\$ 11,966,770	\$ 9,517,776	\$ 16,060,091	\$ 13,874,576	\$ 28,026,859	\$ 23,392,352

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

Governmental activities increased the City's net assets by \$2.449 million. Key elements of this increase are as follows:

Property taxes increased by \$ 306,412.

Increase in fines and forfeitures by \$ 364,698.

Total expenses decreased by \$1,932,688 (before transfers) due to a decrease in capital outlay expenditure, major capital outlay was done in prior year that now sit on our books as capital assets. Total increase in the General Government expenditure function was due primarily to increase in personnel costs.

Business-type Activities

Business-type activities increased the City's net assets by \$ 2.185 million. Key elements of this increase are as follows:

Charges for services increased significantly due to utility rate increase. For the water and sewer utility, total expenses increased due to increase in personnel costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$3.760 million, an increase of \$1.575 million in comparison with the prior year. Most of the fund balance *is restricted* to indicate that it is not available for new spending because it has already been committed or restricted to 1) pay debt service (\$1.1 million), 2) pay transportation \$2.2 million, or 3) various other purposes (\$.275 million).

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance reached \$1.234 million.

The fund balance of the City's general fund decreased by \$ 1.0 million during the current fiscal year. Key factors in this decrease are as follows:

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Total revenues of the general fund decreased by 8% due to decrease in utility service taxes, communication service taxes, franchise fees and charges for services, which were offset by the increase in property taxes, licenses and permits, fines and forfeitures and other revenues. Utility taxes decreased by \$237,037 as compared to last fiscal year. The other revenue sources mentioned above are directly related to consumer spending and the decrease could be attributed to the current economic condition of the local and national economy.

Total expenditures of the general fund decreased by 8% due to decreases in expenditures in public safety, highways and streets, culture and recreation and capital outlay. Increase in the expenditure of the general government function is primarily due to termination and settlements payment made by the City in current year.

General Fund Revenues	2012 Amount	Percent of Total	2011 Amount	Percent of Total	Increase (Decrease) From 2011	Percent of Increase (Decrease)
Property	\$ 6,736,246	54%	\$6,429,836	47%	\$306,410	5%
Utility service taxes	863,608	7%	1,100,645	8%	(237,037)	-22%
Communication service taxes	559,299	4%	611,700	5%	(52,401)	-9%
Local option, use and fuel taxes	275,054	2%	284,901	2%	(9,847)	-3%
Franchise fees	1,452,012	12%	1,499,291	11%	(47,279)	-3%
Local business taxes	206,873	2%	223,949	2%	(17,076)	-8%
Licenses and permits	624,671	5%	317,689	2%	306,982	97%
Intergovernmental	456,765	4%	344,759	3%	112,006	32%
Charges for services	32,788	0%	75,128	1%	(42,340)	-56%
Fines and forfeitures	843,115	7%	478,417	4%	364,698	76%
Interest	1,888	0%	7,451	0%	(5,563)	-75%
Other revenue	437,914	3%	193,204	1%	244,710	127%
Transfers	-	0%	1,998,799	14%	(1,998,799)	-100%
Total Revenues	\$ 12,490,233	100%	\$13,565,769	100%	(1,075,536)	-8%

Expenditures in the general fund are shown in the following schedule:

General Fund Expenditures	2012 Amount	Percent of Total	2011 Amount	Percent of Total	Increase (Decrease) From 2011	Percent of Increase (Decrease)
General government	5,993,332	44%	4,998,255	34%	995,077	20%
Public safety	5,040,165	37%	5,665,728	38%	(625,563)	-11%
Highways and streets	1,320,563	10%	2,307,499	15%	(986,936)	-43%
Culture and recreation	806,995	6%	1,147,780	8%	(340,785)	-30%
Capital outlay	566,381	3%	770,535	5%	(214,154)	-28%
Debt service	-	0%	-	0%	-	0%
Total expenditures	13,717,436	100%	14,889,797	100%	(1,172,361)	-8%

At the end of the current year, the Safe Neighborhood Capital Projects Fund increased its fund balance by approximately \$1.8 million. For the fiscal year ended September 30, 2012, the City completed the construction of Sherbondy Village, the biggest capital project of the City. Sherbondy Village composed of a gymnasium and a swimming pool.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 unrestricted net assets of the water and sewer, storm water and solid waste funds at the end of the current fiscal year amounted to \$7.392 million and \$ 6.730 million, respectively. The total increase in net assets for all enterprise funds was \$2.185 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$262,169 increase in the appropriations between the original and final amended budget. Following are the main components of the increase:

Additional increase in Community Development;
\$155,000 for community challenge grant
\$90,571 for employee separation cost

Budgeted appropriations exceeded expenditures by approximately \$265,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2012 amounts to \$28.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and buildings improvement, machinery and equipment, park facilities, roads and utility systems. The total increase in the City's investment in capital assets for the current fiscal year was 3%.

Major capital assets additions during the current fiscal year included the following:

Construction began the Helen Miller Building.
143rd Street road improvement project
Lift station and pump stations construction
Sherbondy Village project completion.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

City of Opa-locka's Capital Assets
(net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 3,042,475	\$ 3,042,475	\$ 14,762	\$ 14,762	\$ 3,057,237	\$ 3,057,237
Construction in progress	438,132	5,647,455	88,312	1,058,327	526,444	6,705,782
Buildings and building improvements	5,973,092	787,370	-	-	5,973,092	787,370
Utility plant and systems	-	-	10,832,352	10,870,794	10,832,352	10,870,794
Furniture and equipment	1,371,226	1,587,790	-	-	1,371,226	1,587,790
Infrastructure	5,974,948	5,147,456	1,089,764	(296,413)	7,064,712	4,851,043
Total	\$ 16,799,873	\$ 16,212,546	\$ 12,025,90	\$ 11,647,470	\$28,825,063	\$ 27,860,016

Additional information on the City's capital assets can be found in Note 7 on pages 32-33 of this report.

Long Term Debt

At the end of the current fiscal year the city had total debt outstanding of \$11.804 million

Additional information on the City's long-term debt can be found on Note 9 on pages 33-37 of this report.

City of Opa-locka's Outstanding Debt

	Governmental		Business-type		Total		Percentage Change
	Activities		Activities				
	2012	2011	2012	2011	2012	2011	
Revenue Bonds	\$ 7,355,000	\$ 7,713,000	\$ -	\$ -	\$ 7,355,000	\$ 7,713,000	-4.64%
Capital Leases	186,458	96,679	1,549,367	1,897,743	1,735,825	1,994,422	-12.97%
Loans	-	-	2,796,668	3,016,463	2,796,668	3,016,463	-7.29%
Liability to FDOT	-	-	73,845	137,140	73,845	137,140	-46.15%
Total	\$ 7,541,458	\$ 7,809,679	\$ 4,419,880	\$ 5,051,346	\$ 11,961,338	\$ 12,861,025	-0.07%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In developing the Fiscal Year 2013 budget, the following economic and other factors were considered:

- The City's gross property taxable value for operating purposes decreased for the third consecutive year.
- Special programs funding were reduced.
- Directive from the City Commission to preserve all full-time employees.
- Freezing all salaries that are not impacted by union negotiations.
- The fiscal year 2013 budget approved millage rate is 9.1000.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

During fiscal year 2013, the City will be looking at the following programs/initiatives:

- Using CRA and other tools to continue redevelopment opportunities.
- Complete \$3.7 million Sherbondy Park improvement project.
- Continue upgrades to bring all the City's pump stations out of moratorium.
- Commence construction on the new Helen Miller Center and Improvement to Segal Park.
- Implement new revenues enhancement sources
- Identify a permanent location for the City of Opa-locka's Administrative Offices.

All of these factors were considered in preparing the City of Opa-locka's budget for the 2013 fiscal year.

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, 3400 Opa-locka Boulevard, Building B, Opa-locka, Florida 33054.

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and equity in pooled cash	\$ 2,137,886	\$ 8,975,214	\$ 11,113,100
Receivables, net	675,301	2,475,330	3,150,630
Internal balances	700,601	(700,601)	-
Due from other Gov	718,602	200,000	918,602
Inventories	13,579	4,654	18,233
Other assets	128,523	78,285	206,808
Restricted cash and cash equivalents	259,925	1,380,271	1,640,196
Capital assets, not being depreciated	3,480,607	103,074	3,583,681
Capital assets, being depreciated, net	<u>13,319,266</u>	<u>11,922,116</u>	<u>25,241,382</u>
Total assets	<u>21,434,289</u>	<u>24,438,342</u>	<u>45,872,632</u>
LIABILITIES			
Accounts payable and accrued liabilities	838,800	562,305	1,401,105
Overdrawn cash	-	1,649,783	1,649,783
Due to other governments	-	85,660	85,660
Deposits		1,502,550	1,502,550
Deferred revenue	35,189	-	35,189
Noncurrent liabilities:			
Due within one year	1,529,359	687,501	2,216,860
Due in more than one year	<u>7,064,171</u>	<u>3,890,452</u>	<u>10,954,623</u>
Total liabilities	<u>9,467,519</u>	<u>8,378,252</u>	<u>17,845,770</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,735,712	8,256,492	17,992,204
Restricted	3,524,297	411,671	3,935,968
Unrestricted	<u>(1,293,239)</u>	<u>7,391,926</u>	<u>6,098,687</u>
Total net assets	<u>\$ 11,966,770</u>	<u>\$ 16,060,089</u>	<u>\$ 28,026,859</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs							
Governmental activities:							
General government	\$ 5,402,679	\$ 831,545		\$ -	\$ (4,571,134)	\$ -	\$ (4,571,134)
Public safety	5,570,149	1,069,226	158,359	-	(4,342,564)	-	(4,342,564)
Transportation	1,744,207	-	438,524	557,837	(747,846)	-	(747,846)
Human services	-	-	371,703	-	371,703	-	371,703
Culture and recreation	982,440	15,419	-	389,605	(577,416)	-	(577,416)
Interest on long term debt	302,948	-	-	-	(302,948)	-	(302,948)
Total governmental activities	<u>14,002,423</u>	<u>1,916,190</u>	<u>968,586</u>	<u>947,442</u>	<u>(10,170,205)</u>	<u>-</u>	<u>(10,170,205)</u>
Business-type activities:							
Water and sewer	5,954,798	9,849,295	-	-	-	3,894,497	3,894,497
Solid waste	1,145,855	1,260,520	-	-	-	114,665	114,665
Stormwater	362,205	259,982	-	-	-	(102,223)	(102,223)
Total business activities	<u>7,462,858</u>	<u>11,369,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,906,939</u>	<u>3,906,939</u>
Total	<u>\$ 21,465,281</u>	<u>\$ 13,285,987</u>	<u>\$ 968,586</u>	<u>\$ 947,442</u>	<u>(10,170,205)</u>	<u>3,906,939</u>	<u>(6,263,266)</u>
General revenues:							
Property taxes					6,736,246	-	6,736,246
Utility taxes					863,608	-	863,608
Communication services tax					559,299	-	559,299
Local option, use and fuel taxes					275,054	-	275,054
Local business tax					206,873	-	206,873
Franchise fees					1,452,012	-	1,452,012
Intergovernmental revenue - unrestricted					524,198	-	524,198
Unrestricted interest earnings					1,909	1,608	3,517
Miscellaneous						276,965	276,965
Transfers					2,000,000	(2,000,000)	-
Total general revenues and transfers					<u>12,619,199</u>	<u>(1,721,427)</u>	<u>10,897,772</u>
Change in net assets					2,448,994	2,185,512	4,634,506
Net assets, beginning					9,849,402	13,874,576	23,723,978
Prior period adjustment					(331,626)	-	(331,626)
Adjusted Net assets, beginning					<u>9,517,776</u>	<u>13,874,576</u>	<u>23,392,352</u>
Net assets, ending					<u>\$ 11,966,770</u>	<u>\$ 16,060,088</u>	<u>\$ 28,026,858</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Peoples Transportation Tax</u>	<u>Capital Projects Improvement Debt Service</u>	<u>Safe Neighborhood Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and equity in pooled cash	\$ -	\$ 2,252,493	\$ -	\$ 453,538	\$ -	\$ 2,909,729
Receivables, net	558,028	-	117,273	391,664	50,849	1,117,814
Other Gov account receivables	276,089	-	-	-	-	276,089
Due from other funds	5,142,806	-	1,310,373	118,784	511,060	7,083,023
Inventories	13,579	-	-	-	-	13,579
Prepaid items	128,521	-	-	-	-	128,521
Restricted cash and cash equivalents	-	-	524,881	-	259,927	784,808
Total assets	<u>\$ 6,119,023</u>	<u>\$ 2,252,493</u>	<u>\$ 1,952,527</u>	<u>\$ 963,986</u>	<u>\$ 821,836</u>	<u>\$ 12,313,562</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 655,619	\$ 89,778	\$ 42,757	\$ 34,164	\$ 16,480	\$ 838,798
Overdrawn cash	1,093,027	-	-	-	-	1,296,725
Due to other funds	3,122,140	-	781,162	1,219,540	1,259,592	6,382,434
Deferred revenues	14,252	-	-	-	20,937	35,189
Total liabilities	<u>4,885,038</u>	<u>89,778</u>	<u>823,919</u>	<u>1,253,704</u>	<u>1,297,009</u>	<u>8,553,146</u>
Fund balances:						
Nonspendable:						
Inventories	13,579	-	-	-	-	13,579
Prepaid items	128,521	-	-	-	-	128,521
Restricted for:						
Debt service	-	-	1,128,608	-	-	1,128,608
Committedd for:						
Public safety	-	-	-	-	77,733	77,733
Transportation	-	2,162,715	-	-	55,046	2,217,761
Unassigned:						
General fund	1,091,885	-	-	-	(607,952)	483,933
Capital projects funds	-	-	-	(289,718)	-	(289,718)
Total fund balances	<u>1,233,985</u>	<u>2,162,715</u>	<u>1,128,608</u>	<u>(289,718)</u>	<u>(475,173)</u>	<u>3,760,417</u>
Total liabilities and fund balances	<u>\$ 6,119,023</u>	<u>\$ 2,252,493</u>	<u>\$ 1,952,527</u>	<u>\$ 963,986</u>	<u>\$ 821,836</u>	<u>\$ 12,313,563</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

Fund balances - total governmental funds (Page 14)	\$ 3,760,417
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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.

GASB 34 Capital Assets Net of Accum. Depreciation	16,799,873	
Debt	(7,541,459)	
Compensated Absences	(1,052,061)	
Net adjustment		8,206,353
Net assets of governmental activities (Page 12)		\$ 11,966,770

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>General</u>	<u>Peoples Transportation Tax</u>	<u>Capital Improvement Debt Service</u>	<u>Safe Neighborhood Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Taxes:						
Property taxes	\$ 6,736,246	\$ -	\$ -	\$ -	\$ -	\$ 6,736,246
Utility taxes	863,608	-	-	-	-	863,608
Communications service taxes	559,299	-	-	-	-	559,299
Local option, use and fuel taxes	275,054	-	-	-	-	275,054
Local business taxes	206,873	-	-	-	-	206,873
Franchise fees	1,452,012	-	-	-	-	1,452,012
Permits and fees	624,671	-	-	-	-	624,671
Intergovernmental	456,765	438,525	1,463,335	873,837	158,359	3,390,821
Charges for services	32,788	-	-	-	-	32,788
Fines and forfeitures	843,115	-	-	-	-	843,115
Interest	1,888	-	7	6	8	1,909
Other	437,914	-	-	-	21,180	459,094
Total revenues	<u>12,490,233</u>	<u>438,525</u>	<u>1,463,342</u>	<u>873,843</u>	<u>179,547</u>	<u>15,445,490</u>
EXPENDITURES:						
Current:						
General government	5,314,607	-	-	-	69,910	5,384,514
Public safety	5,944,172	-	-	-	163,833	6,108,005
Highways and streets	1,629,990	121,218	-	-	-	1,751,208
Culture and recreation	828,667	-	-	-	200,692	1,029,359
Capital outlay	-	-	-	1,063,264	85,464	1,148,728
Debt service:						
Principal	-	-	358,000	-	-	358,000
Interest	-	-	302,948	-	-	302,948
Bond issuance cost	-	-	-	-	-	-
Total expenditures	<u>13,717,436</u>	<u>121,218</u>	<u>660,948</u>	<u>1,063,264</u>	<u>519,899</u>	<u>16,082,762</u>
Excess (deficiency) of revenues over expenditures	(1,227,203)	317,307	802,394	(189,421)	(340,352)	(637,272)
OTHER FINANCING SOURCES (USES):						
Debt proceeds	212,176	-	-	-	-	212,176
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	2,000,000	-	2,000,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>212,176</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,212,176</u>
Net change in fund balances	(1,015,027)	317,307	802,394	1,810,579	(340,351)	1,574,904
Fund balances, beginning	2,249,012	1,845,408	326,214	(1,768,672)	(134,822)	2,517,140
Prior period adjustment	-	-	-	(331,626)	-	(331,626)
Adjusted Beginning Balance	<u>2,249,012</u>	<u>1,845,408</u>	<u>326,214</u>	<u>(2,100,298)</u>	<u>(134,822)</u>	<u>2,185,514</u>
Fund balances, ending	<u>\$ 1,233,985</u>	<u>\$ 2,162,715</u>	<u>\$ 1,128,608</u>	<u>\$ (289,718)</u>	<u>\$ (475,173)</u>	<u>\$ 3,760,418</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
RECONCILIATION OF THE CHANGE IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Amounts reported for governmental activities in the statement of activities (Page 16) are different because:

Net change in fund balances - total governmental funds (page 16)	\$	1,574,903
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays		1,152,505
Less current depreciation		(565,178)
<p>The effect of other transaction involving capital assets:</p>		
Capital lease proceeds		(182,062)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Capital lease proceeds		
Principal payments of bonds payable		358,000
Principal payments of capital leases		128,355
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These activities consist of:</p>		
Change in compensated absences		<u>(17,529)</u>
Change in net assets of governmental activities (Page 13)	\$	<u><u>2,448,994</u></u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and equity in pooled cash	\$ 6,879,018	\$ 656,414	\$ 7,535,432
Receivables, net	2,316,003	145,300	2,461,303
Estimated unbilled services		14,026	14,026
Due from other funds	591,316	1,672,917	2,264,233
Due from other Gov	200,000	-	200,000
Inventories	4,654	-	4,654
Other assets	78,291	-	78,291
Total current assets	10,069,282	2,488,657	12,557,939
Noncurrent assets:			
Restricted cash and cash equivalents	2,820,053	-	2,820,053
Capital assets, net	11,949,158	76,033	12,025,191
Total noncurrent assets	14,769,211	76,033	14,845,244
Total assets	24,838,493	2,564,690	27,403,183
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	471,880	90,425	562,305
Overdrawn cash	-	1,649,783	1,649,783
Due to other Funds	2,437,990	526,851	2,964,841
Due to other governments	85,660		85,660
Deposits	1,384,135	118,415	1,502,550
Compensated absences	39,609	11,644	51,253
Current portion of capital lease payable	348,376	-	348,376
Current portion of loans payable	287,872	-	287,872
Total current liabilities	5,055,522	2,397,118	7,452,640
Noncurrent liabilities:			
Compensated absences	106,820		106,820
Loans payable	2,582,641	-	2,582,641
Capital lease payable	1,200,991	-	1,200,991
Total noncurrent liabilities	3,890,452	-	3,890,452
Total liabilities	8,945,974	2,397,118	11,343,092
NET ASSETS			
Invested in capital assets, net of related debt	8,180,460	76,033	8,256,493
Restricted for debt covenants	411,671	-	411,671
Unrestricted	7,300,388	91,538	7,391,926
Total net assets	\$ 15,892,519	\$ 167,571	\$ 16,060,090

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type - Enterprise Funds		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
Operating revenues:			
Charges for services	\$ 9,849,295	\$ 1,520,502	\$ 11,369,797
Other revenues	276,966	-	276,966
Total operating revenues	10,126,261	1,520,502	11,646,763
Operating expenses:			
Operating, administrative and maintenance	5,477,918	1,469,618	6,947,536
Depreciation	476,880	38,442	515,322
Total operating expenses	5,954,798	1,508,060	7,462,858
Operating income (loss)	4,171,463	12,442	4,183,905
Non-operating revenues (expenses)			
Interest	1,608	-	1,608
Interest and fiscal charges	-	-	-
Total non-operating revenues (expenses)	1,608	-	1,608
Income before transfers	4,173,071	12,442	4,185,513
Transfer out	(2,000,000)	-	(2,000,000)
Change in net assets	2,173,071	12,442	2,185,513
Net assets, beginning	13,719,448	155,128	13,874,576
Net assets, ending	\$ 15,892,519	\$ 167,570	\$ 16,060,089

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type - Enterprise Funds		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from customers	\$ 9,237,471	\$ 1,519,737	\$ 10,757,208
Cash paid to vendors	(4,726,680)	(1,202,650)	(5,929,330)
Cash paid to employees	(981,356)	(264,317)	(1,245,674)
Internal activity payments from (to) other funds, net	<u>847,463</u>	<u>(4,937)</u>	<u>842,526</u>
Net cash provided by operating activities	<u>4,376,898</u>	<u>47,832</u>	<u>4,424,730</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Net cash used in noncapital financing activities	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(893,037)	-	(893,037)
Proceeds from debt	-	458	458
Principal paid on debt	<u>(631,467)</u>	<u>-</u>	<u>(631,467)</u>
Net cash used in capital and related financing activities	<u>(1,524,504)</u>	<u>458</u>	<u>(1,524,046)</u>
Cash flows from investing activities:			
Interest income	<u>1,608</u>	<u>-</u>	<u>1,608</u>
Net cash provided by investing activities	<u>1,608</u>	<u>-</u>	<u>1,608</u>
Net increase (decrease) in cash	854,002	48,291	902,293
Cash, beginning	<u>8,845,069</u>	<u>608,123</u>	<u>9,453,192</u>
Cash, ending	<u>9,699,071</u>	<u>656,414</u>	<u>10,355,485</u>
Display as:			
Unrestricted	6,879,018	656,414	7,535,432
Restricted	<u>2,820,053</u>	<u>-</u>	<u>2,820,053</u>
Total	<u>9,699,071</u>	<u>656,414</u>	<u>10,355,485</u>
Reconciliation of operating income to cash provided by operating activities:			
Operating income (loss)	4,171,463	12,442	4,183,905
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	476,880	38,442	515,322
(Increase) decrease in:			
Cash drawn in excess of bank	-	1,097,670	1,097,670
Account receivable	(610,499)	303	(610,196)
Due from other gov't	(200,000)		(200,000)
Due from other funds	(482,668)	(1,218,750)	(1,701,419)
Other current assets	(78,291)		(78,291)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(86,354)	2,648	(83,706)
Customer deposits	(186,979)		(186,979)
Other liabilities	43,215		43,215
Due to other funds	1,944,148	116,143	2,060,291
Due to other governments	<u>(614,017)</u>	<u>(1,065)</u>	<u>(615,082)</u>
Net cash provided by operating activities	<u>4,376,898</u>	<u>47,833</u>	<u>4,424,730</u>

See notes to basic financial statements.

Notes to Basic Financial Statements

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

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, transportation, and parks and recreation. The City also operates water, sewer, storm water, and sanitation enterprises.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems, and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the City, organizations for which the City 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 reporting entity’s financial statements to be misleading or incomplete.

The City is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is potential for the organization to provide specific financial 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.

- 1) East-West Neighborhood Improvement District
- 2) Ali-Baba Neighborhood Improvement District
- 3) Niles Garden Neighborhood Improvement District

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all of the activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. *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. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use of 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

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

Governmental fund financial statements 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 sixty (60) days of the end of the current fiscal period, with the exception of expenditure driven (reimbursements) grants, for which the availability period is one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

Measurement Focus, Basis of Accounting, and Financial Statement Presentation Cont'd.

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

The City reports the following major governmental funds:

The **General Fund** is the general operation fund of the City. It accounts for all financial resources of the general government, except those required to be accounting for in another fund.

The **Peoples Transportation Tax Fund** accounts for the City's prorated share of the Charter County Transit System Surtax proceeds used toward projects and programs such as public transportation operations.

The **Capital Improvement Debt Service Fund** is used to account for the sinking fund requirements of the Series 2011 A and B Capital Improvement Revenue Bonds.

The **Safe Neighborhood Capital Projects Fund** accounts for revenue and expenditures of the CDBG and General Obligation Bonds funds from Miami-Dade County.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for the operation and maintenance of the City's water and sewer system.

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

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

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 water and sewer, solid waste and stormwater enterprise funds, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2012

Measurement Focus, Basis of Accounting, and Financial Statement Presentation Cont'd.

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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.

D. Assets, Liabilities, and Net Assets or Fund Equity

1. 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.

2. Deposits and Investments

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

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.

Investments, consisting of U.S. Government securities, and certificates of deposit with financial institutions, are stated at cost plus accrued interest.

3. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The City calculates its allowance for uncollectible using historical collection data, specific account analysis, and management's judgment. Major receivables balances for the governmental activities include franchise fees and utility taxes, and amounts due from other governments. Business-type activities report utility billings as major receivables.

4. Inventories

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

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2012

Assets, Liabilities, and Net Assets or Fund Equity Cont'd.

purchased. In the governmental funds, reported inventories are offset by a fund balance reserve which indicates that they do not constitute available spendable resources.

5. Restricted Assets

Restricted assets include cash and cash equivalents of the governmental and enterprise funds that are legally restricted as to their use. Cash and cash equivalents are restricted for debt service, customers' deposits, revenue bond requirement, and sewer system improvements.

6. 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

7. 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".

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

Inter-fund Transactions Cont'd.

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.

8. 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.

9. Compensated Absences

It is the City's policy to permit employees to accumulate, with certain limits, earned but unused vacation time and sick leave hours for subsequent use or for payment upon termination, 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.

10. 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.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

11. 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.

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

12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, allows them to defer a portion of their salary to future years. The City's direct involvement in the Plan is limited to remitting the amounts withheld from employees to the Plan's administrator. The deferred compensation plan is not included in the City's financial statements.

13. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

NOTE 2. DEFICIT FUND EQUITY

The City reported fund balance deficit of (\$522,835), (\$289,718), (\$345,567), (\$311,018), (\$144,471) and (\$69,910), for its Solid Waste, Safe Neighborhood Capital Project, Opa-locka Police Youth Academy, Crime Prevention, STOP/VAWA and CRA. The City will correct these fund balance deficits by way of appropriating funds from the general fund in its fiscal year 2012-2013 budget.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

NOTE 3. PROPERTY TAXES

Property taxes are levied on November 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 1st. Tax bills are payable upon receipt with discounts rates of one to four percent allowed if paid prior to March 1 of the following calendar year. 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. Miami-Dade County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The gross taxable value of property, as established by the Miami-Dade County Property Appraiser, at July 1, 2011 upon which the 2011-2012 levy, was approximately \$7,4 million. For the year ended September 30, 2012, the millage rate to finance general government services was 9.1052 (\$9.1052 per \$1,000 of assessed taxable value). The City is permitted by the State to levy a maximum of 10.00 mills (\$10 per \$1,000 of assessed taxable value) for general government services.

No accrual for the property tax levy becoming due in November 2012 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2012, and such taxes are collected to finance expenditures of the fiscal year ending September 30, 2013.

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2012 the City's cash are considered to be cash on hand and demand deposits.

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 Deposits 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.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

DEPOSITS AND INVESTMENTS Cont'd.

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.

As of September 30, 2012 the City has no investments.

NOTE 5. RECEIVABLES

Receivable balances as of September 30, 2012, were as follows:

	Accounts	Taxes	Due from Other Agencies	Others	Allowance for	Net
Governmental activities:						
General	\$ -	\$509,152	\$ 276,087	\$ 471,371	\$(422,493)	\$ 834,117
Safe neighborhood	-	-	391,664	-	-	391,664
Non-major funds	-	-	50,849	-	-	50,849
Total governmental activities	\$ -	\$ 509,152	\$718,600	\$ 471,370	\$(422,493)	\$ 1,276,630
Business-type activities:						
Water and sewer	\$ 2,316,003	\$ -	\$ -	\$ -	\$(477,858)	\$ 1,897,605
Storm-water	127,081	-	-	-	(21,555)	105,526
Solid waste	58,333	-	-	-	-	58,333
Total business-type activities	\$ 2,546,851	\$ -	\$ -	\$ -	\$(499,413)	\$ 2,061,464

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

NOTE 6. INTERFUND BALANCES AND TRANSFERS

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. Inter-fund balances result from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund balances as of September 30, 2012 consisted of the following:

Due from/to Other Funds	Due From Other Funds	Due to Other Funds
Major governmental fund:		
General fund	\$ 5,142,806	\$ 3,122,140
Capital improvement debt service	1,310,373	781,162
Safe Neighborhood capital projects	118,784	1,219,540
Non-major governmental funds	511,060	1,259,592
Major enterprise fund:		
Water and sewer	591,316	2,437,990
Non-major enterprise funds	1,631,147	485,062
Total	<u>\$ 9,305,486</u>	<u>\$ 9,305,486</u>

Interfund transfers for the year ended September 30, 2012, represent funding for the construction of the Sherbondy Village and consisted of the following:

	Transfer in	Transfer out	Amount	Purpose
Safe Neighborhood		Water & Sewer	\$ 2,000,000	Transfer excess funds
Total			<u>\$ 2,000,000</u>	

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

NOTE 7. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2012:

	Balance 09/30/11	Increases	Decreases	Balance 09/30/12
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,042,475	\$ -	\$ -	\$ 3,042,475
Construction in progress	5,647,455	438,132	(5,647,455)	438,132
Total assets not being depreciated	<u>8,689,930</u>	<u>438,132</u>	<u>(5,647,455)</u>	<u>3,480,607</u>
Capital assets being depreciated:				
Buildings and improvements	3,449,816	5,225,233	-	8,675,049
Furniture and equipment	4,523,832	7,213	-	4,531,045
Infrastructure	18,929,119	1,129,382	-	20,058,501
Total assets being depreciated	<u>26,902,767</u>	<u>6,361,828</u>	<u>-</u>	<u>33,264,595</u>
Less accumulated depreciation:				
Buildings and improvements	(2,662,446)	(39,511)	-	(2,701,957)
Furniture and equipment	(2,936,042)	(223,777)	-	(3,159,819)
Infrastructure	(13,781,663)	(301,890)	-	(14,083,553)
Total accumulated depreciation	<u>(19,380,151)</u>	<u>(565,178)</u>	<u>-</u>	<u>(19,945,329)</u>
Total capital assets being depreciated, net	<u>7,522,616</u>	<u>5,796,650</u>	<u>-</u>	<u>13,319,266</u>
Governmental activities capital assets, net	<u>\$ 16,212,546</u>	<u>\$ 6,234,782</u>	<u>\$ (5,647,455)</u>	<u>\$ 16,799,873</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 14,762	\$ -	\$ -	\$ 14,762
Construction in progress	1,058,327	-	(970,015)	88,312
Total assets not being depreciated	<u>1,073,089</u>	<u>-</u>	<u>(970,015)</u>	<u>103,074</u>
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Furniture and equipment	19,071,513	-	-	19,071,516
Infrastructure	2,862,045	1,863,053	-	4,725,098
Total assets being depreciated	<u>21,933,558</u>	<u>1,863,053</u>	<u>-</u>	<u>23,796,614</u>
Less accumulated depreciation:				
Buildings and improvements	-	-	-	-
Furniture and equipment	(8,200,719)	(38,442)	-	(8,239,161)
Infrastructure	(3,158,458)	(476,880)	-	(3,635,338)
Total accumulated depreciation	<u>(11,359,177)</u>	<u>(515,321)</u>	<u>-</u>	<u>(11,874,498)</u>
Total capital assets being depreciated, net	<u>10,574,381</u>	<u>1,347,732</u>	<u>-</u>	<u>11,922,116</u>
Business-type activities capital assets, net	<u>\$ 11,647,470</u>	<u>\$ 1,347,732</u>	<u>\$ (970,015)</u>	<u>\$ 12,025,190</u>

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

CAPITAL ASSETS Cont'd.

Depreciation expense was charged to

General government	\$ 85,953
Public safety	142,585
Transportation	310,509
Human Services	1,166
Parks and recreation	24,965
Total	\$ 565,178
Business-type activities:	
Water and sewer	\$ 476,880
Stormwater	38,441
Total	\$ 515,321

NOTE 8. LEASES

Operating Leases

The City leases building and office facilities under non-cancelable operating leases. Total costs for such leases were \$498,686 for the year ended September 30, 2011. The future minimum lease payments for the leases are as follows:

Year Ending September 30	Amount
2012	\$ 424,414
2013	152,080
Total	\$ 576,494

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

LEASES Cont'd.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various vehicles. The City also financed the acquisition of water meter reading equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates. Future minimum payments under the lease agreements and the present value of minimum payments as of September 30, 2012 are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2013	112,106	422,978
2014	82,472	422,978
2015	55,584	422,978
2016	-	422,978
Total minimum lease payments	250,162	1,691,912
Less: amount representing interest	(12,408)	(142,545)
Present value of minimum lease payments	\$237,754	\$ 1,549,367

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$634,076	-
Utility plant and systems	-	3,400,000
Less: Accumulated depreciation	(277,564)	(1,955,000)
Net	<u>\$356,512</u>	<u>\$1,445,000</u>

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

NOTE 9. LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2012 was as follows:

	Balance 09/30/11	Additions	Reductions	Balance 09/30/12	Due within One year
Governmental activities:					
Capital Improvement Revenue					
Bond, Series 2011	7,713,000	-	(358,000)	7,355,000	390,000
Total loans payable	7,713,000	-	(358,000)	7,355,000	390,000
Other liabilities:					
Capital leases obligation	96,679	218,135	(128,355)	186,459	144,282
Compensated absences	1,069,606	149,005	(166,539)	1,052,071	268,098
Total governmental activities long-term liabilities	\$ 8,879,285	\$ 367,138	\$ (652,894)	\$ 8,593,530	\$ 802,380
Business-type activities:					
State Revolving Loan No. CS120800020	\$ 61,504	\$ -	\$ (30,391)	\$ 31,113	\$ 31,113
State Revolving Loan No. CS12080003P	1,027,403	-	(75,916)	951,487	78,233
State Revolving Loan No. WW800050	1,927,556	-	(113,488)	1,814,068	115,231
Total loans payable	3,016,463	-	(219,795)	2,796,668	224,577
Other liabilities:					
Capital leases obligation	1,897,743	-	(348,376)	1,549,367	348,376
Liability to Florida Department of Transportation	137,140	-	(63,295)	73,845	63,295
Compensated absences	114,400	40,325	(4,280)	158,073	51,253
Total business-type activities long-term liabilities	\$ 5,165,746	\$ 40,325	\$ (635,746)	\$ 4,577,953	\$ 687,501

For governmental activities, compensated absences are generally liquidated by the General Fund

Long-Term Debt – Governmental Activities

Long-term debt of the City's governmental activities, excluding compensated absences and capital leases, include the Series 2011A&B Capital Improvement Revenue bonds, bearing annual interest rates on the Series A and Series B bonds range from approximately 3.31% to 3.89%, 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 \$390,000 in 2013 to \$670,000 through 2026.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

LONG-TERM DEBT Cont'd.

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:

- a) State Revolving Loan Note 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.
- b) State Revolving Loan Note 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.
- c) State Revolving Loan Note Project No. WW800050 - for \$2.375 million, bearing interest at a rate of 1.53%, due in 40 semi-annual payments of \$71,143, including interest, secured by a lien on Pledge Revenues as defined by the State Revolving Fund loan agreement.
- d) 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 December 2013. In accordance with an agreement between FDOT and the City, payments were temporarily suspended on August 1, 2002 and commenced again on October 1, 2005.

Annual debt service requirements to maturity for debt outstanding, other than the capital leases, are as follows:

Fiscal Year ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	390,000	249,968	287,872	56,300
2014	403,000	236,624	213,447	51,143
2015	416,000	222,852	201,880	46,886
2016	430,000	208,619	206,240	42,524
2017	445,000	193,890	209,778	38,988
2018-2022	2,729,000	705,041	660,950	85,346
2022-2026	2,542,000	196,288	925,685	51,944
Thereafter	-	-	164,660	1,898
	<u>\$ 7,355,000</u>	<u>\$ 2,013,282</u>	<u>\$ 2,870,512</u>	<u>\$ 375,029</u>

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

LONG-TERM DEBT Cont'd.

Summary of Debt Covenants

Series 2011A and Series 2011B 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, 2012 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, 2012 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, 2012 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, 2012.

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 Series 2011A and Series 2011B Capital Improvement Revenue Bonds.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Florida Retirement Systems Plans - The City participates in the State of Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit plan or defined contribution retirement plan which covers substantially all of the City's full-time employees. The FRS was established 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.

Benefit provisions and all other requirements are established by Chapter 121, Florida Statutes and any amendments thereto can be made only by an act of the Florida Legislature. Employees of the FRS may participate in either the Public Employee Optional Retirement Program (the "Investment Plan"), a defined contribution retirement program or in the defined benefit retirement plan (the "Pension Plan").

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2012

Defined Benefit Pension Plan Cont'd.

Effective July 1, 2011, employees participating in either the Investment Plan or the Pension Plan are required to make contributions to establish service credit for work performed in a regularly established position. The uniform rates for Fiscal year 2011-2012 as it applies to the City are as follows:

Class	Employee Contribution Rate	Employer Contribution Rate*	Total Contribution Rate
Regular	3.00%	4.91%	7.91%
Special Risk (Police)	3.00%	14.10%	17.10%
City, Elected Officers	3.00%	11.14%	14.14%
Senior Management (SMSC)	3.00%	6.27%	9.27%
<p>*These rates include the 1.11 percent contribution for the Retiree Health Insurance Subsidy, the fee of 0.03 percent for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.</p> <p>Source: Florida Retirement System Employer Handbook, July 2011 General Reporting of Wages and Retirement Contributions, page 2-17</p>			

Eligible members enrolled in the Investment Plan are vested after one year of service and are directed to choose their investment product with a third party administrator selected by the State Board of Administration.

Employees participating in the Pension Plan have their benefits computed on the basis of age, average final compensation and service credit. Prior to July 1, 2011, benefits under the Pension Plan are vested after six years of service. Enrollment on or after July 1, 2011 are vested after eight years of creditable 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. A post-retirement health insurance subsidy is also provided to eligible retired employees through the FRS defined benefits retirement plan.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

Defined Benefit Pension Plan Cont'd.

Summary of Florida Retirement System Contributions,
Covered Payroll and Percentage of Covered Payroll

	2012	2011	2010
Covered payroll	\$8,628,421	\$8,329,221	\$7,881,811
Contributions	1,064,057	1,074,327	1,084,207
% of Covered Payroll	13.00%	13.00%	13.75%

The City is required to contribute amounts necessary to pay benefits when due as defined by State Statute. Such contribution requirements ranged between 12% and 22% of gross salaries during fiscal year 2012. For the fiscal years ended September 30, 2012, 2011, and 2010 the City contributed 100% of the required contributions. 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) 488-5706.

NOTE 11. 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 countywide 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 12. COMMITMENTS AND CONTINGENCIES

Water Supply and Sewer Services 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, 2012 and 2011, the City purchased water and sewer services totaling \$2,814,054 and \$2,922,034 respectively, from the Authority under the terms of this agreement.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2012

Solid Waste Collection and Disposal Contract Cont'd.

On March 1, 2010, the City entered into a Residential Solid Waste Collection and Disposal Agreement (the Agreement) with a third party contractor. The Agreement is for a period of three years terminating on September 28, 2013. The contract maybe renewed for additional one (1) year period unless either the contractor or the City notify the other of its desire not to extend at least sixty (60) days prior to the termination date of the original contract term or any renewal term.

Contingencies

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 the financial statements. The City expects such amounts, if any, to be immaterial.

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.

NOTE 13. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the "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 assets and income of the Plan are held in trust for the exclusive benefits of the participants. The City makes no investment decisions and has no fiduciary responsibilities regarding the Plan; therefore, the assets and liabilities of the Plan are not included in the City's financial statements as September 30, 2012.

NOTE 14. 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 for which the City carries commercial insurance. The City has not had a significant reduction in insurance coverage from coverage in the prior year by major categories of risk, and settled claims have not exceeded the City's retention and excess coverage in force for each of the past three years.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
 Fiscal Year Ended September 30, 2012

NOTE 15. REQUIRED SUPPLEMENTARY INFORMATION

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The City adopts annual operating budgets for the general fund and all special revenue funds. Budget and actual comparison for the General Fund is presented in the Required Supplementary Information section of the report. Budget and actual comparisons for other funds are reflected in the Combining Statements section.

NOTE 16. PRIOR PERIOD ADJUSTMENT

The following discloses the restatement of governmental activities and certain governmental fund balances as of the beginning of the fiscal year:

	<u>Safe Neighborhood Capital Projects</u>
Net assets beginning of year,	\$(1,768,672)
Write-off outstanding receivable previously collected	(331, 626)
Net assets beginning of year, as restated	<u>\$(2,100,298)</u>

NOTE 17. SUBSEQUENT EVENTS

On April 3, 2013, Opa-locka officer, Sergio Perez, initiated pursuit of a vehicle that made an illegal right turn. That vehicle, driven by Willie Dumel, failed to stop and attempted to flee from Officer Perez. While doing so, he was observed discarding a gun. Dumel entered I-95 northbound, exited westbound on Ives Dairy Road and then re-entered I-95 by entering a southbound ramp going against traffic. While traveling on the highway in the wrong direction, he struck a vehicle head-on, resulting in four (4) fatalities.

Based upon the circumstances surrounding this accident, it is likely that the City of Opa-locka will be found liable for the subject accident and damages to four Estates. While an amount of damages is difficult to predict at the present time, it is anticipated that judgments well in excess of \$2,000,000 per Estate will be entered against the City of Opa-locaka.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

NOTE 18. MANAGEMENT'S REVIEW

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 20, 2013, the date the financial statements were available to be issued. There were no other significant events that management believed require disclosure.

NOTE 19. PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE, AND RECENTLY ADOPTED

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future that may impact future financial presentations. Management has not currently determined what, if any, effect implementation of the following statements may have on the financial statements of the City.

GASB Statement 61, *The Financial Reporting Entity: Omnibus*, was issued in December 2010. The Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued December 2010. The Statement is intended to enhance the usefulness of GASB Codification by incorporating certain accounting guidance issued by the FASB and the AICPA that is applicable to state and local governments. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

ASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*, was issued June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2012

NOTE 19. PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE, AND RECENTLY ADOPTED (Cont'd)

GASB Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53* issued June 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2012.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* was issued March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* was issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2014.

GASB Statement 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter

CITY OF OPA-LOCKA, FLORIDA
Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2012

jointly referred to as trusts) that meet certain criteria. The provisions of this Statement will be effective for City beginning with its year ending September 30, 2015.

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
Taxes:				
Property taxes	\$ 6,214,101	\$ 6,214,101	\$ 6,736,248	\$ 522,147
Utility taxes	866,400	910,900	863,608	(47,292)
Communications service taxes	625,000	866,400	559,299	(307,101)
Local option gas tax	270,000	270,000	275,054	5,054
Local business taxes	200,000	200,000	206,873	6,873
Franchise fees	1,365,200	1,365,200	1,452,012	86,812
Permits and fees	263,950	263,950	624,671	360,721
Intergovernmental	463,909	586,909	456,765	(130,144)
Charges for services	28,100	28,100	32,788	4,688
Fines and forfeitures	588,500	303,500	843,115	539,615
Interest	8,000	8,000	1,888	(6,112)
Other	126,210	166,210	437,914	271,704
Total revenues	<u>11,019,370</u>	<u>11,183,270</u>	<u>12,490,235</u>	<u>1,306,965</u>
Expenditures:				
Current:				
General government:				
City commission	105,205	114,565	109,246	5,319
City manager	633,609	529,806	541,311	(11,505)
City clerk	502,839	667,455	598,188	69,267
City attorney	533,500	533,500	699,477	(165,977)
Finance/Utility billing	545,034	515,825	477,860	37,965
Information technology	284,380	276,445	284,150	(7,705)
Human resources	240,866	274,370	286,276	(11,906)
Building licenses	371,847	366,115	585,711	(219,596)
Community development	228,582	429,950	391,008	38,942
Total general government	<u>3,445,862</u>	<u>3,708,031</u>	<u>3,973,227</u>	<u>(265,196)</u>
Public safety:				
Police	4,947,181	4,926,947	5,511,256	(584,309)
Code enforcement	482,800	559,180	432,916	126,264
Total public safety	<u>5,429,981</u>	<u>5,486,127</u>	<u>5,944,172</u>	<u>(458,045)</u>
Public works:				
Administration	222,727	130,230	208,695	(78,465)
Street maintenance	368,311	379,901	448,126	(68,225)
Building maintenance	277,685	277,125	305,744	(28,619)
Vehicle maintenance	598,097	636,720	667,425	(30,705)
Total public works	<u>1,466,820</u>	<u>1,423,976</u>	<u>1,629,990</u>	<u>(206,014)</u>
				Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Parks and recreation:				
Parks	737,692	710,017	780,218	(70,201)
Special events	25,000	33,075	48,449	(15,374)
Total parks and recreation	<u>762,692</u>	<u>743,092</u>	<u>828,667</u>	<u>(85,575)</u>
Non-departmental	<u>1,148,543</u>	<u>1,138,243</u>	<u>1,341,380</u>	<u>(203,137)</u>
Total non-departmental	<u>1,148,543</u>	<u>1,138,243</u>	<u>1,341,380</u>	<u>(203,137)</u>
Total expenditures	<u>12,253,898</u>	<u>12,499,469</u>	<u>13,717,436</u>	<u>(1,217,967)</u>
Excess of revenues over expenditures	(1,234,528)	(1,316,199)	(1,227,203)	88,996
Other financing sources (uses):				
Capital lease proceeds	-	-	212,176	212,176
Transfers in	1,899,100	2,207,165	-	(2,207,165)
Transfers out	(99,575)	(105,070)	-	105,070
Net change in fund balance	564,997	785,896	(1,015,027)	(1,800,923)
Fund balance, beginning	2,249,012	2,249,012	2,249,012	-
Fund balance, end	<u>\$ 2,814,009</u>	<u>\$ 3,034,908</u>	<u>\$ 1,233,985</u>	<u>\$ (1,800,923)</u>

See notes to budgetary comparison schedule.

CITY OF OPA-LOCKA, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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.

CITY OF OPA-LOCKA, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE

NOTE 2. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended September 30, 2012 expenditures exceeded appropriations in the city attorney, building and licenses, public works, public safety, public works and parks departments of the general fund by \$165,977, \$219,596, \$458,045, \$206,014 and \$85,575. The over expenditures were funded by available fund balance in the case of the general fund.

CITY OF OPA-LOCKA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

Special Revenue Funds

	Special Law Enforcement	Boy Scout	Opa-locka Police Youth Academy	Crime Prevention	STOP/VAWA Program	FEMA
ASSETS						
Cash and equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	-	-	5,451	38,130	7,268	-
Due from other funds	34,441	17,515	6,000	48,715	-	57,008
Restricted cash and cash equivalents	<u>137,665</u>	<u>-</u>	<u>85,739</u>	<u>17,547</u>	<u>-</u>	<u>18,976</u>
Total assets	<u>\$ 172,106</u>	<u>\$ 17,515</u>	<u>\$ 97,190</u>	<u>\$ 104,392</u>	<u>\$ 7,268</u>	<u>\$ 75,984</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 206	\$ 2,062	\$ -	\$ -
Due to other funds	112,003	120	442,551	413,348	151,739	1
Deferred revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,937</u>
Total liabilities	<u>112,003</u>	<u>120</u>	<u>442,757</u>	<u>415,410</u>	<u>151,739</u>	<u>20,938</u>
FUND BALANCES						
Reserved for:						
Public safety	60,100	17,395	-	-	-	-
Transportation	-	-	-	-	-	55,046
Debt service	-	-	-	-	-	-
Unreserved	<u>-</u>	<u>-</u>	<u>(345,567)</u>	<u>(311,018)</u>	<u>(144,471)</u>	<u>-</u>
Total fund balances	<u>60,100</u>	<u>17,395</u>	<u>(345,567)</u>	<u>(311,018)</u>	<u>(144,471)</u>	<u>55,046</u>
Total liabilities and fund balances	<u>\$ 172,103</u>	<u>\$ 17,515</u>	<u>\$ 97,190</u>	<u>\$ 104,392</u>	<u>\$ 7,268</u>	<u>\$ 75,984</u>

CITY OF OPA-LOCKA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2012

	Special Revenue Funds				Total Nonmajor Governmental Funds
	DEP Wastewater System Improvement	South Florida Water Management	Local Law Enforcement	Community Redevelopment	
ASSETS					
Cash and equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	-	-	-	-	50,849
Due from other funds	-	347,146	236	-	511,061
Restricted cash and cash equivalents	-	-	-	-	259,927
Total assets	<u>\$ -</u>	<u>\$ 347,146</u>	<u>\$ 236</u>	<u>\$ -</u>	<u>\$ 821,837</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 14,212	\$ 16,480
Due to other funds	-	84,134	-	55,698	1,259,594
Deferred revenues	-	-	-	-	20,937
Total liabilities	<u>-</u>	<u>84,134</u>	<u>-</u>	<u>69,910</u>	<u>1,297,011</u>
FUND BALANCES					
Reserved for:					
Public safety	-	-	236	-	77,731
Transportation	-	-	-	-	55,046
Debt service	-	-	-	-	-
Unreserved	<u>-</u>	<u>263,012</u>	<u>-</u>	<u>(69,910)</u>	<u>(607,954)</u>
Total fund balances	<u>-</u>	<u>263,012</u>	<u>236</u>	<u>(69,910)</u>	<u>(475,177)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 347,146</u>	<u>\$ 236</u>	<u>\$ -</u>	<u>\$ 821,833</u>

CITY OF OPA-LOCKA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds					
	Special Law Enforcement	Boy Scout	Opa-locka Police Youth Academy	Crime Prevention	STOP/VAWA Program	FEMA
Revenues:						
Intergovernmental	\$ 12,933	\$ -	\$ 93,001	\$ 52,425	\$ -	\$ -
Interest	6	-	-	-	-	-
Other	-	-	-	21,180	-	-
Total revenues	<u>12,938</u>	<u>-</u>	<u>93,001</u>	<u>73,605</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
Public safety	11,425	20	152,389	-	-	-
Highways and streets	-	-	-	-	-	-
Human services	-	-	-	200,692	-	-
Capital outlay	85,464	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>96,889</u>	<u>20</u>	<u>152,389</u>	<u>200,692</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(83,951)</u>	<u>(20)</u>	<u>(59,388)</u>	<u>(127,087)</u>	<u>-</u>	<u>-</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(83,951)	(20)	(59,388)	(127,087)	-	-
Fund balance, beginning	<u>144,051</u>	<u>17,415</u>	<u>(286,179)</u>	<u>(183,931)</u>	<u>(144,471)</u>	<u>55,046</u>
Fund balance, ending	<u>\$ 60,100</u>	<u>\$ 17,395</u>	<u>\$ (345,567)</u>	<u>\$ (311,018)</u>	<u>\$ (144,471)</u>	<u>\$ 55,046</u>

CITY OF OPA-LOCKA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds				Total Nonmajor Governmental Funds
	DEP Wastewater System Improvement	South Florida Water Management	Local Law Enforcement	Community Redevelopment	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 158,359
Interest	-	-	-	-	6
Other	-	-	-	-	21,180
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,544</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	163,834
Highways and streets	-	-	-	-	-
Human services	-	-	-	69,910	270,602
Capital outlay	-	-	-	-	85,464
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,910</u>	<u>519,901</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,910)</u>	<u>(340,356)</u>
Other financing sources:					
issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	(69,910)	(340,356)
Fund balance, beginning	<u>-</u>	<u>263,012</u>	<u>236</u>	<u>-</u>	<u>(134,821)</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 263,012</u>	<u>\$ 236</u>	<u>\$ (69,910)</u>	<u>\$ (475,177)</u>

CITY OF OPA-LOCKA, FLORIDA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and equity in pooled cash	\$ 656,414	\$ -	\$ 656,414
Receivables, net	91,500	53,800	145,300
Estimated unbilled services	14,026	-	14,026
Due from other funds	<u>349,968</u>	<u>1,322,949</u>	<u>1,672,917</u>
Total current assets	<u>1,111,908</u>	<u>1,376,749</u>	<u>2,488,656</u>
Noncurrent assets:			
Capital assets, net	<u>76,033</u>	<u>-</u>	<u>76,033</u>
Total noncurrent assets	<u>76,033</u>	<u>-</u>	<u>76,033</u>
Total assets	<u>1,187,941</u>	<u>1,376,749</u>	<u>2,564,689</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	810	89,615	90,425
Overdrawn cash	-	1,649,783	1,649,783
Due to other funds	485,081	41,770	526,851
Due to other governments	-	-	-
Customers' deposits	-	118,415	118,415
Compensated absences	<u>11,644</u>	<u>-</u>	<u>11,644</u>
Total current liabilities	<u>497,535</u>	<u>1,899,584</u>	<u>2,397,118</u>
Total liabilities	<u>497,535</u>	<u>1,899,584</u>	<u>2,397,118</u>
NET ASSETS			
Invested in capital assets, net of related debt	76,033	-	76,033
Unrestricted	<u>614,373</u>	<u>(522,835)</u>	<u>91,538</u>
Total net assets	<u>\$ 690,406</u>	<u>\$ (522,835)</u>	<u>\$ 167,571</u>

CITY OF OPA-LOCKA, FLORIDA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 259,982	\$ 1,260,520	\$ 1,520,502
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>259,982</u>	<u>1,260,520</u>	<u>1,520,502</u>
Operating expenses:			
Operating, administrative and maintenance	323,763	1,145,855	1,469,619
Depreciation	<u>38,442</u>	<u>-</u>	<u>38,442</u>
Total operating expenses	<u>362,205</u>	<u>1,145,855</u>	<u>1,508,061</u>
Change in net assets	(102,223)	114,665	12,442
Net assets, beginning	<u>792,628</u>	<u>(637,500)</u>	<u>155,128</u>
Net assets, ending	<u>\$ 690,405</u>	<u>\$ (522,835)</u>	<u>\$ 167,570</u>

CITY OF OPA-LOCKA, FLORIDA
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Stormwater</u>	<u>Solidwaste</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 255,750	\$ 1,263,987	\$ 1,519,737
Cash paid to vendors	(59,742)	(1,142,908)	(1,202,650)
Cash paid to employees	(264,317)	-	(264,317)
Internal activity payments from (to) other funds, net	116,142	(121,079)	(4,937)
Net cash provided by operating activities	<u>47,833</u>	<u>-</u>	<u>47,833</u>
Cash flows from capital and related financing activities:			
Proceed from debt	<u>458</u>	<u>-</u>	<u>458</u>
Net cash used in capital and related financing activities	<u>458</u>	<u>-</u>	<u>458</u>
Net decrease in cash	48,291	-	48,291
Cash, beginning	<u>608,123</u>	<u>-</u>	<u>608,123</u>
Cash, ending	<u>656,414</u>	<u>-</u>	<u>656,414</u>
Display as:			
Unrestricted	656,414	-	656,414
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>656,414</u>	<u>-</u>	<u>656,414</u>
Reconciliation of operating income to cash provided by operating activities:			
Operating income (loss)	(102,223)	114,665	12,442
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	38,442	-	38,442
(Increase) decrease in:			
Cash drawn in excess of bank		1,097,670	1,097,670
Account receivable	(4,231)	4,534	303
Due from other funds	-	(1,218,750)	(1,218,750)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(298)	2,946	2,648
Due to other funds	116,143	-	116,143
Other liabilities	-	(1,065)	(1,065)
Net cash provided by operating activities	<u><u>47,833</u></u>	<u><u>-</u></u>	<u><u>47,833</u></u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Law Enforcement				Boy Scout			
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 5,000	\$ 5,000	\$ 12,933	\$ 7,933	\$ -	\$ -	\$ -	\$ -
Interest	-	-	6	6	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	5,000	5,000	12,939	7,938	-	-	-	-
Expenditures:								
Current:								
Public safety	105,625	105,625	96,889	8,736	-	-	20	(20)
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	105,625	105,625	96,889	8,736	-	-	20	(20)
Excess (deficiency) of revenues over expenditures	(100,625)	(100,625)	(83,950)	16,674	-	-	(20)	(20)
Other financing sources (uses):								
Transfers in	100,625	100,625	-	(100,625)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	100,625	100,625	-	(100,625)	-	-	-	-
Net change in fund balance	-	-	(83,950)	(83,951)	-	-	(20)	(20)
Fund balance, beginning	144,051	144,051	144,051	-	17,415	17,415	17,415	-
Fund balance, end	\$ 144,051	\$ 144,051	\$ 60,101	\$ (83,951)	\$ 17,415	\$ 17,415	\$ 17,395	\$ (20)

(continued)

CITY OF OPA-LOCKA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Opa-locka Police Youth Academy				Crime Prevention			
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 170,754	\$ 170,754	\$ 93,001	\$ (77,753)	\$ 40,000	\$ 40,000	\$ 52,425	\$ 12,425
Other	-	-	-	-	-	-	21,180	21,180
Total revenues	170,754	170,754	93,001	(77,753)	40,000	40,000	73,605	33,605
Expenditures:								
Current:								
Human services	170,754	170,754	152,389	18,365	139,575	139,575	200,692	(61,117)
Highways and streets	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	170,754	170,754	152,389	18,365	139,575	139,575	200,692	(61,117)
Deficiency of revenues over expenditures	-	-	(59,388)	(59,388)	(99,575)	(99,575)	(127,087)	(27,512)
Other financing sources (uses):								
Transfers in	-	-	-	-	99,575	99,575	-	(99,575)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	99,575	99,575	-	(99,575)
Net change in fund balance	-	-	(59,388)	(59,388)	-	-	(127,087)	(127,087)
Fund balance, beginning	(286,179)	(286,179)	(286,179)	-	(183,931)	(183,931)	(183,931)	-
Fund balance, end	\$ (286,179)	\$ (286,179)	\$ (345,567)	\$ (59,388)	\$ (183,931)	\$ (183,931)	\$ (311,018)	\$ (127,087)

(continued)

CITY OF OPA-LOCKA, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 NONMAJOR SPECIAL REVENUE FUNDS
 (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	STOP/VAWA				FEMA			
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
Expenditures:								
Current:								
Public safety	-	-	-	-	-	5,495	-	5,495
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	5,495	-	5,495
Deficiency of revenues over expenditures	-	-	-	-	-	(5,495)	-	5,495
Other financing sources (uses):								
Transfers in	-	-	-	-	-	5,495	-	(5,495)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	5,495	-	(5,495)
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning	(144,471)	(144,471)	(144,471)	-	55,046	55,046	55,046	-
Fund balance, end	<u>\$ (144,471)</u>	<u>\$ (144,471)</u>	<u>\$ (144,471)</u>	<u>\$ -</u>	<u>\$ 55,046</u>	<u>\$ 55,046</u>	<u>\$ 55,046</u>	<u>\$ -</u>

CITY OF OPA-LOCKA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	DEP Wastewater System Improvement				South Florida Water Management			
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
Expenditures:								
Current:								
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Deficiency of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning	-	-	-	-	263,012	263,012	263,012	-
Fund balance, end	\$ -	\$ -	\$ -	\$ -	\$ 263,012	\$ 263,012	\$ 263,012	\$ -

(continued)

CITY OF OPA-LOCKA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Local Law Enforcement				Community Redevelopment			
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest			-	-			-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
Expenditures:								
Current:								
Human services	-	-	-	-	200,000	200,000	69,910	130,090
Total expenditures	-	-	-	-	200,000	200,000	69,910	130,090
Deficiency of revenues over expenditures	-	-	-	-	(200,000)	(200,000)	(69,910)	130,090
Other financing sources (uses):								
Transfers in	-	-	-	-	200,000	200,000	-	(200,000)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	200,000	200,000	-	(200,000)
Net change in fund balance	-	-	-	-	-	-	(69,910)	(69,910)
Fund balance, beginning	236	236	236	-	-	-	-	-
Fund balance, end	\$ 236	\$ 236	\$ 236	\$ -	\$ -	\$ -	\$ (69,910)	\$ (69,910)

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITALIMPROVEMENT DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 5,058,266	\$ 5,058,266	\$ 1,463,335	\$ (3,594,931)
Interest	-	-	7	7
Total revenues	<u>5,058,266</u>	<u>5,058,266</u>	<u>1,463,342</u>	<u>(3,594,924)</u>
Expenditures:				
Capital outlay	5,568,266	5,658,266	-	5,658,266
Debt service:				
Principal	358,000	358,000	358,000	-
Interest	262,650	262,650	302,948	(40,298)
Other debt service costs	1,000	1,000	-	1,000
Bond issuance cost	-	-	-	-
Total expenditures	<u>6,189,916</u>	<u>6,279,916</u>	<u>660,948</u>	<u>5,618,968</u>
Deficiency of revenues over expenditures	<u>(1,131,650)</u>	<u>(1,221,650)</u>	<u>802,394</u>	<u>2,024,044</u>
Other financing uses:				
Debt proceeds	-	-	-	-
Transfer in	2,000,000	2,000,000	-	2,000,000
Transfer out	(868,350)	(778,350)	-	(778,350)
Total other financing uses	<u>1,131,650</u>	<u>1,221,650</u>	<u>-</u>	<u>1,221,650</u>
Net change in fund balance	-	-	802,394	(802,394)
Fund balance, beginning	<u>326,214</u>	<u>326,214</u>	<u>326,214</u>	<u>-</u>
Fund balance, end	<u>\$ 326,214</u>	<u>\$ 326,214</u>	<u>\$ 1,128,608</u>	<u>\$ (802,394)</u>

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

To the City Commission and honorable Mayor
City of Opa-Locka, State of Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Opa-Locka, State of Florida (the "City") as of and for the year ended September 30, 2012, which collectively comprise City's basic financial statements and have issued our report thereon dated December 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. **2012-01; 2012-02 and 2012-03.**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. **2012-04; 2012-05 and 2012-06.**

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Harvey Covington and Thomas of South Florida, LLC



Hollywood, Florida
December 31, 2013

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

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

Compliance

We have audited City of Opa-Locka, State of Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of City of X, State Y's major federal programs for the year ended September 30, 2012 the City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item **2012-08**.

Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing

their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item **2012-07** and **2012-08** to be significant deficiencies.

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

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

Harvey Covington and Thomas of South Florida, LLC



Hollywood, Florida

December 31, 2013

Federal Grantor/Pass-through Granter/Program or Cluster Title	Federal CFDA Number	Contract or Identifying Number	Federal Expenditures
U.S. Department of Justice			
ARRA Community Oriented Policing Services (COPS) - Hiring Grant	16.710	2009RKWX0214	\$ 102,783.83
Community Oriented Policing Services (COPS) - Hiring Grant	16.710	2008UMWX0031	57,429.66
Community Development Capacity (CDCO) - Weed & Seed Program	16.595	2010WSQX0125	107,376.75
ARRA- Edward Byrne Memorial Justice Assistance Program (JAG) 2009 Recovery Act Grant	16.804	2009SBB91011	31,690.90
Edward Byrne Memorial Justice Assistance Program (JAG) 2009 Local Solicitation	16.738	2009DJBX1317	<u>45,375.00</u>
Subtotal Department of Justice direct programs:			<u>344,656.14</u>
Pass-through program from: Miami-Dade County Office of Grants Coordination - Records Improvement Program	16.804	2011JAGCDADE3B2179	<u>3,742.00</u>
Total U.S Department of Justice			<u>348,398.14</u>
U.S. Department of Transportation			
Job Access & Reverse Commute (JARC) and New Freedom Grant Pass through - South Florida Regional Transportation Authority	20.516	FL37X05200	<u>75,663.90</u>
U.S. Department of Housing and Urban Development			
Community Challenge Grant	14.704	CCPFL0050-11	149,383.72
Pass through programs from: Miami Dade County Public Housing and Community Development - Non-Housing Community Development Block Grant	14.218	53-70555	200,000.00
Total U.S Department of Housing and Urban Development			<u>349,383.72</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 773,445.76</u></u>

CITY OF OPA LOCKA, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

NOTE 1 – BASIS OF PRESENTATION

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

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable. The City did not transfer awards to subrecipients during the fiscal year ended September 30, 2012.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued	<u>Qualified</u>		
Internal Control over financial reporting:			
• Material weakness(es) identified	<u> X </u>	Yes	<u> </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> No
Noncompliance which is material to the financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> No
Type of auditors' report issued on compliance for major programs:	<u>Qualified</u>		
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section.510 (a)	<u> </u>	Yes	<u> X </u> No

Major Federal awards programs:

Federal CFDA

US Department of Justice:	
Consolidated Health Center Cluster:	
ARRA COPS Hiring Grant	16.710
ARRA Edward Byrne Memorial Justice Assistance Program	16.804
CDBG – Community Development Block Entitlement Grants	14.218
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low risk auditee for federal awards program?	<u> </u> Yes <u> X </u> No

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION II - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Matters that are repeated in the accompanying Schedule of Findings and Questioned Costs

2011-01 – Utility Billings (Revised and Included in 2012-01)

Recommendation

We recommend the City review the utility billing process currently in place and implement procedures that will allow for effective and efficient monitoring of customer accounts.

View of Responsible Officials and Planned Corrective Actions

Management strongly believes that the action taken on the accounts noted are in accordance with the City's policies and procedures.

Management has development aggressive procedures to closely monitor all utility customers' accounts and provide timely resolutions to all issues concerning Utility Accounts. Management will also review the previous recommendations of the former Utility Billing Supervisor for consideration for proper action.

2011-02 Account Reconciliations (Revised and Included in 2012-03)

Recommendation

We recommend the City reconcile the general ledger accounts on a monthly basis to ensure transactions are properly recorded in the correct time period and allow those charged with governance over the City to make more informed decisions.

View of Responsible Officials and Planned Corrective Actions

Management concurs with the auditor's finding and recommendation. During this period, the Department was understaffed for close to six (6) months by four (4) key positions and still operating with three (3) less staff including the Assistant Finance Director and Utility Billing Supervisor, hence some essential functions of the Department have not been adequately addressed.

Every effort will be made to adequately staff the Department and ensure that the practice of performing monthly account reconciliations is reinstated and complied with consistently on a monthly basis.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION II - PRIOR YEAR FINANCIAL STATEMENT FINDINGS (Continued)

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

None

Prior Year Federal Awards Findings and Questioned Costs

None

Prior Year State Financial Assistance Findings and Questioned Costs

N/A

SECTION III – FINANCIAL STATEMENT FINDINGS

Control Deficiencies

2012-01 - Material Weakness - Utility Billings and Receivables

Condition

During our test of controls over utility billings and our review of utility accounts receivables we noted the following:

- Two related party accounts have been in dispute since 2003. During our review of the disputed accounts we noted the former Utility Billing Supervisor made a recommendation to the City Manager on how to settle the dispute with the customer, but no action has been taken. In addition, another account, for the same customer was subsequently opened and is currently active.
- There were no schedules available that identified customer account balances as of or near the end of the year end.

Criteria

Utility billing procedures should include accounts reconciled timely and accurately to ensure customer are billed accordingly and amounts are tied to the ledgers.

Cause

Customer accounts are not being properly maintained, reviewed and reconciled in a timely manner by the appropriate City personnel.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Control Deficiencies

2012-01 - Material Weakness - Utility Billings and Receivables

Effect

The City may be unable to collect the amount due from accounts that are not timely reviewed or attainable in a physical document form.

Recommendation

We recommend the City review the utility billing process currently in place and implement procedures that will allow for effective and efficient monitoring of customer accounts.

View of Responsible Officials and Planned Corrective Actions

PRIOR YEAR - Management has development aggressive procedures to closely monitor all utility customers accounts and provide timely resolutions to all issues concerning Utility Accounts. Management will also review the previous recommendations of the former Utility Billing Supervisor for consideration for proper action.

CURRENT YEAR –Based to the recommendation in prior year the City was unable to see timely results of its implementation. Procedures are in place to show a more favorable outcome in the future.

2012-02 - Material Weakness - Interim Reporting

Condition

Financial information should be presented to management on an interim basis to help in financial decisions and planning.

Criteria

Once account reconciliations have been completed as addressed in finding 2012-02, the appropriate financial statements should be provided to management for meeting and discussion purposes.

Cause

A complete set of financial reports are not being provided to management on an interim basis.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Control Deficiencies

2012-02 - Material Weakness - Interim Reporting

Effect

Without proper interim financial information, management may not be able to make prudent financial decisions or plans.

Recommendation

We recommend that after the proper reconciliation procedures have been adopted as noted in finding 2012-02, the financial reports be prepared and made available for management's meetings and discussions on an interim basis.

View of Responsible Officials and Planned Corrective Actions

Management agrees with this recommendation and will commence issuing monthly financial statements to the commissioners.

2012-03 - Material Weakness - Other Post Employment Benefits (OPEB)

Condition

Other post employment benefits (OPEB) for benefits such as health care, is required to be accounted for and accrued as it is earned by employees during their employment.

Criteria

In order to comply with generally accepting accounting principles, benefits that apply to the post employment of employees must be accrued in order to match the expense to the fiscal year in which it is earned..

Cause

Other Post Employment Benefits are not being accrued by the City.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Control Deficiencies

Effect

The result of OPEB not being properly accrued will reflect in understated liabilities in the financial statements and in any interim reports used for management discussion purposes.

Recommendation

We recommend the City engage an actuary to prepare the required report that will enable the City to accrue for the correct amount of post employment benefits for both the past fiscal periods and the current fiscal period. That amount should then be recorded as both governmental long term debt for the total of those funds affected and as business type long term debt for the funds reported as such.

View of Responsible Officials and Planned Corrective Actions

Management concurs and will solicit for actuarial services to prepare this report going forward.

2012-04 - Significant Deficiency - Account Reconciliations

Condition

We noted during the course of the audit that many of the financial statement accounts which include due to/from other funds, were not properly reconciled to reflect the appropriate balance as of year end.

Criteria

In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Cause

Financial statement accounts are not being reconciled in a timely manner.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Control Deficiencies

2012-04 - Significant Deficiency - Account Reconciliations

Effect

The result of the accounts not being properly reconciled could reflect incorrect balances reported in the financial statements and in any interim reports used for management discussion purposes.

Recommendation

We recommend the City reconcile the general ledger accounts on a monthly basis to ensure transactions are properly recorded in the correct time period and allow those charged with governance over the City to make more informed decisions.

View of Responsible Officials and Planned Corrective Actions

PRIOR YEAR - Management concurs with the auditor's finding and recommendation. During this period, the Department was understaffed for close to six (6) months by four (4) key positions and still operating with three (3) less staff including the Assistant Finance Director and Utility Billing Supervisor, hence some essential functions of the Department have not been adequately addressed.

Every effort will be made to adequately staff the Department and ensure that the practice of performing monthly account reconciliations is reinstated and complied with consistently on a monthly basis.

2012-05 - Significant Deficiency - Payroll Documentation

Condition

Employee files should be maintained according to the human resources policies and procedures.

Criteria

Employee files are integral in the preparation of payroll checks, evaluations, promotions and dismissals.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Control Deficiencies

2012-05 - Significant Deficiency - Payroll Documentation

Cause

During the course of our audit we found the following:

- 9 out of 20 employee files' pay rates did not match the payroll register.
- 3 out of 20 form I-9 are missing from the employee files. 2 of the missing I-9's that were subsequently provided were dated in November 2013.

Effect

Employees files should be updated on a regular basis to provide physical and readily available documentation of any and all individual employee's pay rates and other relevant documentation.

Recommendation

We recommend that employee files be maintained according to the human resource policies and procedures.

View of Responsible Officials and Planned Corrective Actions

Management concurs and will maintain the City employees file according to the policies and procedures of the Human Resources Department.

2012-06 - Significant Deficiency - Building Licenses and Permits Cash Receipts

Condition

Building licenses and permits policies and procedures require a copy of the invoice be provided to the customer and a copy to the finance department.

Criteria

The cash receipt process must be maintained and documented for receivables follow up and settlement of potential future disputes.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Control Deficiencies

2012-06 - Significant Deficiency - Building Licenses and Permits Cash Receipts

Cause

During the course of our audit we found the following:

- The finance department could not locate 16 of the 30 cash receipts documents requested for review. Summary amounts were traced to the cash receipt summary sheet and the total from those sheets tie to the posted total.

Effect

Without the proper documentation made available to the finance department, any customer issues may result in an adverse decision to the City.

Recommendation

We recommend that the finance department be more involved in the cash receipts documentation process and follow up with those responsible for providing the documents. The documents should then be kept in a more accessible manner.

View of Responsible Officials and Planned Corrective Actions

Management will ensure that the proper cash receipts documentation is provided to finance and that they are kept in a more accessible manner.

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Control Deficiencies

2012-07 - Significant Deficiency - Schedule of Expenditures of Federal Awards

Condition

The Schedule of Expenditures of Federal Awards (SEFA) should be maintained for year end audit purposes that would include all grants awarded with related expenditures disclosed.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

Control Deficiencies

2012-07 - Significant Deficiency - Schedule of Expenditures of Federal Awards

Criteria

The SEFA must include all information needed to conduct the audit of the federal programs for year-end federal reporting purposes.

Cause

During the course of our audit, several amounts originally provided had to be restated and there were several grants that were not included in that original schedule. Those missing grants were designated for and related to capital expenditures.

Effect

Without a proper and complete SEFA provided at the beginning of the audit, determination of several key components and the related audit procedures for the federal programs and for reporting purposes will require a complete restructuring of the audit plan and have a potential affect on the reports.

Recommendation

We recommend that an interim schedule be maintained for all open grants and any current year activity for new grants, and collections and expenditures on existing grants. This schedule will also identify grants that may be expiring soon to limit any loss of grant funding.

View of Responsible Officials and Planned Corrective Actions

Management concurs. The City's Finance Department is now adequately staffed and will be able to keep up with maintaining an updated schedule with the activities of grant that are both active and closed.

2012-08 - Significant Deficiency - Federal Clearinghouse Submission

Condition

The Federal Single Audit Act requires that reports be filed with the Federal Clearinghouse on a timely basis.

CITY OF OPA LOCKA, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

Control Deficiencies

Criteria

Federal agencies depend on data that is collected at the Federal Clearinghouse to make funding decisions for the coming periods.

Cause

Due to delays in the finalization of the financial information for the prior year audit and based on our review of the Federal Clearinghouse website, the City had not timely filed the reports.

Effect

The City could lose Federal grant funding if these reports are not timely filed.

Recommendation

We recommend that the responsibility be given to a specific individual in the finance department and be discussed as required to insure that the reporting requirements have been met.

View of Responsible Officials and Planned Corrective Actions

Management concurs and will ensure that the required report is filed at the Federal Clearinghouse in a timely manner to avoid any defunding of Federal grant.

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

To the City Commission and honorable Mayor
City of Opa-Locka, State of Florida.

We have audited the financial statements of the City of Opa-Locka, State of Florida, (the "City") as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated December 31, 2013 which included a generally accepted accounting principle departure and scope limitation based the omission of the City's long-term other post employment benefits (OPEB) liability in the City's statement of net assets.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 31, 2013, should be considered in conjunction with this management letter.

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

□ Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report except as noted above under the heading Prior Year Findings and Recommendations - **2012-01** which has also been included in the second preceding financial audit report and **2012-04** which was included in the preceding financial audit report in the schedule of findings and questioned costs.

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendations as noted by **2012-01-2012-08** in the accompanying schedule of findings and questioned costs.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- In accordance with Section 10.554(1)(i)6., Rules of the Auditor General, the name or official title and legal authority for the primary government are disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Harvey Covington and Thomas of South, Florida LLC

Harvey Covington & Thomas, P.C.

Hollywood, Florida

December 31, 2013