

City of Opa-locka, Florida



Comprehensive Annual Financial Report

**Fiscal Year Ended
September 30, 2013**



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
Fiscal Year Ended September 30, 2013

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September 17, 2014

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, 2013, 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, 2013.

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 HCT Certified Public Accountants and Consultants, 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, 2013. 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 2013. The city has been forced to accommodate losses in our property tax revenue. Between the sluggish economy and the voter approved constitutional amendments, the current year taxable value has decreased from \$715 million to \$698 million, a reduction of 2.3%. This reduction is on top of a reduction in property values over the past four years. In four years, the City's taxable value has reduced from \$974 million to \$698 million, a reduction of 28.4%.

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 2013 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, 2013, the City's unreserved, undesignated general fund balance was 4.8% of general fund's fiscal year 2013 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 2013 is another year full of challenges. This year our priorities include major repairs of tow pump stations, improvement to the free citywide bus route to include weekend routes. The most visible initiative for this fiscal year will be the completed construction of Helen Miller Multi-Purpose Community Center.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City a 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.

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. In closing, without the leadership and support of the Mayor, the Commissioners, and the City Manager 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

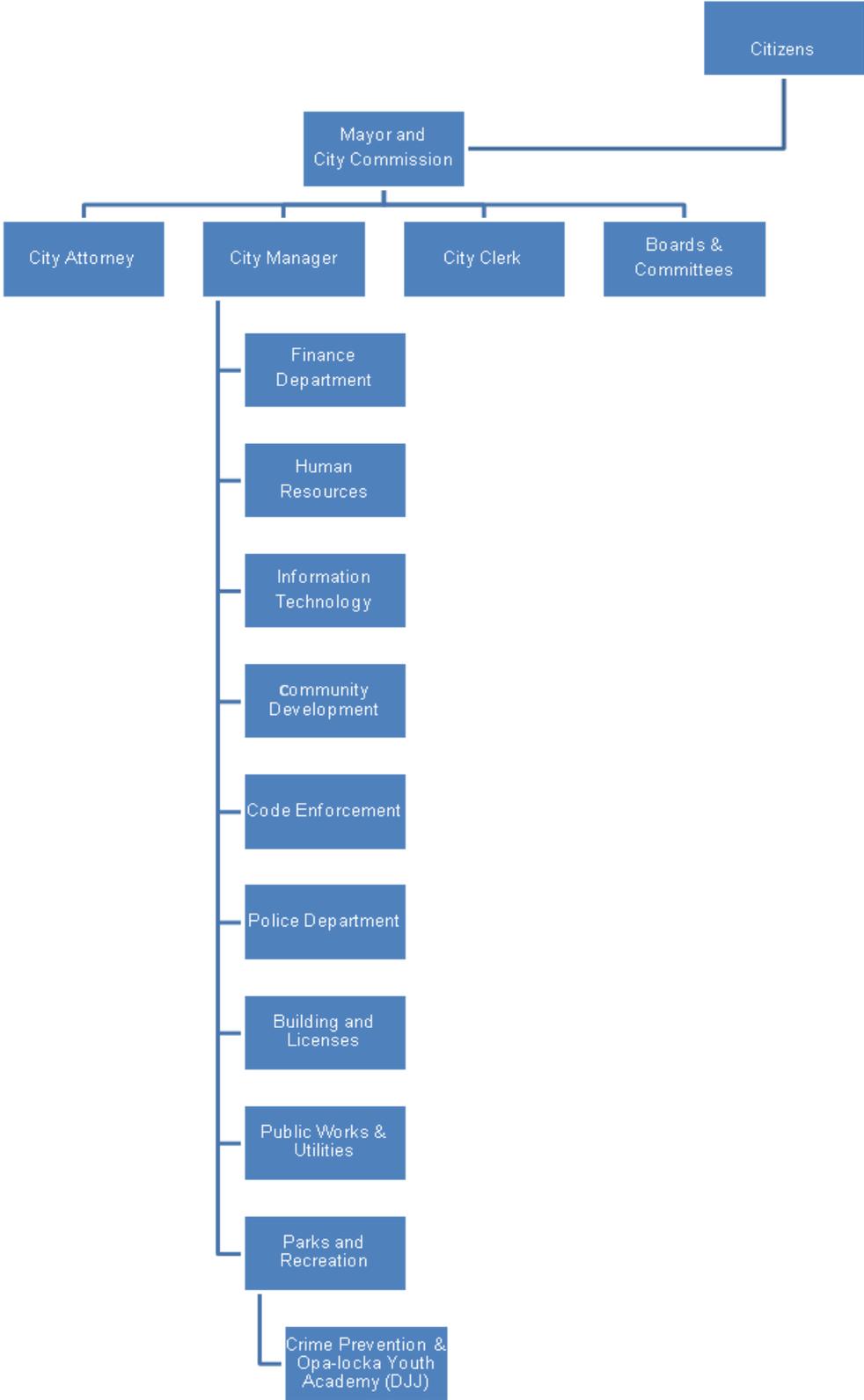
Kelvin Baker, Sr.
City Manager

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 Honorable Mayor and City Commission
City of Opa-locka, Florida

Report on the Financial Statements

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, Florida (the City) as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-13 and 46-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
September 17, 2014

CITY OF OPA-LOCKA, FLORIDA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Opa-locka's Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide a broad overview on short-term and long-term analyses of the City's activities based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The City presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement Number 34 — *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (Statement 34). As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) provided in addition to this MD&A.

Financial Highlights

- The net position of the City at the close of the most recent fiscal year was \$27,224,607. Of this amount \$629,462 is unrestricted, \$3,624,156 is restricted for debt service and \$22,970,989 is invested in capital assets, net of related debt.
- The City's total net position decreased by \$(339,301). The decrease is primarily attributed to a decline in property tax revenues due to a fall in property values as well as a decline in water and sewer revenue.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balance of \$2,594,448. There is an overall unassigned deficit of \$(341,009) at the fund level as \$2,935,457 is non-spendable, restricted, assigned or committed.

Understanding the Basic Financial Statements

GASB Statement 34 represented a monumental change from the way in which government financial statements are recorded and presented. It provided for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, providing the user of the financial statements a combined overview of the City's financial position and result of operations, eliminating interfund activities and "other people's money" such as pension funds, which can mislead users when incorporated in a combined manner. The Government-Wide Financial Statements also differentiate between Governmental and Business-Type Activities, further assisting the reader in their evaluation.

The reporting model requires the use of accrual accounting (which focuses on economic resources) at the top most level, while maintaining modified accrual accounting (which focuses on current financial resources—budgeted resources) at the individual fund level. This was an important change in governmental accounting. The impact of long-term financial decisions is accurately matched to the period in which the expense or revenue is attributed. In short, an accurate presentation of

information is achieved and the impacts of long-term decisions are promptly recorded as the transactions occurred, as opposed to the traditional method of recording them when the bill is paid. A good example of this is the recording of compensated absences such as vacation time. Previously, this time was “expensed” as paid, not when earned. As a result, employees could accrue hundreds or thousands of hours in the past without that expense being attributed to the taxpayers who benefited from those employees’ services. Once the employees separate from the City it is future taxpayers who will bear the financial liability, but would not benefit from those employees’ services. This is but one of many examples of “expenses” that have traditionally not been matched to the period of benefit.

Users interested in “budgetary performance” will find that information available in the required supplementary information and other financial information following the notes to the financial statements. An overview discussion of the different sections of this reporting model follows.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenues are earned and the expenses attributed.

The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, business-type and component unit), which are provided by the government’s general tax and program revenues. This is intended to summarize and simplify the user’s analysis of cost of various governmental services and the local taxing efforts necessary to sustain each of those activities.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The Governmental Funds presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

The total column on the Business-Type Fund Financial Statements is the same as the Business-Type column on the Government-Wide Financial Statements, after adjusting for internal service funds, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and

FUND FINANCIAL STATEMENTS (Continued)

incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-Wide statements).

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

In evaluating the financial position and short-term financial performance of the City, two tools are particularly valuable: The Statement of Net Position and the Statement of Activities. It is useful for the user to compare the current year with the prior year. This aids in spotting trends and other areas of concern or interest. For ease of relative comparisons, we include the percent change from one year to another (See below).

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

STATEMENT OF NET POSITION

Net position of the City represents the difference between (assets) and (liabilities, net position) of the City using the economic resources measurement focus and accrual basis of accounting.

In general terms, the City's total assets increased 10%, which includes a 19% increase in the government activities. The 19% increase in government activities is primarily due to the following two items: the constructions of Helen Miller/Segal park facility and infrastructure improvements to Burlington Streets, NW143rd, Rutland and NW128.

The governmental activities of the City's current and other assets increase 20% while the current liability of those activities increase 338%. The 338% increase is due mainly to accounts payable increase in the general fund and capital projects fund of \$1.5M and \$722k respectively compare to \$302K and \$36k in prior years.

The Business Type activities of the City's current and other assets decrease 19% while the other liabilities of those activities increase 79%. The 19% decrease in current assets is due to overdrawn cash and the 79% increase in liability is due to accounts payable increase of \$1.566M compare to \$385K in prior years.

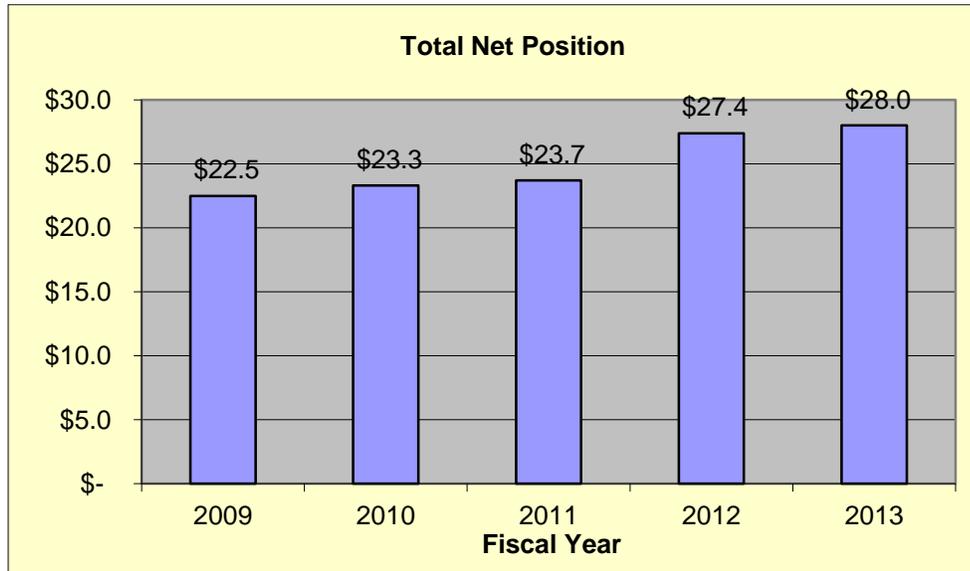
The governmental activities invested in capital assets increased by 31% and unrestricted net position now stand at negative (\$0.514) million, a positive (\$0.350) million increase in the deficit from the previous year.

STATEMENT OF NET POSITION cont'd

The business type activities invested in capital assets decreased by 24% and unrestricted net position now stand at \$1.144 million, compared to \$4.984 million in prior year. This represents a 336% decrease in unrestricted and is due to the transfer of funds to governmental activities to facilities in the day to day operation of the City.

	Governmental Activities			Business-type Activities			Total		
	2013	2012 (Restated)	Change	2013	2012 (restated)	Change	2013	2012 (restated)	Change
Current and other assets	\$ 5,550,053	\$ 4,634,416	20%	\$ 10,003,592	\$ 12,413,152	-19%	\$ 15,553,645	\$ 17,047,568	-9%
Capital assets, net	19,908,158	16,799,873	19%	14,379,152	11,562,238	24%	34,287,310	28,362,111	21%
Total assets	25,458,211	21,434,289	19%	24,382,744	23,975,390	1.7%	49,840,955	45,409,679	10%
Other liabilities	3,831,186	873,989	338%	6,815,043	3,800,299	79%	10,646,229	4,674,288	128%
Long-term liabilities	8,287,421	8,593,530	-4%	3,682,698	4,577,953	-20%	11,970,119	13,171,483	-9%
Total liabilities	12,118,607	9,467,519	28%	10,497,741	8,378,252	25%	22,616,348	17,845,771	27%
Net assets:									
Invested in capital assets,									
net of related debt	12,730,145	9,735,712	31%	10,240,844	7,793,540	31%	22,970,989	17,529,252	31%
Restricted	1,123,862	2,395,689	-53%	2,500,294	2,820,053	-11%	3,624,156	5,215,742	-31%
Unrestricted	(514,403)	(164,631)	212%	1,143,865	4,983,545	-77%	629,462	4,818,914	-87%
Total net position	\$ 13,339,604	\$ 11,966,770	11%	\$ 13,885,003	\$ 15,597,138	-11%	\$ 27,224,607	\$ 27,563,908	-1%

Five Years Total Net Position (in millions)



STATEMENT OF NET POSITION cont'd

By far the largest portion of the City's net position (24%) 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.

STATEMENT OF ACTIVITIES

Activities in the City (Table 2) reflected a (1%) increase in overall revenues compared to the prior year and total City expenses reflected a 21.54 % increase.

The governmental activities represent the most significant activity within the City. Program revenues remained static although there was an increase in grant activity offset by a decrease in charges for services.

The business-type activities represent the water and sewer operations of the City which included a 14.75% decrease in total revenues. The decrease is primarily due to customer adjustments.

The Transfers in (out) changed by approximately 84.26%. In FY 2013, the amount that was transferred from the water and sewer fund was \$ 3,685,262, which went to the General Fund.

Total program expenses in governmental activities increased by 25.05% from the previous year with significant fluctuations in general government, highways and streets.

The table below presents a summary of changes in net position for the years ended September 30, 2013 and 2012, as derived from the government-wide Statement of Activities:

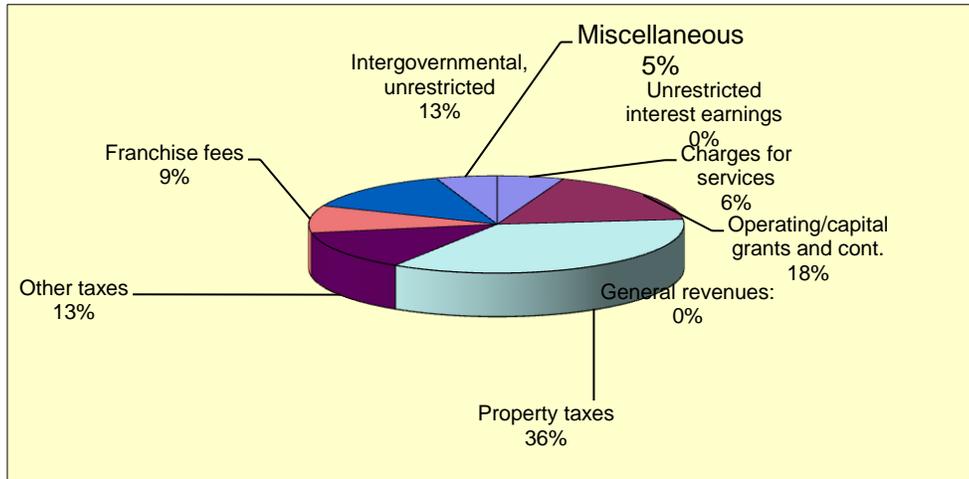
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STATEMENT OF ACTIVITIES cont'd

Statement of Activities

	Governmental Activities			Business-type Activities			Total		
	2013	2012	Change	2013	2012	Change	2013	2012	Change
				(Restated)			(Restated)		
Revenues:									
Program revenues:									
Charges for services	\$ 937,683	\$ 1,916,190	-51.07%	\$ 9,722,795	\$ 11,369,797	-14.49%	\$ 10,660,478	\$ 13,285,987	-19.76%
Operating/capital grants and cont.	2,893,977	1,916,028	51.04%	207,031	-	100.00%	3,101,008	1,916,028	61.85%
General revenues:									
Property taxes	5,842,217	6,736,246	-13.27%	-	-	0.00%	5,842,217	6,736,246	-13.27%
Other taxes	2,145,628	1,904,824	12.64%	-	-	0.00%	2,145,628	1,904,824	12.64%
Franchise fees	1,484,133	1,452,022	2.21%	-	-	0.00%	1,484,133	1,452,022	2.21%
Intergovernmental, unrestricted	2,219,388	524,198	323.39%	-	-	0.00%	2,219,388	524,198	323.39%
Unrestricted interest earnings	84	1,909	-95.60%	-	1,608	0.00%	84	3,517	-97.61%
Miscellaneous	859,081	-	100.00%	-	276,965	-100.00%	859,081	276,965	210.18%
Total revenues	<u>16,382,191</u>	<u>14,451,417</u>	<u>13.36%</u>	<u>9,929,826</u>	<u>11,648,370</u>	<u>-14.75%</u>	<u>26,312,017</u>	<u>26,099,787</u>	<u>0.81%</u>
Expenses and transfers									
General government	7,423,270	5,402,679	37.40%	-	-	0.00%	7,423,270	5,402,679	37.40%
Public safety	7,028,418	5,570,149	26.18%	-	-	0.00%	7,028,418	5,570,149	26.18%
Highways and streets	2,773,221	1,744,207	59.00%	-	-	0.00%	2,773,221	1,744,207	59.00%
Culture and recreation	1,204,669	982,440	22.62%	-	-	0.00%	1,204,669	982,440	22.62%
Human services	-	-	-	-	-	0.00%	-	-	-
Interest and fiscal charges	265,041	302,948	-12.51%	-	-	0.00%	265,041	302,948	-12.51%
Water and sewer	-	-	-	6,442,588	6,417,749	0.39%	6,442,588	6,417,749	0.39%
Stormwater	-	-	-	1,214,902	1,145,855	5.68%	1,214,902	1,145,855	6.03%
Solidwaste	-	-	-	299,209	362,206	-17.39%	299,209	362,206	-17.39%
Transfers	(3,685,262)	(2,000,000)	84.26%	3,685,262	2,000,000	84.26%	-	-	0.00%
Total Expenses	<u>15,009,357</u>	<u>12,002,423</u>	<u>25.05%</u>	<u>11,641,961</u>	<u>9,925,810</u>	<u>17.29%</u>	<u>26,651,318</u>	<u>21,928,233</u>	<u>21.54%</u>
Increase (decrease) in net positions	1,372,834	2,448,994	-43.94%	(1,712,135)	1,722,560	-199.39%	(339,301)	4,171,554	-108.13%
Net position, beginning	11,966,770	9,517,776	25.73%	15,597,138	13,874,577	12.42%	27,563,908	23,392,354	17.83%
Net position, ending	<u>\$ 13,339,604</u>	<u>\$ 11,966,770</u>	<u>11.47%</u>	<u>\$ 13,885,003</u>	<u>\$ 15,597,138</u>	<u>-10.98%</u>	<u>\$ 27,224,607</u>	<u>\$ 27,563,908</u>	<u>-1.23%</u>

Sources of Revenue for Fiscal Year 2013



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 2013, the City's governmental funds reported combined ending fund balances of \$2.594 million, decrease of \$1.166 million in comparison with the prior year increase of \$1.272 million. 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 \$1.3 million, or 3) various other purposes (\$.472 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 \$1.225 million. The fund balance of the City's general fund remained relatively unchanged from the prior fiscal year.

Revenue in the general fund is shown in the following schedule:

General Fund Revenues	2013 Amount	Percent of Total	2012 Amount	Percent of Total	Increase (Decrease) From 2012	Percent of Increase (Decrease)
Property	\$ 5,842,217	48%	\$ 6,736,246	54%	\$ (894,029)	-13%
Utility service taxes	1,040,076	9%	863,608	7%	176,468	20%
Communication service taxes	526,127	4%	559,299	4%	(33,172)	-6%
Local option, use and fuel taxes	274,189	2%	275,054	2%	(865)	0%
Franchise fees	1,484,133	12%	1,452,012	12%	32,121	2%
Local business taxes	305,236	3%	206,873	2%	98,363	48%
Licenses and permits	552,400	5%	624,671	5%	(72,271)	-12%
Intergovernmental	731,061	6%	456,765	4%	274,296	60%
Charges for services	73,592	1%	32,788	0%	40,804	124%
Fines and forfeitures	311,346	3%	843,115	7%	(531,769)	-63%
Interest	-	0%	1,888	0%	(1,888)	-100%
Other revenue	916,818	7%	437,914	3%	478,904	109%
Total Revenues	\$ 12,057,195	100%	\$ 12,490,233	100%	(433,038)	-3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS cont'd

Total revenues of the general fund decreased by 3% due to decrease in Property taxes, Fines and forfeitures and Licenses and permits, which were offset by the increase in Utility service taxes, local business taxes and charges for services. Fines and forfeitures decreased by \$531,769 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.

Expenditures in the general fund (excluding capital outlay) are shown in the following schedule:

General Fund Expenditures	2013 Amount	Percent of Total	2012 Amount	Percent of Total	Increase (Decrease) From 2012	Percent of Increase (Decrease)
General government	6,471,131	40%	5,314,607	39%	1,156,524	22%
Public safety	6,135,686	38%	5,944,172	43%	191,514	3%
Highways and streets	2,266,573	14%	1,629,990	12%	636,583	39%
Culture and recreation	1,126,892	7%	828,667	6%	298,225	36%
Debt service	188,008	1%	-	0%	188,008	0%
Transfers		0%	-	0%	-	0%
Total expenditures	16,188,290	100%	13,717,436	100%	2,470,854	18%

Total expenditures of the general fund increase by 18% due to increase in expenditures in general government, highways and streets and culture and recreation. Increase in the expenditure of the culture and recreation is primarily due to the construction of Helen Miller Center, which is grant funded and an increase in highways and streets is due to improvement of several streets projects which are 50% grant funded. Increase in government function is primarily due to termination and settlements payment made by the City in current year.

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 position of the water and sewer, stormwater, and solid waste funds at the end of the current fiscal year amounted to \$1.302 million, (\$158.8) thousand deficits in the stormwater and solid waste funds combined. The total increase in net position before transfers for all enterprise funds was \$1.973 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 \$499,649 increase in the appropriations between the original and final amended budget excluding non-departmental expenses. Non-departmental budgeted expenses were increased by approximately \$10.5m because the City had anticipated the purchase of the old administrative building. Additionally transfers in were \$2.5m higher than anticipated to cover costs in the general fund. The following are the other significant components of the increase:

- \$50,000 for additional fuel costs;
- \$198,280 for personnel costs related to 3% COLA;
- \$20,000 for recreational programs and activities;
- \$133,335 for weed and seed grant expenditures.

Actual expenditures exceeded budgeted appropriations in the aggregate for the Peoples' Transportation Tax Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$34.287 million (net of accumulated depreciation). Capital assets include land, buildings and buildings improvement, machinery and equipment, park facilities, roads and utility systems. The total increase in the City's capital assets for the current fiscal year was 18.9%.

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

- Construction for Segal and Ingram parks improvements; total construction costs for the current fiscal year was \$1,810,000
- \$413,997 Ford expeditions for commissioners and police department
- \$463,529 drainage and roadway improvement Burlington Street Segal and Ingram parks improvements
- \$657,490 drainage and roadway improvement NW143 Street
- \$133,350 drainage and roadway improvement Rutland
- \$395,827 drainage and roadway improvement NW128 Street

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

Long Term Debt

At the end of the current fiscal year the city had total debt outstanding of \$11.567 million, a decrease of 3.3% from prior year. Additional information on the City's long-term debt can be found on Note 9 on of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In developing the Fiscal Year 2014 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.
- A Directive from the City Commission to preserve all full-time employees.
- A Freezing all salaries that are not impacted by union negotiations.
- The fiscal year 2014 budget approved millage rate is 9.1000.

During fiscal year 2014, the City will be looking at the following programs/initiatives:

- Using CRA and other tools to continue redevelopment opportunities.
- Continue upgrades to bring the final City's pump stations out of moratorium.
- Complete construction on the new Helen Miller Center and Improvement to Segal Park.
- Implement new revenues enhancement sources
- Secure funding 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 2014 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 NW 135th Opa-Locka Boulevard, Building B, Opa Locka, Florida 33054.

Basic Financial Statements

CITY OF OPA-LOCKA, FLORIDA

Statement of Net Position

September 30, 2013

ASSETS	Governmental Activities	Proprietary Activities	Total
Cash and equity in pooled cash	\$ 323,469	\$ 6,708,256	\$ 7,031,725
Receivables, net	473,231	2,175,399	2,648,630
Internal balances	1,596,041	(1,596,041)	-
Due from other Governments	2,312,568	207,031	2,519,599
Inventories	33,435	4,652	38,087
Other assets	23,373	4,001	27,374
Restricted cash and cash equivalents	787,936	2,500,294	3,288,230
Capital assets, not being depreciated	5,043,249	2,205,353	7,248,602
Capital assets, being depreciated net	<u>14,864,909</u>	<u>12,173,799</u>	<u>27,038,708</u>
Total assets	<u>25,458,211</u>	<u>24,382,744</u>	<u>49,840,955</u>
 LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,833,144	\$ 1,769,857	\$ 4,603,001
Overdrawn cash	-	2,781,795	2,781,795
Due to other governments	122,461	1,046	123,507
Customers' deposits	-	1,612,777	1,612,777
Noncurrent liabilities:			
Due within one year			
Compensated absences	324,899	-	324,899
Long term debt	550,682	649,568	1,200,250
Due in more than one year			
Compensated absences	946,445	171,921	1,118,366
OPEB obligation	162,963	22,037	185,000
Contingency	300,000	-	300,000
Long -term debt	<u>6,878,013</u>	<u>3,488,740</u>	<u>10,366,753</u>
Total liabilities	<u>12,118,607</u>	<u>10,497,741</u>	<u>22,616,348</u>
 NET POSITION			
Invested in capital assets, net of related debt	12,730,145	10,240,844	22,970,989
Restricted for:			
Debt service	1,123,862	2,500,294	3,624,156
Unrestricted	<u>(514,403)</u>	<u>1,143,865</u>	<u>629,462</u>
Total net position	<u>\$ 13,339,604</u>	<u>\$ 13,885,003</u>	<u>\$ 27,224,607</u>

See notes to basic financial statements.

CTY OF OPA-LOCKA, FLORIDA
Statement of Activities
For the Year Ended September 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Proprietary Activities	Total
Functions / Programs							
Governmental activities:							
General government	\$ 7,423,270	\$ 569,478	\$ 9,000	\$ -	\$ (6,844,792)	\$ -	\$ (6,844,792)
Public Safety	7,028,418	344,283	365,693	283,762	(6,034,680)	-	(6,034,680)
Transportation	2,773,221	-	-	193,603	(2,579,618)	-	(2,579,618)
Culture and recreation	1,204,669	23,922	196,355	1,845,564	861,172	-	861,172
Interest on long term debt	265,041	-	-	-	(265,041)	-	(265,041)
Total governmental activities	<u>18,694,619</u>	<u>937,683</u>	<u>571,048</u>	<u>2,322,929</u>	<u>(14,862,959)</u>	<u>-</u>	<u>(14,862,959)</u>
Proprietary activities:							
Water and sewer	6,442,588	8,504,623	-	207,031	-	2,269,066	2,269,066
Solid waste	1,214,902	975,544	-	-	-	(239,358)	(239,358)
Stormwater	299,209	242,628	-	-	-	(56,581)	(56,581)
Total proprietary activities	<u>7,956,699</u>	<u>9,722,795</u>	<u>-</u>	<u>207,031</u>	<u>-</u>	<u>1,973,127</u>	<u>1,973,127</u>
Total	<u>\$ 26,651,318</u>	<u>\$ 10,660,478</u>	<u>\$ 571,048</u>	<u>\$ 2,529,960</u>	<u>(14,862,959)</u>	<u>1,973,127</u>	<u>(12,889,832)</u>
General revenues							
Property taxes					5,842,217		5,842,217
Franchise fees					1,484,133		1,484,133
Utility taxes					1,040,076		1,040,076
Communication services tax					526,127		526,127
Local option, use and fuel taxes					274,189		274,189
Local business tax					305,236		305,236
Intergovernmental revenue - unrestricted					2,219,388		2,219,388
Unrestricted interest earnings					84		84
Miscellaneous					859,081		859,081
Transfers					<u>3,685,262</u>	<u>(3,685,262)</u>	<u>-</u>
Total general revenues and transfers					<u>16,235,793</u>	<u>(3,685,262)</u>	<u>12,550,531</u>
Change in net position					<u>1,372,834</u>	<u>(1,712,135)</u>	<u>(339,301)</u>
Net position, beginning					11,966,770	16,060,090	28,026,860
Prior period adjustment					<u>-</u>	<u>(462,952)</u>	<u>(462,952)</u>
Net position, beginning adjusted					<u>11,966,770</u>	<u>15,597,138</u>	<u>27,563,908</u>
Net position, ending					<u>\$ 13,339,604</u>	<u>\$ 13,885,003</u>	<u>\$ 27,224,607</u>

See Notes to basic financial statements.

CTY OF OPA-LOCKA, FLORIDA

Balance Sheet-Governmental Funds

September 30, 2013

	General Fund	People's Transportation Tax	Capital Projects Improvement Debt Service	Safe Neighborhood Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and equity in pooled cash	\$ 117,068	\$ 1,308,589	\$ -	\$ -	\$ 329,086	\$ 1,754,743
Receivables, net	387,823	-	85,408	-	-	473,231
Other Gov't account receivables	547,075	-	-	1,760,042	5,451	2,312,568
Due from other funds	1,879,475	116,134	558,914	-	337,649	2,892,172
Inventories	33,435	-	-	-	-	33,435
Prepaid items	23,373	-	-	-	-	23,373
Restricted cash and cash equivalents	200,698	-	520,106	67,132	-	787,936
Total assets	<u>\$3,188,947</u>	<u>\$1,424,723</u>	<u>\$ 1,164,428</u>	<u>\$ 1,827,174</u>	<u>\$ 672,186</u>	<u>\$ 8,277,458</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,862,113	\$ 85,296	\$ 40,566	\$ 841,756	\$ 3,413	\$ 2,833,144
Checks drawn in excess of bank balance	-	-	-	1,431,274	-	1,431,274
Due to other funds	-	-	-	99,832	1,196,299	1,296,131
Other Gov't account payables	101,524	-	-	-	20,937	122,461
Total liabilities	<u>1,963,637</u>	<u>85,296</u>	<u>40,566</u>	<u>2,372,862</u>	<u>1,220,649</u>	<u>5,683,010</u>
Fund Balance						
Nonspendable:						
Inventories	33,435	-	-	-	-	33,435
Prepaid items	23,373	-	-	-	-	23,373
Restricted for:						
Debt Service	-	-	1,123,862	-	-	1,123,862
Assigned for:						
Public Safety	-	-	-	-	152,348	152,348
Transportation	-	1,339,427	-	-	-	1,339,427
Capital projects funds	-	-	-	-	263,012	263,012
Unassigned:	1,168,502	-	-	(545,688)	(963,823)	(341,009)
Total fund balances	<u>1,225,310</u>	<u>1,339,427</u>	<u>1,123,862</u>	<u>(545,688)</u>	<u>(548,463)</u>	<u>2,594,448</u>
Total liabilities and fund balances	<u>\$3,188,947</u>	<u>\$1,424,723</u>	<u>\$ 1,164,428</u>	<u>\$ 1,827,174</u>	<u>\$ 672,186</u>	<u>\$ 8,277,458</u>

See notes to basic financial statements.

CITY OF OPA LOCKA, FLORIDA
Reconciliation of Balance Sheet-Governmental Funds
to the Statement of Net Position
September 30, 2013

Fund balances - total governmental funds \$ 2,594,448

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.

Capital Assets Net of Accum. Depreciation	19,908,158	
Debt	(7,428,695)	
Compensated absences and OPEB	(1,271,344)	
Other post employment benefits	(162,963)	
Accrued legal settlement	<u>(300,000)</u>	
Net adjustment		<u>10,745,156</u>
Net position of governmental activities		<u>\$ 13,339,604</u>

See notes to basic financial statements.

CTY OF OPA-LOCKA, FLORIDA
Statement of Revenues, Expenditures and Changes
in Fund Balances- Governmental Funds
For the Year Ended September 30, 2013

	Peoples' Transportation General	Capital Improvement Tax	Safe Neighborhood Debt Service	Other Nonmajor Governmental Capital Projects	Total Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes:						
Property taxes	\$ 5,842,217	\$ -	\$ -	\$ -	\$ -	\$ 5,842,217
Utility taxes	1,040,076	-	-	-	-	1,040,076
Communications service taxes	526,127	-	-	-	-	526,127
Local option, use and fuel taxes	274,189	-	-	-	-	274,189
Local business taxes	305,236	-	-	-	-	305,236
Franchise fees	1,484,133	-	-	-	-	1,484,133
Permits and fees	552,400	-	-	-	-	552,400
Intergovernmental	731,061	603,115	1,602,134	2,117,587	59,468	5,113,365
Charges for Services	73,592	-	-	-	345	73,937
Fines and Forfeitures	311,346	-	-	-	-	311,346
Interest	-	-	-	84	-	84
Other	916,818	-	-	-	-	916,818
Total Revenues	<u>12,057,195</u>	<u>603,115</u>	<u>1,602,134</u>	<u>2,117,671</u>	<u>59,813</u>	<u>16,439,928</u>
EXPENDITURES:						
Current:						
General government	6,471,131	-	-	-	136,393	6,607,524
Public Safety	6,135,686	-	-	-	138,951	6,274,637
Highways and streets	2,266,573	277,289	-	-	-	2,543,862
Culture and recreation	1,126,892	-	-	-	-	1,126,892
Debt service:					-	
Principal	170,747	-	390,000	-	-	560,747
Interest	17,261	-	247,780	-	-	265,041
Capital outlay	837,682	1,149,114	-	2,373,641	-	4,360,437
Total expenditures	<u>17,025,972</u>	<u>1,426,403</u>	<u>637,780</u>	<u>2,373,641</u>	<u>275,344</u>	<u>21,739,140</u>
Excess (deficiency) of revenues over expenditures	(4,968,777)	(823,288)	964,354	(255,970)	(215,531)	(5,299,212)
OTHER FINANCING SOURCES						
(USES):						
Debt Proceeds	447,982	-	-	-	-	447,982
Transfers in	4,512,120	-	-	-	142,242	4,654,362
Transfers out	-	-	(969,100)	-	-	(969,100)
Total other financing sources (uses)	<u>4,960,102</u>	<u>-</u>	<u>(969,100)</u>	<u>-</u>	<u>142,242</u>	<u>4,133,244</u>
Net change in fund balances	(8,675)	(823,288)	(4,746)	(255,970)	(73,289)	(1,165,968)
Fund balances, beginning	<u>1,233,985</u>	<u>2,162,715</u>	<u>1,128,608</u>	<u>(289,718)</u>	<u>(475,174)</u>	<u>3,760,416</u>
Fund balances, ending	<u>\$ 1,225,310</u>	<u>1,339,427</u>	<u>1,123,862</u>	<u>(545,688)</u>	<u>(548,463)</u>	<u>2,594,448</u>

See notes to basic financial statements.

CITY OF OPA LOCKA, FLORIDA

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances-
Governmental Funds to the Statement of Activities
For the Year September 30, 2013

Net change in fund balances - total governmental funds \$ (1,165,968)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays	3,714,569
Less current depreciation	(606,296)

The effect of other transaction involving capital assets:

Capital lease proceeds	(447,982)
------------------------	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt 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.

Principal payments of debt	390,000
Principal payments of capital leases	170,747

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:

Contingent liability-legal settlement	(300,000)
Change in other post employment benefits	(162,963)
Change in compensated absences	<u>(219,273)</u>

Change in net position of governmental activities \$ 1,372,834

See notes to basic financial statements.

CTY OF OPA-LOCKA, FLORIDA
Statement of Net Position-Proprietary Funds
September 30, 2013

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and equity in pooled cash	\$ 5,848,364	\$ 859,892	\$ 6,708,256
Receivables, net	1,756,107	-	1,756,107
Estimated unbilled services	411,894	7,398	419,292
Due from other governments	207,031	-	207,031
Other Assets	-	4,001	4,001
Inventories	4,654	-	4,654
Due from other funds	-	2,242,999	2,242,999
Total current assets	<u>8,228,050</u>	<u>3,114,290</u>	<u>11,342,340</u>
Noncurrent assets:			
Restricted cash and cash equivalents	2,500,294	-	2,500,294
Non depreciable capital assets	2,205,353	-	2,205,353
Capital assets, net	11,948,488	225,311	12,173,799
Total noncurrent assets	<u>16,654,135</u>	<u>225,311</u>	<u>16,879,446</u>
Total assets	<u>\$ 24,882,185</u>	<u>\$ 3,339,601</u>	<u>\$ 28,221,786</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,517,024	252,833	1,769,857
Overdrawn cash	-	2,781,795	2,781,795
Due to other funds	3,734,068	104,974	3,839,042
Due to other governments	1,046	-	1,046
Deposits	1,495,222	117,555	1,612,777
Current portion of long term debt	608,278	41,290	649,568
Total current liabilities	<u>7,355,638</u>	<u>3,298,447</u>	<u>10,654,085</u>
Noncurrent liabilities:			
Compensated absences	158,615	13,306	171,921
OPEB	19,393	2,644	22,037
Long term debt	3,335,168	153,572	3,488,740
Total noncurrent liabilities	<u>3,513,176</u>	<u>169,522</u>	<u>3,682,698</u>
Total liabilities	<u>10,868,814</u>	<u>3,467,969</u>	<u>14,336,783</u>
NET POSITION			
Invested in capital assets, net of related debt	10,210,395	30,449	10,240,844
Restricted	2,500,294	-	2,500,294
Unrestricted	1,302,682	(158,817)	1,143,865
Total net position	<u>\$ 14,013,371</u>	<u>\$ (128,368)</u>	<u>\$ 13,885,003</u>

See notes to basic financial statements.

CTY OF OPA-LOCKA, FLORIDA
Statement of Revenues, Expenses and Changes
in Net Position-Proprietary Funds
For the Year Ended September 30, 2013

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
Operating Revenues:			
Charges for services	\$ 7,910,472	\$ 1,218,172	\$ 9,128,644
Other revenues	801,182	-	801,182
Total operating revenues	<u>8,711,654</u>	<u>1,218,172</u>	<u>9,929,826</u>
Operating expenses:			
Operating, administrative and maintenance	5,655,004	1,440,519	7,095,523
Depreciation	624,152	69,647	693,799
Total operating expenses	<u>6,279,156</u>	<u>1,510,166</u>	<u>7,789,322</u>
Operating income (loss)	2,432,498	(291,994)	2,140,504
Non-operating revenues (expenses)			
Interest and fiscal charges	(163,432)	(3,945)	(167,377)
Total non-operating revenues (expenses)	<u>(163,432)</u>	<u>(3,945)</u>	<u>(167,377)</u>
Income before transfers	2,269,066	(295,939)	1,973,127
Transfer in (out)	(3,685,262)	-	(3,685,262)
Change in net position	(1,416,196)	(295,939)	(1,712,135)
Net position, beginning	15,892,519	167,571	16,060,090
Prior period adjustment	(462,952)	-	(462,952)
Net position, beginning restated	<u>15,429,567</u>	<u>167,571</u>	<u>15,597,138</u>
Net position, ending	<u>\$ 14,013,371</u>	<u>\$ (128,368)</u>	<u>\$ 13,885,003</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA
Statement of Cash Flows
For the Year Ended June 30, 2013

	<u>Business-Type Activities- Enterprise Funds</u>		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from customers	\$ 9,042,003	\$ 1,370,100	\$ 10,412,103
Cash paid to vendors	(2,997,288)	(86,459)	(3,083,747)
Cash paid to employees	(1,665,570)	(60,140)	(1,725,710)
Internal activity payments from (to) other funds, net	<u>1,887,394</u>	<u>(991,959)</u>	<u>895,435</u>
Net cash provided by operating activities	<u>6,266,539</u>	<u>231,542</u>	<u>6,498,081</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	<u>(3,685,262)</u>	<u>-</u>	<u>(3,685,262)</u>
Net cash used in noncapital financing activities	<u>(3,685,262)</u>	<u>-</u>	<u>(3,685,262)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(3,155,886)	(222,927)	(3,378,813)
Interest paid on long term debt	(163,432)		
Proceeds from debt	576,543	218,925	795,468
Principal paid on debt	<u>(1,188,915)</u>	<u>(24,063)</u>	<u>(1,212,978)</u>
Net cash used in capital and related financing activities	<u>(3,931,690)</u>	<u>(28,065)</u>	<u>(3,796,323)</u>
Net increase (decrease) in cash	(1,350,413)	203,477	(1,146,936)
Cash, beginning	<u>9,699,071</u>	<u>656,414</u>	<u>10,355,485</u>
Cash, ending	<u>8,348,658</u>	<u>859,891</u>	<u>9,208,549</u>
Display as:			
Unrestricted	5,848,364	859,892	6,708,256
Restricted	<u>2,500,294</u>	<u>-</u>	<u>2,500,294</u>
Total	<u>8,348,658</u>	<u>859,892</u>	<u>9,208,550</u>
Reconciliation of operating income to cash provided by operating activities:			
Operating income (loss)	2,432,498	(295,939)	2,136,559
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	624,152	69,647	693,799
(Increase) decrease in:			
Cash drawn in excess of bank	-	1,132,011	1,132,011
Accounts Receivable	148,002	151,928	299,930
Due from other Governments	(7,031)	-	(7,031)
Due from other funds	-	(961,820)	(961,820)
Other current assets	78,291	-	78,291
Increase (decrease) in:			
Accounts Payable and accrued liabilities	1,045,181	162,409	1,207,590
Customer deposits	111,087	-	111,087
Other liabilities	31,579	3,445	35,024
Due to other funds	1,887,394	(30,139)	1,857,255
Due to other governments	<u>(84,614)</u>	<u>-</u>	<u>(84,614)</u>
Net Cash Provided by Operating Activities	<u>\$ 6,266,539</u>	<u>\$ 231,542</u>	<u>\$ 6,498,081</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, 2013

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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.

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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Fund Balance

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

The City recognizes receivables in its various funds based on the accounting basis for that fund.

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. 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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

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”.

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

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

7. Inter-fund Transactions (Continued)

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 position deferred revenues if present represent grants and similar items received and not yet expended.

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.

9. Net Position and Fund Balance

Net position in the government-wide and proprietary funds is categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets is the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets plus unspent bond proceeds.

Restricted balances consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted balances indicates that portion of net position that is available to fund future operations.

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

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,

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

10. Net Position and Fund Balance (Continued)

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 Commission 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 Commission 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.

11. 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.

NOTE 2. DEFICIT FUND EQUITY

The City reported fund balance deficit of (\$762,192), (\$545,688), (\$344,328), (\$383,016), (\$151,738) and (\$102,136), 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 2014-2015 budget.

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, 2012 upon which the 2012-2013 levy, was approximately \$6.1 million. For the year ended September 30, 2013, the millage rate to finance general government services was 9.1000 (\$9.1000 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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 3. PROPERTY TAXES (Continued)

No accrual for the property tax levy becoming due in November 2013 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2013, 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, 2013 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.

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, 2013 the City has no investments.

NOTE 5. RECEIVABLES

Account Receivables balances as of September 30, 2013, were as follows:

Governmental Activities	Account	Taxes	Due From Other Agencies	Others	Allowance	Net
General Fund	\$284,084	\$96,974	\$547,075	\$6,765	\$-	\$934,898
Safe Neighborhood	-	-	1,760,042	-	-	1,760,042
Nonmajor Funds	85,408		5,451		-	90,859
Total	\$369,492	\$96,974	\$2,312,569	\$6,765	\$-	\$2,785,799

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 5. RECEIVABLES (Continued)

Business-Type Activities	Account	Taxes	Due From Other Agencies	Others	Allowance	Net
Water and Sewer	\$1,851,778	\$ -	\$207,031	\$411,895	\$(95,672)	\$2,375,032
Solid Waste	16,298		-	-	(8,900)	7,398
Total	\$1,868,076	\$ -	\$207,031	\$411,895	\$(104,572)	\$2,382,430

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, 2013 consisted of the following:

	Due From Other Funds	Due to Other Funds
Major Governmental Funds:		
General	\$ 8,587,731	\$ 6,708,255
Safe Neighborhood Capital Projects	1,413,086	1,418,013
Nonmajor	2,941,276	3,304,122
Major Business-Type Activities:		
Water and Sewer	1,841,103	4,533,524
Nonmajor enterprise funds	1,775,594	594,876
Total	\$ 16,558,790	\$ 16,558,790

Interfund Transfers as of September 30, 2013 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 4,512,120	\$ -
CIP Debt Service Fund	-	(969,100)
Crime prevention Fund	38,075	-
CRA	104,167	-
Water and Sewer Fund	-	(3,685,262)
Total	\$ 4,654,362	\$ (4,654,362)

Transfers were used to cover excess expenditures that occurred in the general fund.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 7. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2013:

	<u>10/1/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2013</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,042,475	\$ -	-	\$ 3,042,475
Construction in progress	438,132	1,981,024	(418,382)	2,000,774
Total assets not being depreciated	<u>3,480,607</u>	<u>1,981,024</u>	<u>(418,382)</u>	<u>5,043,249</u>
Capital assets being depreciated:				
Buildings and improvements	8,675,049		-	8,675,049
Furniture and equipment	4,531,045	501,741	-	5,032,786
Infrastructure	20,058,501	1,650,197	-	21,708,698
Total assets being depreciated	<u>33,264,595</u>	<u>2,151,938</u>	<u>-</u>	<u>35,416,533</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,701,957)	(64,324)	-	(2,766,281)
Furniture and equipment	(3,159,819)	(230,927)	-	(3,390,746)
Infrastructure	(14,083,553)	(311,044)	-	(14,394,597)
Total accumulated depreciation	<u>(19,945,329)</u>	<u>(606,295)</u>	<u>-</u>	<u>(20,551,624)</u>
Total capital assets being depreciated, net	13,319,266	1,545,643	-	14,864,909
Governmental activities capital assets, net	<u>\$ 16,799,873</u>	<u>\$ 3,526,667</u>	<u>(418,382)</u>	<u>\$19,908,158</u>
Business-Type Activities:				
Capital Assets not being depreciated:				
Land	\$ 14,762	\$ -	-	\$ 14,762
Construction in progress	88,312	2,102,279	-	2,190,591
Total assets not being depreciated	<u>103,074</u>	<u>2,102,279</u>	<u>-</u>	<u>2,205,353</u>
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Furniture and equipment	19,071,513	577,588	(15,565,941)	4,083,160
Infrastructure	4,725,098	368,030	16,032,331	21,125,459
Total assets being depreciated	<u>23,796,611</u>	<u>945,618</u>	<u>466,390</u>	<u>25,208,619</u>
Less accumulated depreciation for:				
Building and improvements	-		-	-
Furniture and equipment	(8,239,161)	(640,737)	4,041,928	(4,837,970)
Infrastructure	(3,635,338)	(53,063)	(4,508,449)	(8,196,850)
Total accumulated depreciation	<u>(11,874,498)</u>	<u>(693,800)</u>	<u>(466,521)</u>	<u>(13,034,820)</u>
Total capital assets being depreciated, net	11,922,113	251,818	(132)	12,173,799
Business-type activities capital assets, net	<u>\$ 12,025,187</u>	<u>\$ 2,985,995</u>	<u>\$ (132)</u>	<u>\$14,379,152</u>

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 7. CAPITAL ASSETS (Continued)

Depreciation expense was charged as a function/program to the various departments of the City as follows:

Government Activities:

General Government	\$185,610
Public Safety	123,046
Highways and Streets	293,377
Culture and Recreation	4,262
	<u>\$606,295</u>

NOTE 8. LEASES

Operating Leases

The City leases building and office facilities under non-cancelable operating leases. Total costs for such leases were \$815,480 for the year ended September 30, 2013. The future minimum lease payments for the leases are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities	Total
2014	\$ 250,204	\$ 36,000	\$ 286,204
2015	250,204	36,000	286,204
2016	81,024	-	81,024
2017	81,024	-	81,024
2018	81,024	-	81,024
Total	<u>\$ 743,480</u>	<u>\$ 72,000</u>	<u>\$ 815,480</u>

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, 2013 are as follows:

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 8. LEASES (Continued)

Governmental Activities:

Year Ending September 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$ 166,020	\$ 498,442
2015	150,325	500,937
2016	117,293	500,937
2017	60,182	77,958
2018	12,382	39,971
Total minimum lease payments	506,202	1,618,245
Less: Amounts representing interest	(42,507)	(111,785)
Total	<u>\$ 463,695</u>	<u>\$ 1,506,460</u>

NOTE 9. LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2013 was as follows:

	<u>Balance 9/30/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2013</u>	<u>Due in One year</u>
Governmental activities					
Capital improvement Revenue Bond, Series 2011	\$ 7,355,000	\$ -	\$ (390,000)	\$ 6,965,000	\$ 403,000
Other liabilities:					
Capital leases obligation	186,459	447,983	(170,747)	463,695	147,682
	<u>7,541,459</u>	<u>447,983</u>	<u>(560,747)</u>	<u>7,428,695</u>	<u>550,682</u>
Compensated absences	1,052,071	292,300	(73,027)	1,271,344	324,899
Total	<u>\$ 8,593,530</u>	<u>\$ 740,283</u>	<u>\$ (633,774)</u>	<u>\$ 8,700,039</u>	<u>\$ 875,581</u>
Business-type activities:					
State Revolving Loan CS120800020	\$ 31,113	\$ -	\$ (31,113)	\$ -	\$ -
State Revolving Loan CS12080003P	951,487	-	(78,233)	873,254	80,621
State Revolving Loan WW800050	1,814,068	-	(65,724)	1,748,344	112,915
Total loans payable	2,796,668	-	(175,070)	2,621,598	193,536
Other Debt:					
Capital Lease Obligation	-	354,863	(34,801)	320,062	66,601
Suntrust Capital lease Obligation	1,549,367	-	(362,969)	1,186,398	378,881
Liability to FDOT	73,845	-	(63,595)	10,250	10,550
	<u>4,419,880</u>	<u>354,863</u>	<u>(636,775)</u>	<u>4,138,308</u>	<u>649,568</u>
Compensated absences	158,073	17,632	(3,784)	171,921	56,400
Total	<u>\$ 4,577,953</u>	<u>\$ 372,495</u>	<u>\$ (638,669)</u>	<u>\$ 4,310,229</u>	<u>\$ 705,968</u>

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 9. LONG-TERM DEBT (Continued)

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.

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.
- e) Capital lease agreement dated May 30, 2006 with a bank in the original amount of \$3,400,000 for meter reading equipment. Interest payable 4.219% with principal and interest payments of approximately \$105,745 payable monthly beginning December 1, 2006 through September 1, 2016.
- f) Various Capital lease agreements with the Ford Motor Company in the original total amount of \$354,863 commencing March 15, 2013 and June 14, 2013. Interest payable at 3.79% and 4.00% respectively. Principle and interest payments due monthly in the amounts of approximately \$4,001 and \$3,119 through May and February 2018, respectively.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 9. LONG-TERM DEBT (Continued)

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
September 30,				
2014	\$ 403,000	\$ 236,624	\$ 582,966	\$ 96,282
2015	416,000	222,852	592,852	75,847
2016	430,000	208,619	614,085	54,614
2017	445,000	193,890	206,430	39,290
2018	510,000	177,679	210,939	34,781
2019-2023	2,822,000	610,179	1,008,058	96,886
Thereafter	1,939,000	113,478	602,876	23,310
	<u>\$6,965,000</u>	<u>\$1,763,321</u>	<u>\$ 3,818,206</u>	<u>\$421,010</u>

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, 2013 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, 2013 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, 2013.

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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

Florida Retirement Systems Plans - The City participates in the State of Florida Retirement System (the "System"), a cost-sharing multiple-employer 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"). Eligible members of 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. Benefits under the Pension Plan vest after six years of service. Employees who retire at or after age 62, with ten years of credited service, are entitled to an annual retirement benefit, payable monthly for life. A post-retirement health insurance subsidy is also provided to eligible retired employees through the FRS defined benefits retirement plan.

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

	2013	2012	2011
Covered payroll	\$7,739,705	\$8,628,421	\$8,329,221
Contributions	871,084	1,064,057	1,074,327
% of Covered Payroll	11.25%	13.00%	13.00%

The City is required to contribute amounts necessary to pay benefits when due as defined by State Statute. Such contribution requirements ranged between approximately 5% and 14% of gross salaries during fiscal year 2013. For the fiscal years ended September 30, 2013, 2012, and 2011 the City contributed 100% of the required contributions. All employees are also required to contribute a total of 3%. 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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

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 CONNGENCIES

Commitments

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, 2013 and 2012, the City purchased water and sewer services totaling \$3,082,282 and \$2,814,054 respectively, from the Authority under the terms of this agreement.

Commitments (Continued)

Solid Waste Collection and Disposal Contract

On September 25, 2013, 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 16, 2016. 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. The Contractor is to pay a franchise fee to the City in the amount of 28% of the gross revenue billed on a monthly basis. Fees vary from a minimum of approximately \$55 to a maximum of \$1,207 depending on container size and the number of pickups per week.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 12. COMMITMENTS AND CONNGENCIES (Continued)

Contingencies

On April 3, 2013, an Opa-locka police officer, initiated pursuit of a vehicle that made an illegal right turn. That vehicles occupant, failed to stop and attempted to flee from the Officer While doing so, he was observed discarding a gun. The occupant of the vehicle entered the highway, exited and then re-entered the highway the wrong way 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-locka. However, the City's financial exposure is limited by Florida Statutes to \$300,000, pursuant to section 768.28 unless a claims bill is approved by the Florida Legislature. The amount of a claims bill that may be passed for each estate is unknown and highly unpredictable. As such the City has recorded a liability of \$300,000 in line with its maximum financial exposure.

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. OTHER POST EMPLOYMENT BENEFITS

Pursuant to Section 112.081, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The City does not rovide retirees with any subsidy for this benefit.

Based on GASB Statement 45 which sets forth the guidelines and a future implementation timetable for reporting and disclosure of Other Post-Employment Benefits ("OPEB"), the City had an actuary calculate future funding requirements for fiscal year 2013. The actuary's estimate, using the projected unit credit cost method, included other actuarial assumptions as classified below. The City elected to implement the provisions of GASB 45 prospectively.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 13. OTHER POST EMPLOYMENT BENEFITS

Actuarial Methods and Assumptions

The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the City has not contributed assets to the plan at this time and has elected to fund the plan on a pay-as-you go method.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Methods and Assumptions

<i>Valuation date</i>	April 1, 2014
<i>Actuarial cost method</i>	Projected Unit Credit
<i>Amortization method</i>	15 year open period; level dollar payment
<i>investment return</i>	4.00% per annum (includes inflation at 2.75% per annum)
<i>Healthcare cost trend rate(s)</i>	
	<u>Insurance Premiums</u>
<i>Selected rates</i>	8.50% for 2014/15 graded to 5.50% for 2020/21
<i>Ultimate rate</i>	5.00% per annum

Funding Policy

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-based costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 13. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB cost and Net OPEB obligation

The annual OPEB cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed twenty years.

Required Contribution rates:

Employer	Pay-as-you-go
Plan Members	N/A
<hr/>	
ARC	\$205,000
Interest on net OPEB Obligation	-
Adjustments to the ARC	-
Annual OPEB cost	<hr/> \$205,000
Interest on Employer Contributions	-
Employer Contributions *	(20,000)
Increase in net OPEB obligation (asset)	\$185,000
Net OPEB obligation (asset) - beginning of year	<hr/> -
Net OPEB obligation (asset) - end of year	<hr/> <hr/> \$185,000

The \$20,000 represents an actuarial estimate only and does not represent a physical contribution.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Two year information (three year is not available) for fiscal years ended September 30, is presented as follows:

Fiscal Year Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
<hr/>			
2013	\$205,000	10%	\$185,000
2014	\$210,000	10%	\$375,000

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 13. OTHER POST EMPLOYMENT BENEFITS (Continued)

As of October 1, 2013, employee membership data related to the OPEB Plan was as follows:

Current retirees:	
Under age 65	0
Over age 65	0
Total current retirees	<u>0</u>
Active employees:	
Active employees fully eligible for benefits	13
Active employees not yet fully eligible for benefits	212
	<u>225</u>
Total active employees	<u>225</u>
Total number of participants	<u>225</u>

Funded Status and Funding progress

The funded status of the plan as of April 1, 2014

		Actuarial				UAAL
		Accrued	Unfunded			as a
Actuarial	Value	Liability	AAL	Funded	Covered	Percentage
Valuation	of Assets	(AAL)	(UAAL)	Ratio	Payroll	of Covered
Date	(a)	(b)	(b) - (a)	(a)/(b)	(c)	((b-a)/c)
4/1/2014	\$0	\$766,000	\$766,000	0.00%	\$913,900	8.40%

NOTE 14. 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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 14. DEFERRED COMPENSATION PLAN (Continued)

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, 2013.

NOTE 15. 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.

NOTE 16. MANAGEMENT'S REVIEW

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 17, 2014, the date the financial statements were available to be issued. There were no other significant events that management believed require disclosure.

NOTE 17. PRIOR PERIOD ADJUSTMENTS

In 2011 a lift station in the water and sewer fund was repaired by a local small business with a provision that the City would reimburse them at a cost of \$140,000. In 2012 the City paid the business the cost of the repair but did not capitalize the cost as they should have done. As a result, the City recorded the asset in 2013 and increased its net position by \$140,000.

The City had been carrying a debit balance, which should have been expensed each year in the amount of \$602,592 which had been increasing since 2006, relating to Miami-Dade water permitting. As a result, the City wrote off the balance against net position in the water and sewer fund in the said amount and recognized the 2013 expense correctly.

The net effect of the prior period adjustments was a \$462,592 reduction to net position.

NOTE 18. PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

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.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 17. PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE (Continued)

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, was issued March 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial*

Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

GASB Statement No. 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 inter-period 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 provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

GASB Statement No. 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. 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 inter-period 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 jointly referred to as trusts) that meet certain criteria. The provisions of this Statement will be effective for the fiscal year ending September 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of this Statement will be effective for the fiscal year ending September 30, 2015.

CITY OF OPA-LOCKA, FLORIDA

Notes to Basic Financial Statements
Fiscal Year Ended September 30, 2013

NOTE 17. PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE (Continued)

GASB Statement No. 70, *Accounting and Financial Reporting for Non-Exchange Financial Guarantees*, was issued April 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of the GASB Statement No. 68*, was issued November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement will be effective for the fiscal year ending September 30, 2015.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

Required Supplementary Information

CITY OF OPA-LOCKA
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual –General Fund (Continued)
For the Year Ended September 30, 2013
(Unaudited)

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 6,032,745	\$ 6,032,745	\$ 5,842,217	\$ (190,528)
Utility taxes	881,900	1,021,900	1,040,076	18,176
Communications service taxes	605,000	605,000	526,127	(78,873)
Local option gas tax	276,090	276,090	274,189	(1,901)
Local business taxes	215,000	215,000	305,236	90,236
Franchise fees	1,408,200	1,493,200	1,484,133	(9,067)
Permits and fees	662,401	579,901	552,400	(27,501)
Intergovernmental	708,534	650,534	731,061	80,527
Charges for services	293,600	248,600	73,592	(175,008)
Fines and forfeitures	353,500	523,500	311,346	(212,154)
Interest	8,000	8,000	-	(8,000)
Other	<u>351,805</u>	<u>436,805</u>	<u>916,818</u>	<u>480,013</u>
Total revenues	<u>11,796,775</u>	<u>12,091,275</u>	<u>12,057,195</u>	<u>(34,080)</u>
Expenditures:				
General government:				
City commission	125,340	179,159	735,634	(556,475)
City manager	732,740	679,005	759,557	(80,552)
City clerk	457,460	428,390	467,468	(39,078)
City attorney	533,500	763,300	1,068,031	(304,731)
Finance/Utility billing	555,840	521,835	638,465	(116,630)
Information technology	307,825	309,960	285,642	24,318
Human resources	301,400	326,065	359,145	(33,080)
Building licenses	339,880	342,020	346,943	(4,923)
Community development	<u>560,695</u>	<u>550,831</u>	<u>515,794</u>	<u>35,037</u>
Total general government	<u>3,914,680</u>	<u>4,100,565</u>	<u>5,176,679</u>	<u>(1,076,114)</u>
Public safety:				
Police	5,323,313	5,496,437	5,755,893	(259,456)
Code enforcement	<u>277,245</u>	<u>280,800</u>	<u>350,056</u>	<u>(69,256)</u>
Total public safety	<u>5,600,558</u>	<u>5,777,237</u>	<u>6,105,949</u>	<u>(328,712)</u>
Public works:				
Administration	272,900	273,615	402,421	(128,806)
Street maintenance	238,840	242,395	698,507	(456,112)
Building maintenance	587,315	630,606	394,718	235,888
Vehicle maintenance	<u>734,890</u>	<u>767,730</u>	<u>944,565</u>	<u>(176,835)</u>
Total public works	<u>1,833,945</u>	<u>1,914,346</u>	<u>2,440,211</u>	<u>(525,865)</u>

(Continued)

See notes to budgetary comparison schedules.

CITY OF OPA-LOCKA
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual –General Fund (Continued)
For the Year Ended September 30, 2013
(Unaudited)

Parks and recreation:				
Parks	801,190	837,883	1,042,723	(204,840)
Special events	<u>30,000</u>	<u>49,991</u>	<u>84,169</u>	<u>(34,178)</u>
Total parks and recreation	<u>831,190</u>	<u>887,874</u>	<u>1,126,892</u>	<u>(239,018)</u>
Non-departmental*	<u>1,336,682</u>	<u>11,817,903</u>	<u>2,176,241</u>	<u>9,641,662</u>
Total non-departmental	<u>1,336,682</u>	<u>11,817,903</u>	<u>2,176,241</u>	<u>9,641,662</u>
Total expenditures	<u>13,517,055</u>	<u>24,497,925</u>	<u>17,025,972</u>	<u>7,471,953</u>
Excess of revenues over expenditures	(1,720,280)	(12,406,650)	(4,968,777)	7,437,873
Other financing sources (uses):				
Loan proceeds	-	10,500,000	447,982	(10,052,018)
Transfers in	1,836,660	2,023,030	4,512,120	2,489,090
Transfers out	<u>(116,380)</u>	<u>(116,380)</u>	<u>-</u>	<u>116,380</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8,675)	<u>\$ (8,675)</u>
			<u>1,233,985</u>	
			<u>\$ 1,225,310</u>	

*Non-departmental is split out for budgetary purposes but is included in other departments, primarily general government on the financial statements.

See notes to budgetary comparison schedules.

CITY OF OPA-LOCKA
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual –Special Revenue Fund
For the Year Ended September 30, 2013
(Unaudited)

	Peoples' Transportation Tax Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes:				
Intergovernmental	\$ 465,000	\$ 465,000	\$ 603,115	\$ 138,115
Total revenues	465,000	465,000	603,115	138,115
Expenditures:				
Current:				
Public Works				
Highways and streets	1,130,456	1,130,456	1,426,403	(295,947)
Total expenditures	1,130,456	1,130,456	1,426,403	(295,947)
Excess (deficiency) of revenues over expenditures	(665,456)	(665,456)	(823,288)	(157,832)
Net change in fund balance	\$ (665,456)	\$ (665,456)	(823,288)	\$ (157,832)
Fund balance - beginning			2,162,715	
Fund balance - ending			\$ 1,339,427	

See notes to budgetary comparison schedules.

CITY OF OPA-LOCKA

Notes to the budgetary comparison schedules For the Year Ended September 30, 2013

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.

NOTE 2. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended September 30, 2013 expenditures exceeded appropriations in the city commission, city manager, city clerk, city attorney, finance, human resources, building, police, code enforcement, public works, special events, and parks departments of the general fund by \$556,475, \$80,552, \$39,078, \$304,731, \$116,630, \$33,080, \$4,923, \$259,456, \$69,256, \$525,865, \$34,178 and \$204,840. The over expenditures were funded by available fund balance in the case of the general fund. However, expenditures in the general fund did not exceed budgeted appropriations in total.

For the year ended September 30, 2013 expenditures exceeded appropriations in the People Transportation Tax fund \$295,947. The over expenditures were funded by available fund balance.

CITY OF OPA-LOCKA
Schedules of Funding Progress and Employer Contributions
For the Year Ended September 30, 2014
(Unaudited)

Other Post Employment Benefits

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/1/2014	\$0	\$766,000	\$766,000	0.00%	\$913,900	8.40%

Schedule of Employers Contributions

Fiscal Year Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2013	\$205,000	10%	\$185,000
2014	\$210,000	10%	\$375,000

Supplementary Information

CITY OF OPA-LOCKA
Combining Balance Sheet-Nonmajor Governmental Funds
September 30, 2013

ASSETS	Special Law Enforcement	Boy Scout	FEMA	Opa-locka Police Youth Academy	Crime Prevention	STOP/ VAWA Program	South FL Water Mgmt	Local Law Enforcement	Comm Redev Agency	Total
Cash and equity in pooled cash	\$ 173,032	\$ -	\$ 18,976	\$ 84,541	\$ 52,537	\$ -	\$ -	\$ -	\$ -	\$ 329,086
Other Gov't account receivables	-	-	-	5,451	-	-	-	-	-	5,451
Due from other funds	-	17,395	57,007	-	-	-	263,012	235	-	337,649
Total assets	<u>\$ 173,032</u>	<u>\$ 17,395</u>	<u>\$ 75,983</u>	<u>\$ 89,992</u>	<u>\$ 52,537</u>	<u>\$ -</u>	<u>\$ 263,012</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 672,186</u>
LIABILITIES										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,277	\$ -	\$ -	\$ -	\$ 2,136	\$ 3,413
Due to other funds	75,965	-	-	434,320	434,276	151,738	-	-	100,000	1,196,299
Other Gov't account payables	-	-	20,937	-	-	-	-	-	-	20,937
Total liabilities	<u>75,965</u>	<u>-</u>	<u>20,937</u>	<u>434,320</u>	<u>435,553</u>	<u>151,738</u>	<u>-</u>	<u>-</u>	<u>102,136</u>	<u>1,220,649</u>
FUND BALANCES Reserved for:										
Assigned										
Public safety	97,067	-	55,046	-	-	-	-	235	-	152,348
Capital projects	-	-	-	-	-	-	263,012	-	-	263,012
Unassigned	-	17,395	-	(344,328)	(383,016)	(151,738)	-	-	(102,136)	(963,823)
Total fund balances	<u>97,067</u>	<u>17,395</u>	<u>55,046</u>	<u>(344,328)</u>	<u>(383,016)</u>	<u>(151,738)</u>	<u>263,012</u>	<u>235</u>	<u>(102,136)</u>	<u>(548,463)</u>
Total liabilities and fund balances	<u>\$ 173,032</u>	<u>\$ 17,395</u>	<u>\$ 75,983</u>	<u>\$ 89,992</u>	<u>\$ 52,537</u>	<u>\$ -</u>	<u>\$ 263,012</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 672,186</u>

CITY OF OPA-LOCKA
Combining Revenues, Expenditures and Changes
in Fund Balances-Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Law Enforcement	Boy Scout	Opa-locka Police Youth Academy	Crime Prevention	STOP/ VAWA Program	FEMA	South FL Water Mgmt	Local Law Enforcement	Comm Redev Agency	Total
Revenues:										
Intergovernmental	\$ 42,622	\$ -	\$ -	\$ 16,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,468
Charges for Services	-	-	-	345	-	-	-	-	-	345
Total revenues	<u>42,622</u>	<u>-</u>	<u>-</u>	<u>17,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,813</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	136,393	136,393
Public safety	<u>5,657</u>	<u>-</u>	<u>(1,238)</u>	<u>127,265</u>	<u>7,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,951</u>
Total expenditures	<u>5,657</u>	<u>-</u>	<u>(1,238)</u>	<u>127,265</u>	<u>7,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,393</u>	<u>275,344</u>
Excess (deficiency) of revenues over expenditures	<u>36,965</u>	<u>-</u>	<u>1,238</u>	<u>(110,074)</u>	<u>(7,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,393)</u>	<u>(215,531)</u>
Other financing sources:										
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,167</u>	<u>142,242</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,167</u>	<u>142,242</u>
Net change in fund balance	36,965	-	1,238	(71,999)	(7,267)	-	-	-	(32,226)	(73,289)
Fund balance - beginning	<u>60,102</u>	<u>17,395</u>	<u>(345,566)</u>	<u>(311,017)</u>	<u>(144,471)</u>	<u>55,046</u>	<u>263,012</u>	<u>235</u>	<u>(69,910)</u>	<u>(475,174)</u>
Fund balance - ending	<u>\$ 97,067</u>	<u>\$ 17,395</u>	<u>\$ (344,328)</u>	<u>\$ (383,016)</u>	<u>\$ (151,738)</u>	<u>\$ 55,046</u>	<u>\$ 263,012</u>	<u>\$ 235</u>	<u>\$ (102,136)</u>	<u>\$ (548,463)</u>

CITY OF OPA-LOCKA
Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2013

ASSETS	Stormwater	Solid Waste	Total
Current assets:			
Cash and equity in pooled cash	\$ 859,892	\$ -	\$ 859,892
Estimated unbilled services	7,398	-	7,398
Prepays and other	4,001	-	4,001
Due from other funds	-	2,242,999	2,242,999
Total current assets	<u>871,291</u>	<u>2,242,999</u>	<u>3,114,290</u>
Noncurrent assets:			
Capital assets, net	<u>225,311</u>	-	<u>225,311</u>
Total noncurrent assets	<u>225,311</u>	-	<u>225,311</u>
Total assets	<u>\$1,096,602</u>	<u>\$2,242,999</u>	<u>\$3,339,601</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 146,991	\$ 105,842	\$ 252,833
Overdrawn cash	-	2,781,795	2,781,795
Due to other funds	104,974	-	104,974
Customers' deposits	1	117,554	117,555
Current portion of long term debt	<u>41,290</u>	-	<u>41,290</u>
Total current liabilities	<u>293,256</u>	<u>3,005,191</u>	<u>3,298,447</u>
Long term debt			
Compensated absences	13,306	-	13,306
OPEB Obligation	2,644	-	2,644
Notes and capital leases payable	<u>153,572</u>	-	<u>153,572</u>
Total long term debt	<u>169,522</u>	-	<u>169,522</u>
Total liabilities	<u>462,778</u>	<u>3,005,191</u>	<u>3,467,969</u>
NET POSITION			
Invested in capital assets, net of related debt	225,311	-	225,311
Unrestricted	<u>408,513</u>	<u>(762,192)</u>	<u>(353,679)</u>
Total net position	<u>\$ 633,824</u>	<u>\$ (762,192)</u>	<u>\$ (128,368)</u>

CITY OF OPA-LOCKA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended September 30, 2013

	Stormwater	Solid Waste	Total
Operating revenues:			
Charges for services	\$ 242,628	\$ 975,544	\$ 1,218,172
Total operating revenues	<u>242,628</u>	<u>975,544</u>	<u>1,218,172</u>
Operating expenses:			
Operating, administrative and maintenance	225,617	1,214,902	1,440,519
Interest and other debt costs	3,945	-	3,945
Depreciation	<u>69,647</u>	<u>-</u>	<u>69,647</u>
Total operating expenses	<u>299,209</u>	<u>1,214,902</u>	<u>1,514,111</u>
Change in net position	(56,581)	(239,358)	(295,939)
Net position, beginning	<u>690,405</u>	<u>(522,834)</u>	<u>167,571</u>
Net position, ending	<u>\$ 633,824</u>	<u>\$ (762,192)</u>	<u>\$ (128,368)</u>

CITY OF OPA-LOCKA
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended September 30, 2013

	Stormwater	Solid Waste	Total
Cash flows from operating activities:			
Cash received from customers	\$ 340,756	\$ 1,029,344	\$ 1,370,100
Cash paid to vendors	(18,935)	(67,524)	(86,459)
Cash paid to employees	(60,140)	-	(60,140)
Payments from (to) other funds, net	<u>(30,139)</u>	<u>(961,820)</u>	<u>(991,959)</u>
Net cash provided by operating activities	<u>231,542</u>	<u>-</u>	<u>231,542</u>
Cash flows from capital and related financing activities:			
Acquisition on construction of capital assets	(222,927)	-	(222,927)
Proceeds from compensated absences and OPEB	-	-	-
Proceeds from debt	218,925	-	218,925
Payments made on debt	<u>(24,063)</u>	<u>-</u>	<u>(24,063)</u>
Net cash used in capital and related financing activities	<u>(28,065)</u>	<u>-</u>	<u>(28,065)</u>
Net decrease in cash	203,477	-	203,477
Cash, beginning	<u>656,414</u>	<u>-</u>	<u>656,414</u>
Cash, ending	<u>859,891</u>	<u>-</u>	<u>859,891</u>
Display as:			
Unrestricted	859,892	-	859,892
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 859,892</u>	<u>\$ -</u>	<u>\$ 859,892</u>
Reconciliation of operating income to cash provided by operating activities:			
Operating (loss)	\$ (56,581)	\$ (239,358)	\$ (295,939)
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	69,647	-	69,647
(Increase) decrease in:			
Cash drawn in excess of bank	-	1,132,011	1,132,011
Accounts receivable	98,128	53,800	151,928
Due from other funds	-	(961,820)	(961,820)
Increase (decrease) in:			
Accounts payable and accrued liabilities	146,181	16,228	162,409
Due to other funds	(30,139)	-	(30,139)
Other liabilities	<u>4,306</u>	<u>(861)</u>	<u>3,445</u>
Net cash provided by operating activities	<u>\$ 231,542</u>	<u>\$ -</u>	<u>\$ 231,542</u>

Statistical Information

CITY OF OPA-LOCKA, FLORIDA
NET POSITION BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year							
	<u>2013</u>	<u>2012</u> (Restated)	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 12,730,145	\$ 9,735,712	\$ 8,402,867	\$ 6,412,870	\$ 5,647,558	\$ 5,509,644	\$ 1,856,232	\$ 173,474
Restricted	1,123,862	3,524,297	2,651,381	3,028,572	1,455,562	1,618,813	1,648,369	349,600
Unrestricted	(514,403)	(1,293,239)	(1,536,472)	1,427,083	3,735,623	3,337,336	5,451,619	3,517,428
Total governmental activities net assets	<u>\$ 13,339,604</u>	<u>\$ 11,966,770</u>	<u>\$ 9,517,776</u>	<u>\$ 10,868,525</u>	<u>\$ 10,838,743</u>	<u>\$ 10,465,793</u>	<u>\$ 8,956,220</u>	<u>\$ 4,040,502</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 10,240,844	\$ 8,256,492	\$ 6,733,269	\$ 5,719,464	\$ 5,422,334	\$ 5,098,389	\$ 6,559,594	\$ 707,159
Restricted	2,500,294	3,231,724	411,671	397,355	396,472	393,842	1,344,966	562,555
Unrestricted	1,143,865	4,571,873	6,729,636	6,279,180	5,835,374	5,499,567	1,958,057	10,241,234
Total business-type activities net assets	<u>\$ 13,885,003</u>	<u>\$ 16,060,089</u>	<u>\$ 13,874,576</u>	<u>\$ 12,395,999</u>	<u>\$ 11,654,180</u>	<u>\$ 10,991,798</u>	<u>\$ 9,862,617</u>	<u>\$ 11,510,948</u>
Primary government								
Invested in capital assets, net of related debt	\$ 22,970,989	\$ 17,992,204	\$ 15,136,136	\$ 12,132,334	\$ 11,069,892	\$ 10,608,033	\$ 8,415,826	\$ 880,633
Restricted	3,624,156	6,756,021	3,063,052	3,425,927	1,852,034	2,012,655	2,993,335	912,155
Unrestricted	629,462	3,278,634	5,193,164	7,706,263	9,570,997	8,836,903	7,409,676	13,758,662
Total primary government net position	<u>\$ 27,224,607</u>	<u>\$ 28,026,859</u>	<u>\$ 23,392,352</u>	<u>\$ 23,264,524</u>	<u>\$ 22,492,923</u>	<u>\$ 21,457,591</u>	<u>\$ 18,818,837</u>	<u>\$ 15,551,450</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Statement 2

CITY OF OPA-LOCKA, FLORIDA
 CHANGES IN NET POSITION
 LAST EIGHT FISCAL YEARS
 (accrual basis of accounting)
 (Continued)

	Fiscal Year							
	2013	2012	2011	2010	2009	2008	2007	2006
Net (expense)/revenue			Restated					
Governmental activities	\$ (14,862,959)	\$ (10,170,205)	\$ (13,258,306)	\$ (12,914,108)	\$ (12,856,800)	\$ (11,939,290)	\$ (9,474,688)	\$ (12,531,033)
Business-type activities	1,973,127	3,906,940	1,693,791	643,797	479,423	943,423	(1,953,318)	(739,076)
Total primary government net expense	\$ (12,889,832)	\$ (6,263,265)	\$ (11,564,515)	\$ (12,270,311)	\$ (12,377,377)	\$ (10,995,867)	\$ (11,428,006)	\$ (13,270,109)
General Revenues and Other								
Governmental Activities:								
Taxes								
Property taxes	\$ 5,842,217	\$ 6,736,246	\$ 6,429,836	\$ 7,184,822	\$ 7,667,287	\$ 7,441,927	\$ 7,207,046	\$ 5,802,009
Utility taxes	1,040,076	863,608	1,100,645	870,185	741,164	894,359	1,544,532	1,467,039
Communications service taxes (1)	526,127	559,299	611,700	654,141	717,858	637,712	-	-
Local option gas tax	274,189	275,054	284,901	261,644	281,095	295,194	308,170	356,931
Franchise fees	1,484,133	1,452,012	1,499,291	1,487,057	1,656,094	1,540,751	1,919,542	1,941,938
Local business taxes	305,236	206,873	223,949	215,477	229,627	281,975	327,326	-
Intergovernmental revenue	2,219,388	524,198	1,606,396	1,678,883	1,884,800	2,092,307	1,764,906	2,227,585
Investment earnings	84	1,909	8,761	8,345	18,043	131,469	283,431	89,567
Miscellaneous	859,081	-	198,704	120,939	156,067	133,169	397,185	209,409
Gain on disposal of capital assets	-	-	-	628	-	-	-	-
Transfer	3,685,262	2,000,000	275,000	-	(122,285)	-	-	-
Total governmental activities	16,235,793	12,619,199	12,239,183	12,482,121	13,229,750	13,448,863	13,752,138	12,094,478
Business Type Activities:								
Investment earnings	-	1,608	22,501	20,890	42,914	185,758	304,702	273,781
Miscellaneous	-	276,965	37,283	78,314	17,760	-	-	258,915
Loss on disposal of capital assets	-	-	-	(1,182)	-	-	-	-
Transfer	(3,685,262)	(2,000,000)	(275,000)	-	122,285	-	-	-
Total business-type activities	(3,685,262)	(1,721,427)	(215,216)	98,022	182,959	185,758	304,702	532,696
Total primary government	\$ 12,550,531	\$ 10,897,772	\$ 12,023,967	\$ 12,580,143	\$ 13,412,709	\$ 13,634,621	\$ 14,056,840	\$ 12,627,174
Change in Net Position								
Governmental activities	\$ 1,372,834	\$ 2,448,994	\$ (1,019,123)	\$ (431,987)	\$ 372,950	\$ 1,509,573	\$ 4,277,450	\$ (436,555)
Business-type activities	(1,712,135)	2,185,513	1,478,575	741,819	662,382	1,129,181	(1,648,616)	(206,380)
Total primary government	\$ (339,301)	\$ 4,634,507	\$ 459,452	\$ 309,832	\$ 1,035,332	\$ 2,638,754	\$ 2,628,834	\$ (642,935)

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(1) Included in utility taxes prior to 2007.

CITY OF OPA-LOCKA, FLORIDA
CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(Continued)

	Fiscal Year							
	2013	<u>2012</u>	2011 Restated	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (expense)/revenue								
Governmental activities	\$ (14,862,959)	\$ (10,170,205)	\$ (13,258,306)	\$ (12,914,108)	\$ (12,856,800)	\$ (11,939,290)	\$ (9,474,688)	\$ (12,531,033)
Business-type activities	1,973,127	3,906,940	1,693,791	643,797	479,423	943,423	(1,953,318)	(739,076)
Total primary government net expense	<u>\$ (12,889,832)</u>	<u>\$ (6,263,265)</u>	<u>\$ (11,564,515)</u>	<u>\$ (12,270,311)</u>	<u>\$ (12,377,377)</u>	<u>\$ (10,995,867)</u>	<u>\$ (11,428,006)</u>	<u>\$ (13,270,109)</u>
General Revenues and Other								
Governmental Activities:								
Taxes								
Property taxes	\$ 5,842,217	\$ 6,736,246	\$ 6,429,836	\$ 7,184,822	\$ 7,667,287	\$ 7,441,927	\$ 7,207,046	\$ 5,802,009
Utility taxes	1,040,076	863,608	1,100,645	870,185	741,164	894,359	1,544,532	1,467,039
Communications service taxes (1)	526,127	559,299	611,700	654,141	717,858	637,712	-	-
Local option gas tax	274,189	275,054	284,901	261,644	281,095	295,194	308,170	356,931
Franchise fees	1,484,133	1,452,012	1,499,291	1,487,057	1,656,094	1,540,751	1,919,542	1,941,938
Local business taxes	305,236	206,873	223,949	215,477	229,627	281,975	327,326	-
Intergovernmental revenue	2,219,388	524,198	1,606,396	1,678,883	1,884,800	2,092,307	1,764,906	2,227,585
Investment earnings	84	1,909	8,761	8,345	18,043	131,469	283,431	89,567
Miscellaneous	859,081	-	198,704	120,939	156,067	133,169	397,185	209,409
Gain on disposal of capital assets	-	-	-	628	-	-	-	-
Transfer	3,685,262	2,000,000	275,000	-	(122,285)	-	-	-
Total governmental activities	<u>16,235,793</u>	<u>12,619,199</u>	<u>12,239,183</u>	<u>12,482,121</u>	<u>13,229,750</u>	<u>13,448,863</u>	<u>13,752,138</u>	<u>12,094,478</u>
Business Type Activities:								
Investment earnings	-	1,608	22,501	20,890	42,914	185,758	304,702	273,781
Miscellaneous	-	276,965	37,283	78,314	17,760	-	-	258,915
Loss on disposal of capital assets	-	-	-	(1,182)	-	-	-	-
Transfer	(3,685,262)	(2,000,000)	(275,000)	-	122,285	-	-	-
Total business-type activities	<u>(3,685,262)</u>	<u>(1,721,427)</u>	<u>(215,216)</u>	<u>98,022</u>	<u>182,959</u>	<u>185,758</u>	<u>304,702</u>	<u>532,696</u>
Total primary government	<u>\$ 12,550,531</u>	<u>\$ 10,897,772</u>	<u>\$ 12,023,967</u>	<u>\$ 12,580,143</u>	<u>\$ 13,412,709</u>	<u>\$ 13,634,621</u>	<u>\$ 14,056,840</u>	<u>\$ 12,627,174</u>
Change in Net Position								
Governmental activities	\$ 1,372,834	\$ 2,448,994	\$ (1,019,123)	\$ (431,987)	\$ 372,950	\$ 1,509,573	\$ 4,277,450	\$ (436,555)
Business-type activities	(1,712,135)	2,185,513	1,478,575	741,819	662,382	1,129,181	(1,648,616)	(206,380)
Total primary government	<u>\$ (339,301)</u>	<u>\$ 4,634,507</u>	<u>\$ 459,452</u>	<u>\$ 309,832</u>	<u>\$ 1,035,332</u>	<u>\$ 2,638,754</u>	<u>\$ 2,628,834</u>	<u>\$ (642,935)</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(1) Included in utility taxes prior to 2007.

CITY OF OPA-LOCKA, FLORIDA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property	Utility	Communications Service Taxes (1)	Sales and Use	Local Business Tax (2)	Franchise	Total
2004	4,679,897	2,055,032	-	1,356,128	-	1,674,120	9,765,177
2005	4,877,060	1,794,845	-	1,479,783	-	1,313,694	9,465,382
2006	5,802,009	1,224,316	599,654	356,931	200,837	1,941,938	10,125,685
2007	7,207,046	892,002	652,530	308,170	327,326	1,919,542	11,306,616
2008	7,441,927	894,359	637,712	295,194	281,975	1,540,751	11,091,918
2009	7,667,287	741,164	717,858	281,095	229,627	1,656,094	11,293,125
2010	7,184,822	870,185	654,141	261,644	215,477	1,487,057	10,673,326
2011	6,429,836	1,100,645	611,700	284,901	223,949	1,499,291	10,150,322
2012	6,736,246	863,608	559,299	275,054	206,873	1,452,012	10,093,092
2013	5,842,217	1,040,076	526,127	274,189	305,236	1,484,133	9,471,978

(1) Effective Oct. 1, 2001. Reported as part of Utility taxes from 2002 to 2005.

(2) Reported as part of permits, licenses and fees prior to 2006.

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Reserved	\$ -		\$ -	\$ 256,751	\$ 247,330	\$ 340,679	\$ 380,380	\$ 389,118	\$ 386,120	\$ 347,297
Unreserved	-		-	3,316,289	4,414,425	4,908,350	6,772,228	4,653,301	3,884,621	2,645,448
Nonspendable	56,808	142,100	200,065	-	-	-	-	-	-	-
Restricted	-		-	-	-	-	-	-	-	-
Committed	-		-	-	-	-	-	-	-	-
Unassigned	1,168,502	1,091,885	2,048,947	-	-	-	-	-	-	-
Total General Fund	<u>\$ 1,225,310</u>	<u>\$ 1,233,985</u>	<u>\$ 2,249,012</u>	<u>\$ 3,573,040</u>	<u>\$ 4,661,755</u>	<u>\$ 5,249,029</u>	<u>\$ 7,152,608</u>	<u>\$ 5,042,419</u>	<u>\$ 4,270,741</u>	<u>\$ 2,992,745</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 3,028,572	\$ 2,134,292	\$ 1,636,464	\$ 1,648,369	\$ 340,785	\$ -	\$ 637,374
Unreserved, reported in:										
Special revenue funds	-	-	-	(320,786)	(397,395)	(289,336)	(308,288)	(117,431)	935,287	768,224
Capital projects funds	-	-	-	(347,729)	(8,841)	(664,346)	(417,272)	98,078	385,320	(235,793)
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,123,862	1,128,608	2,651,381	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,754,787	2,295,494	-	-	-	-	-	-	-	-
Unassigned	(1,509,511)	(897,670)	(2,383,253)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,369,138</u>	<u>\$ 2,526,432</u>	<u>\$ 268,128</u>	<u>\$ 2,360,057</u>	<u>\$ 1,728,056</u>	<u>\$ 682,782</u>	<u>\$ 922,809</u>	<u>\$ 321,432</u>	<u>\$ 1,320,607</u>	<u>\$ 1,169,805</u>

Note: Fund balances for fiscal year 2011 have been reclassified per GASB Statement 54 new fund balance reporting standards. Prior year amounts have not been restated.

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:										
Taxes	\$ 9,471,978	\$ 10,093,092	\$ 10,150,322	\$ 10,673,326	\$ 11,293,124	\$ 11,091,918	\$ 11,306,616	\$ 9,567,917	\$ 6,653,005	\$ 8,409,049
Licenses and permits	552,400	624,671	317,689	188,692	378,086	385,123	638,268	813,503	503,181	538,792
Fines and forfeitures	311,346	843,115	478,417	178,391	438,123	216,124	27,065	31,584	123,479	149,548
Intergovernmental	5,113,365	3,390,821	3,411,967	4,053,904	3,381,713	4,127,265	6,456,721	8,457,245	20,284,816	8,497,712
Charges for services	73,937	32,788	75,128	36,795	33,483	37,010	178,711	104,535	41,280	26,694
Interest	84	1,909	8,761	8,345	18,043	131,469	283,431	89,567	47,667	17,334
Miscellaneous	916,818	459,094	198,704	144,982	156,067	133,169	370,120	209,409	2,550,203	170,747
Total revenues	16,439,928	15,445,490	14,640,988	15,284,435	15,698,639	16,122,078	19,260,932	19,273,760	30,203,631	17,809,876
Expenditures:										
General government	6,607,524	5,384,514	5,570,801	4,012,365	4,604,911	4,520,068	3,951,414	3,813,756	6,523,196	2,991,081
Public safety	6,274,637	6,108,005	5,680,424	6,331,246	5,269,093	5,966,913	5,458,602	5,153,511	3,898,324	4,775,745
Highways and streets	2,543,862	1,751,208	2,433,842	2,379,870	2,279,406	1,937,045	2,573,422	8,768,977	16,977,785	6,961,686
Culture and recreation	1,126,892	1,029,359	1,147,780	1,132,959	900,056	881,189	868,588	758,395	496,612	300,414
Human services	-	-	277,663	263,618	504,425	-	-	-	-	-
Capital outlay	4,360,437	1,148,728	4,934,410	1,414,042	853,785	4,257,057	3,004,588	513,766	288,043	934,139
Debt service: Principal	560,747	358,000	-	440,894	373,168	349,699	416,514	492,762	170,000	321,233
Debt Service: Interest	265,041	302,948	361,712	377,528	388,244	401,364	408,438	421,563	437,718	474,335
Bond issuance cost	-	-	63,314	-	-	-	-	-	-	-
Total expenditures	21,739,140	16,082,762	20,469,946	16,352,522	15,173,088	18,313,335	16,681,566	19,922,730	28,791,678	16,758,633
Excess (deficiency) of revenues over expenditures	(5,299,212)	(637,272)	(5,828,958)	(1,068,087)	525,551	(2,191,257)	2,579,366	(648,970)	1,411,953	1,051,243
Other Financing Sources (Uses)										
Issuance of debt	-	212,176	7,713,000	-	-	-	-	-	-	-
Payment to refunded bond escrow	-	-	(5,575,000)	-	-	-	-	-	-	-
Capital lease proceeds	447,982	-	-	149,604	54,734	47,650	132,200	421,470	16,844	462,334
Transfers in	4,654,362	2,000,000	1,998,799	699,359	1,140,550	3,280,569	874,259	1,259,709	949,083	1,048,387
Transfers out	(969,100)	-	(1,723,799)	(699,359)	(1,262,834)	(3,280,568)	(874,259)	(1,259,709)	(949,083)	(1,048,387)
Total other financing sources (uses)	4,133,244	2,212,176	2,413,000	149,604	(67,550)	47,651	132,200	421,470	16,844	462,334
Net change in fund balances	\$ (1,165,968)	\$ 1,574,904	\$ (3,415,958)	\$ (918,483)	\$ 458,001	\$ (2,143,606)	\$ 2,711,566	\$ (227,500)	\$ 1,428,797	\$ 1,513,577
Debt service as a percentage of noncapital expenditures	5%	4%	2%	5%	5%	5%	6%	5%	2%	5%

Statement 5

CITY OF OPA-LOCKA, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis)

Fiscal Year	Property	Sales and Use	Franchise	Utility	Communications Service Taxes (1)	Local Business Tax (2)	Total
2004	4,679,897	1,356,128	1,674,120	2,055,032	-	-	9,765,177
2005	4,877,060	1,479,783	1,313,694	1,794,845	-	-	9,465,382
2006	5,802,009	356,931	1,941,938	1,224,316	599,654	200,837	10,125,685
2007	7,207,046	308,170	1,919,542	892,002	652,530	327,326	11,306,616
2008	7,441,927	295,194	1,540,751	894,359	637,712	281,975	11,091,918
2009	7,667,287	281,095	1,656,094	741,164	717,858	229,627	11,293,125
2010	7,184,822	261,644	1,487,057	870,185	654,141	215,477	10,673,326
2011	6,429,836	284,901	1,499,291	1,100,645	611,700	223,949	10,150,322
2012	6,736,246	275,054	1,452,012	863,608	559,299	206,873	10,093,092
2013	5,842,217	274,189	1,484,133	1,040,076	526,127	305,236	9,471,978

(1) Effective Oct. 1, 2001. Reported as part of Utility taxes from 2002 to 2005.

(2) Reported as part of permits, licenses and fees prior to 2006.

CITY OF OPA-LOCKA, FLORIDA
ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Total Gross Assessed Value	Real Estate Adjustments	Total Net Assessed Value	Total Direct Tax Rate
2004	394,926,966	90,984,153	1,104,373	487,015,492	2,801,905	484,213,587	9.8000
2005	434,282,541	88,332,831	1,948,311	524,563,683	13,277,720	511,285,963	9.8000
2006	514,575,250	93,121,243	1,363,003	609,059,496	18,622,416	590,437,080	9.8000
2007	668,025,734	102,636,497	1,343,829	772,006,060	25,512,624	746,493,436	9.8000
2008	827,093,363	108,948,153	1,591,662	937,633,178	13,163,594	924,469,584	8.0084
2009	868,952,536	94,569,260	1,604,574	965,126,370	15,691,078	949,435,292	8.2084
2010	838,488,465	92,214,175	1,459,694	932,162,334	18,800,415	913,361,919	8.5467
2011	702,596,703	80,421,361	1,599,166	784,617,230	1,919,397	782,697,833	9.1052
2012	628,398,430	84,895,159	1,384,071	714,677,660	364,113	714,313,547	9.1526
2013	608,102,734	88,324,301	1,403,115	697,830,150	846,258	696,983,892	9.1000

Source: Miami-Dade County Property Appraiser's Office

(1) The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ended September 30, property is valued as of January 1st of the preceding year. Tax rates are per \$1,000 of assessed value.

CITY OF OPA-LOCKA, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS

Fiscal Year	City of Opa-locka, Florida			Overlapping Rates			Total
	Operating Millage	Debt Service Millage	Total Millage	Miami- Dade County	School District	State	
2004	9.8000	-	9.8000	9.578	9.250	0.736	29.364
2005	9.8000	-	9.8000	9.325	8.687	0.736	28.548
2006	9.8000	-	9.8000	9.210	8.438	0.736	28.184
2007	9.8000	-	9.8000	9.459	8.105	0.736	28.100
2008	8.0084	-	8.0084	7.920	7.948	0.659	24.535
2009	8.2084	-	8.2084	8.153	7.797	0.659	24.817
2010	8.3000	-	8.3000	8.232	7.995	0.658	25.185
2011	9.1052	-	9.1052	8.232	8.005	0.471	25.813
2012	9.1526	-	9.1526	7.732	8.476	0.500	25.861
2013	9.1000	-	9.1000	8.461	7.624	0.500	25.685

Source: Miami-Dade County Property Appraiser.

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

Fiscal Year	Total Tax Levy	Current Tax Collected	Percent of Current Tax Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2004	4,772,752	4,679,897	98.05	19,843	4,699,740	98.47
2005	5,140,724	4,680,089	91.04	26,647	4,706,736	91.56
2006	5,968,783	5,802,009	97.21	-	5,802,009	97.21
2007	7,565,659	7,207,046	95.26	-	7,207,046	95.26
2008	7,508,942	7,425,461	98.89	16,466	7,441,927	99.11
2009	8,050,942	7,454,906	92.60	212,380	7,667,286	95.23
2010	7,966,912	7,071,305	88.75	113,517	7,184,822	90.18
2011	7,144,097	6,429,836	90.00	74,349	6,504,185	90.04
2012	6,541,159	6,656,167	100.02	80,081	6,736,248	102.98
2013	6,032,745	5,721,217	95.00	121,000	5,842,217	96.84

Source: Miami Dade County Property Appraiser and internally generated data.

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

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Population (1)(3)	Per Capita	Percentage of Personal Income (2)
	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Revolving Loans	Notes Payable	Capital Leases				
2004	6,795,000	382,547	334,363	-	1,214,626	1,208,346	48,082	9,982,964	14,951	668	50.84%
2005	6,625,000	203,822	343,578	-	1,042,197	772,650	35,143	9,022,390	14,951	603	45.95%
2006	6,445,000	15,679	619,110	-	1,574,754	458,892	3,425,681	12,539,116	14,951	839	63.87%
2007	6,250,000	-	496,145	-	1,805,723	395,596	3,169,436	12,116,900	14,951	810	61.71%
2008	6,040,000	-	391,951	-	3,645,900	327,026	2,864,166	13,269,043	14,951	888	67.59%
2009	5,815,000	-	298,517	-	3,423,405	269,185	2,552,129	12,358,236	14,951	827	62.95%
2010	5,575,000	-	247,227	-	3,231,219	205,710	2,231,801	11,490,957	14,951	769	58.52%
2011	7,713,000	-	96,679	-	3,016,463	137,140	1,897,743	12,861,025	15,219	845	51.00%
2012	7,355,000	-	186,459	-	2,796,668	1,623,212	-	11,961,339	15,718	761	0%*
2013	6,965,000	-	463,695	-	2,621,598	1,196,648	320,062	11,567,003	15,967	724	0%*

Note: Details about the City's outstanding debt can be found in Note 8 in the notes to basic financial statements.

(1) U.S. Census Bureau, Census 2000. Data for 1999 - U.S. Census Bureau, Census 1990.

(2) From page 74 Demographic and Economic Statistics for personal income and population data.

(3) American Community Survey 2008-2012. (5 year estimate)

* Not available

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

Fiscal Year	Capital Improvement Revenue Refunding Bonds					State Revolving Loan					
	State Shared	Debt Service			Coverage Ratio Percentage	Water and	Less: Operating Expenses	Net	Debt Service		Coverage Ratio Percentage
	Revenue/ 1/2 Cent Sales Tax	Principal	Interest	Other Cost		Gross Revenue		Available Revenue	Principal	Interest	
2004	1,356,128	165,000	439,463		2.24	6,916,398	4,649,900	2,266,498	186,777	29,970	10.46
2005	1,479,783	170,000	429,830		2.47	7,648,557	4,503,524	3,145,033	191,413	25,334	14.51
2006	1,790,593	180,000	418,600		2.99	8,084,583	8,188,860	(104,277)	103,445	35,400	(0.75)
2007	1,582,930	195,000	408,438		2.62	5,996,478	6,094,397	(97,919)	92,149	47,807	(0.70)
2008	1,558,282	210,000	389,219		2.60	6,963,170	4,682,851	2,280,319	211,847	34,519	9.26
2009	1,346,542	225,000	379,042		2.23	7,224,495	5,843,011	1,381,484	222,495	171,588	3.50
2010	1,303,988	240,000	362,818		2.16	7,295,836	6,050,962	1,244,874	193,725	92,415	4.35
2011	1,295,853	5,575,000	361,712	45,417	0.22	7,293,472	5,293,421	2,000,051	152,814	65,069	7.64
2012	1,463,342	358,000	302,948		2.21	10,126,261	5,954,798	4,171,463	-	-	n/a
2013	1,606,880	390,000	247,780		2.52	8,711,654	6,279,156	2,432,498	161,690	1,742	6.72

Source: City of Opa-locka Finance Department.

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

Calendar <u>Year</u>	(1) (6) <u>Population</u>	Personal Income <i>(thousands of dollars)</i>	(2) (6) Per Capita Personal <u>Income</u>	(3) (7) Median <u>Age</u>	(4) School <u>Enrollment</u>	(5) Unemployment <u>Rate</u>
2004	14,951	19,631	9,538	27.3	369,578	17.5
2005	14,951	19,631	9,538	27.3	361,550	17.5
2006	14,951	19,631	9,538	27.3	365,784	17.5
2007	14,951	19,631	9,538	27.3	353,283	17.5
2008	14,951	19,631	9,538	27.3	385,655	17.5
2009	14,951	19,631	9,538	27.3	385,655	17.5
2010	14,951	19,631	9,538	27.3	341,051	17.5
2011	15,219	19,631	9,538	27.3	368,453	17.5
2012	15,718	20,757	11,375	31.5	349,945	17.5
2013	15,967	20,757	11,375	31.5	352,790	17.5

(1) University of Florida, Bureau of Economic & Business Research

(2) U.S. Census Bureau, Census 2000. Data for 1999 - U.S. Census Bureau, Census 1990.

(3) U.S. Census Bureau, Census 2000. Data for 1999 - U.S. Census Bureau, Census 1990.

(4) Source: Miami-Dade County School Board. Data is for Miami-Dade County.

(5) U.S. Census Bureau, Census 2000. Data for 1999 - U.S. Census Bureau, Census 1990.

(6) U.S. Census Bureau, Census 2010.

(7) American Community Survey 2008-2012. (5 year estimate)

CITY OF OPA-LOCKA, FLORIDA
PRINCIPAL EMPLOYERS
FISCAL YEAR 2013 AND NINE YEARS AGO

<u>Employer</u>	2013			2004		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Master North America	200	1	4%	N/A	N/A	N/A
Aramark	160	2	3%	N/A	N/A	N/A
Sherwood Food Dist FKA Don Greene Poultry	140	3	3%	N/A	N/A	N/A
American Fruit	105	4	2%	N/A	N/A	N/A
Combined Services	98	5	2%	N/A	N/A	N/A
Republic Metals	95	6	2%	N/A	N/A	N/A
Miami Offset	75	7	2%	N/A	N/A	N/A
Choice Environmental	75	7	2%	N/A	N/A	N/A
Florida International Academy	75	7	2%	N/A	N/A	N/A
Robert B. Ingram Elementary	73	8	1%	N/A	N/A	N/A
Nathan B. Young Elementary	66	9	1%	N/A	N/A	N/A
Total	<u>1,162</u>		<u>22%</u>			

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

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:										
General Government	41	45	48	56	49	48	49	64	43	39
Public Safety	83	76	80	88	59	65	62	73	68	79
Highways & Streets	15	19	22	27	26	29	29	6	21	29
Culture & Recreation	6	6	14	7	11	11	15	14	12	18
Human services (1)	0	0	0	0	0	8	8	4	4	4
Business-type activities:										
Water & sewer utility	11	15	15	17	15	15	12	17	21	22
Solid waste (2)	0	0	0	0	0	0	0	0	0	1
Stormwater	2	2	2	2	4	4	4	3	3	3
Total	158	163	181	197	164	180	179	181	172	195

Source: City Finance/Payroll/Human Resources Department

(1) The City's Opa-locka Youth Academy and Crime Prevention programs are classified under the Human Services function starting in fiscal year 2009.

(2) The City's solidwaste services was contracted out starting in 2004.

CITY OF OPA-LOCKA, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS

<u>Function</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police (1)				
Physical arrests	1,332	1,428	1,500	1,138
Parking violations	139	142	519	519
Traffic violations	9,298	9,105	1,400	14,000
No. of calls for service	14,492	14,259	14,109	14,109
Solidwaste(2)				
Street resurfacing (miles)	0	0	0	0
Potholes repaired	300	275	400	450
Parks and recreation (4)				
Youth athletic program participants	350	300	225	225
Adults athletic program participants	52	35	24	24
Senior's program average monthly participants	75	53	49	49
Special events	12	16	16	16
Water (3)				
New connections	5	4	3	3
Water main breaks	2	3	4	4
Average daily consumption (millions of gallons)	2.25	2.5	2.5	2.5
Peak daily consumption millions of gallons)	3	3	3	3

- (1) Source: City of Opa-locka Police Department
- (2) Solidwaste collection is contracted out by the City.
- (3) Source: City of Opa-locka Public Works Department.
- (4) Source: City of Opa-locka Parks and Recreation Department.

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	22	22	22	22	22	22	22	22	22	22
Other Public Works										
Miles of Streets	36	36	36	36	36	36	36	36	36	36
Number of Street Lights	625	625	625	625	625	625	625	625	625	625
Water										
Miles of water mains	71	71	71	71	71	71	71	71	71	71
Number of service connections	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Number fire hydrants	363	363	363	363	363	363	363	363	363	363
Daily average consumption in gallons(millions)	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8		
Wastewater										
Miles of sanitary sewers	77	77	77	77	77	77	77	77	77	77
Miles of storm sewers	14	14	14	14	14	14	14	14	14	14
Number of service connections	3,675	3,675	3,675	3,675	3,675	3,675	3,675	3,675	3,675	3,675
Culture & Recreation										
Number of community centers	1	1	1	1	1	1	1	1	1	1
Number of parks	3	3	3	3	3	3	3	3	3	3
Number of libraries (1)	0	0	0	1	1	1	1	1	1	1
Number of tennis courts	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

(1) The City stopped its library services in fiscal year 2003. During the fiscal year 2007 Miami-Dade County opened and operated a library in the City. The City contributes to the library's operating expenses by paying the operating lease of the library location.

Compliance

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

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

We have audited, in accordance with the 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, 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, Florida (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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. **2013-01; 2013-02; 2013-03.**

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. **2013-04; 2013-05; 2013-06; 2013-07; 2013-08; 2013-09.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items **2013-09; 2013-10 and 2013-11.**

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
September 17, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Opa-locka, Florida's (the City) major federal programs for the year ended September 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of 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, 2013

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 items **2013-09; 2013-10**. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
September 17, 2014

CITY OF OPA LOCKA, FLORIDA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/Pass-through Granter/Program or Cluster Title	Federal CFDA Number	Contract or Identifying Number	Federal Expenditures
U.S. Department of Justice			
Direct Programs:			
ARRA Community Oriented Policing Services (COPS) - Hiring Grant	16.710	2009RKWX0214	50,876
Community Oriented Policing Services (COPS) - Hiring Grant	16.710	2008UMWX0031	68,478
Total U.S Department of Justice			<u>119,354</u>
U.S. Department of Transportation			
Pass Through programs:			
Job Access & Reverse Commute (JARC) and New Freedom Grant			
Pass through - South Florida Regional Transportation Authority	20.516	FL37X05200	75,374
Total U.S Department of Transportation			<u>75,374</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Challenge Grant	14.704	CCPFL0050-11	179,923
Total U.S Department of Housing and Urban Development Direct programs			<u>179,923</u>
Passthrough Programs:			
Miami Dade County Public Housing and Community Development - Non-Housing Community Development Block Grant	14.218	83111823	2,562,831
Total U.S Department of Housing and Urban Development Pass-Through Programs			<u>2,562,831</u>
Total U.S Department of Housing and Urban Development			<u>2,742,754</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>2,937,482</u></u>

CITY OF OPA LOCKA, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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, 2013.

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.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION 1 – SUMMARY OF AUDITORS RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Opa-locka.
2. Seven (7) significant deficiencies disclosed during the audit of the financial statements are reported in the 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. Three (3) material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Opa-locka were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the report on compliance for each major program and on internal control over compliance required by OMB circular a-133. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the City of Opa-locka expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:
 - CFDA 16.710 Public Safety Partnership and Community policing Grants
 - CFDA 14.218 Community Development Block Grants/Entitlement Grants
8. The threshold for distinguishing Types A and B programs was \$300,000
9. The City of Opa-locka was not determined to be a low-risk auditee.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION II - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2012-01 Utility Billings – Matter is not fully resolved and will be repeated
2012-02 Interim Reporting. – Matter was not resolved and will be repeated
2012-03 Other Post Employment benefits (OPEB) – Matter was resolved and will not be repeated.
2012-04 Account reconciliations – Matter was not resolved and will be repeated.
2012-05 Payroll Documentation – Matter was resolved and will not be repeated.
2012-06 Building License and Permits Cash receipts – Matter was not resolved and will be repeated.

SECTION III – CURRENT YEAR FINANCIAL STATEMENT FINDINGS

Material Weaknesses

2013-01- Journal Entries and Account Reconciliations

Condition: Management failed to reconcile almost all of the balance sheet accounts including interfund balances and transfers, bank reconciliations, accounts receivables, payables, capital expenditures on a timely basis.

Criteria: All balance sheet accounts should be reconciled on a monthly basis to ensure that balances are correct to ensure accuracy for management reporting purposes.

Cause: The underlying cause was due to management being multiple months behind in the accounting and bookkeeping for the City. This was primarily due to a change in key management personnel with little oversight during the transition process and a lack of resources.

Effect: As a result, the auditor's received in excess of Sixty-Five (65) adjusting journal entries during fieldwork, in addition to several more entries that the auditor's proposed resulting in more than Seventy (70) adjusting entries to the trial balance. With such significant adjustments being made, the City does not have accurate financial information to make informed financial decisions. As a result, the City may make a decision predicated on a certain balance sheet item when in reality that decision may be incorrect and could have adverse consequences.

Recommendation: We recommend that the City develop new procedures to ensure monthly financial reporting is completed accurately and timely. This may be implemented via checklists designed to assist in capturing all relevant accruals, prepaid expense, bank reconciliations etc. In addition we recommend that the Assistant finance director and/or the finance director review the month end closings to ensure that balances are all correctly stated.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – CURRENT YEAR FINANCIAL STATEMENT FINDINGS
(Continued)

Material Weaknesses (Continued)

2013-01- Journal Entries and Account Reconciliations (Continued)

View of Responsible Officials and Planned Corrective Actions: Management concurs with the comment for the period under audit. Since then the department has been fully staffed with key personnel in place. Management has instituted monthly reconciliations of all accounts.

2013-02 Utility Billings and Receivables

Condition: All Activity in the utility billing system does not appear to be posting properly to the general ledger. Additionally customers are billed an estimated amount because the electronic meter readers are not working correctly. The balances are then trued up at a later date.

Criteria: The Utility billing system should integrate with the general ledger to allow accurate recording of the bills to customers as well as any other adjustments. The Utility billings should also be performed on an actual and not estimated basis.

Cause: It appears that management did not receive adequate training on the integration of the two systems and software issues have not been address relating to the meter readers.

Effect: As a result, the two systems do not reconcile as there appear to have been mispostings to the general ledger. Inaccurate bills are being sent out and management are also unable to come up with an effective allowance for bad and doubtful accounts.

Recommendation: We recommend that management perform a full reconciliation process between the utility billing system and the general ledger once they have implemented training on how the two systems should work with one another. We also recommend that management be able to create a detailed aging report to allow an adequate review for the allowance account. Additionally management should hire a consultant who understands how the electronic water meter readers work and can integrate them with the City's utility billing system and provide the necessary training to the City's officials.

View of Responsible Officials and Planned Corrective Actions: Recommendation noted. Processes have been put in place to ensure that monthly reconciliation of the utility billing system and the general ledger reflect the same information. The department has established monthly aging of the utility billing effective October 2013.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – CURRENT YEAR FINANCIAL STATEMENT FINDINGS
(Continued)

Material Weaknesses (Continued)

2013-03 Interim Reporting

Condition: Financial information should be presented to management and those charged with governance on an interim basis to help in financial decisions and planning.

Criteria: Once account reconciliations have been completed as addressed in finding **2013-01**, 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.

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 2013-01, 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: Effective fiscal year 2014, quarterly financial reports are being provided to management.

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CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Significant Deficiencies

2013-04 Licenses and Permits

Condition: Code enforcement, 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. However, none of these are being processed electronically.

Criteria: the cash receipt process needs to be tracked for receivable or deferred inflow follow up in case of any disputes that may arise. Invoices should support the receivable balances.

Cause: The finance department is not provided with the proper documentation so cannot tell if the receipt is an advanced payment or the payment of a receivable.

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 as well as being provided in an electronic format so that they may easily be reconciled.

View of Responsible Officials and Planned Corrective Actions: Management concurs with this recommendation. Training was provided to the Code Enforcement, Building & Licensing and permits divisions. All permits and receipts are now done electronically for easy accessibility of all users, and reconciliation of receipts can be done by the finance staff.

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CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Significant Deficiencies

2013-05 Capital Leases

Condition: Capital leases were recorded as rent expense and were not split between principal and interest portions. Additionally Capital leases entered into during the year were not recorded correctly at inception to record the long-term debt as well as capital acquisition and the related proceeds.

Criteria: Capital leases should be tracked for government wide reporting purposes as well as splitting out principle and interest as is required under generally accepted accounting principles. The proceeds should be shown as other financing sources at the fund level and principle and interest should be recorded separately.

Cause: Staff is not being adequately trained to be able to identify a capital lease and therefore account for it appropriately.

Effect: Financial reporting as a result is not in compliance with generally accepted accounting principles.

Recommendation: We recommend that capital leases are identified before they are recorded so that staff will be alerted to what they are and can be informed how to record them correctly in the general ledger.

View of Responsible Officials and Planned Corrective Actions: Management has updated this process to be in compliance with generally accepted accounting principles.

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CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Significant Deficiencies

2013-06 Accrued Compensated Absences

Condition: Accrued compensated absences were calculated without the consideration of the 1,000 hour limit as mandated by the cities policies and procedures for employees not under any other employment agreements other than with the City.

Criteria: Employee's should not be allowed to incur more than 1000 hours of sick and vacation time.

Cause: Staff hours were not being tracked according to the City's policies and procedures due to insufficient monitoring.

Effect: As a result of this failure the City could be making significant overpayments in benefits to its employees.

Recommendation: We recommend that the City through it's human resource and finance departments track all employee's vacation and sick time to ensure that no one goes over the 1,000 hour limit.

View of Responsible Officials and Planned Corrective Actions: Management concurs. Policies and procedures have been updated. Payroll responsibilities have since been assigned to the Finance department to allow for consistent monitoring of personnel hours.

2013-07 Budgets

Condition: Budgets are not being adhered to, properly balanced and amended or being utilized by management as they should be. As a result expenditures have exceeded appropriations in certain cases.

Criteria: The budget is an important legal requirement for the City and is a public document. City management and officials are held accountable for any budget overages or amendments, since the budget demonstrates how the City is going to spend its tax payers money.

Cause: Staff is not being held accountable for the budget and there is no monitoring from budget to actual expenditures.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Significant Deficiencies (Continued)

2013-07 Budgets (Continued)

Effect: The City may be out of compliance with the Florida Statutes if expenditures exceed budgeted amendments and poor decisions may be made if budgets are not being followed correctly which cause place the City in financial difficulty.

Recommendation: We recommend that the City appoint someone within the finance department to take responsibility for the budget and to track budget to actual expenditures on a monthly basis in order to make informed financial decisions as well as any necessary budget amendments..

View of Responsible Officials and Planned Corrective Actions: Department Heads are provided a copy of their budget to actual balances on a monthly basis. The Budget Administrator will work more closely with the Department Heads and the City Manager to ensure budgets stay within approved guidelines.

2013-08 Deteriorating Financial Condition

Condition: Based upon a review of the financial statements we noted the following issues:

There has been a lack of timely information available relating to financial reporting requirements. Accounting records have had to be recreated; the budgeting process was not monitored properly or carried out effectively. Additionally the City has been experiencing decreasing property values, extremely high unemployment (17.5%) and static household incomes over the past ten years. Significant funds were transferred from a proprietary fund to the general fund.

Criteria: The City needs to be able keep its expenditures in line with its revenue sources and cannot rely on revenues from its utility funds to fund general government operations. The factors discussed above, potentially indicate fiscal stress and a deteriorating financial condition.

Cause: There have been significant staff turnovers at the highest level, which has disrupted continuity and has caused ineffective training for finance staff as well as a general lack of experience with specific matters related to the City. Property values continue to decline which causes a loss in property tax assessments and a reduction of a significant revenue stream.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION III – FINANCIAL STATEMENT FINDINGS (Continued)

Significant Deficiencies (Continued)

2013-08 Deteriorating Financial Condition (Continued)

Effect: If financial conditions continue to deteriorate, the City may require state assistance which would then be deemed a financial emergency pursuant to Section 218.503(1), Florida Statutes.

Recommendation: We recommend that management develop a five year plan to address its financial condition and stabilize the City before financial emergency conditions could potentially take effect.

View of Responsible Officials and Planned Corrective Actions: Management will establish a formal policy on the level of maintaining adequate unrestricted fund balance in the general fund. The policy will at a minimum, maintain unrestricted fund balance of no less than three months of regular general fund operating revenues or regular general fund operating expenditures. Implementation of this plan will be effective October 1, 2014. Management will also develop a five year plan that will focus on improving its financial condition.

SECTION IV- FEDERAL AWARD FINDINGS

Significant Deficiencies

Controls

2013-09 – Grant file documentation

Condition: Grant files were not maintained on a regular basis. Several quarterly files that were tested for expenditures and reimbursements had missing documentation and needed to be reconstructed as information was missing

Criteria: All grant files should be maintained on a monthly basis and information reported should be complete and accurate.

Cause: The City has a lack of resources in this department and staff is stretched due to the problems with maintaining the City's books and records on a timely basis as noted above.

Effect: Incorrect reports could be submitted to the Federal agencies, expenses may not be properly tracked and therefore not reimbursed.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION IV- FEDERAL AWARD FINDINGS (Continued)

Significant Deficiencies (Continued)

Controls(Continued)

2013-09 – Grant file documentation (Continued)

Recommendation: We recommend that the City hire a grant compliance specialist or appoint someone in this area to ensure that all files are properly maintained.

View of Responsible Officials and Planned Corrective Actions: Management concurs. The City will address this personnel issue accordingly.

Compliance

2013-10 –Federal Clearing House Submissions and Submission to the Auditor General

Condition: The City had failed to file its single audit packet including the Data Collection Form in a timely manner as required by the Federal Clearinghouse as well as report by timely to the Auditor General of the State of Florida.

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Criteria: The City is required to file its data collection form and audited financial statements the earlier of thirty (30) days after the receipt of the Auditor’s Report or Nine (9) months after the year end (June 30) as well as file with the Auditor general by the same date.

Cause: The City has failed to complete its financial statement audits in a timely manner, which has lead to late submissions being late.

Effect: Failure to comply with the rules of the Federal Clearing House rules and the rules of the Auditor General of the State of Florida could have an adverse effect on the city’s future ability to receive Federal awards and State funding

Recommendation: The City should try to ensure that its audits are completed prior to June 30, each year in order to be in compliance with the Federal Clearing House and the Auditor General of the State of Florida.

View of Responsible Officials and Planned Corrective Actions: It is the City’s goal to complete its audit by June 30 each year to be in compliance with the Federal Clearing House and the Auditor General of the State of Florida.

CITY OF OPA-LOCKA, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

SECTION V - OTHER MATTERS

2013-11 Statistical Information

Condition: There appears to be certain statistical information missing in relation to debt such as legal debt limits and overlapping debt information as well as inconsistencies in capital assets statistics by function/program and operating indicators by function/program.

Criteria: Statistical information should be complete and up to date if the City wants to submit its Comprehensive Annual Financial report (CAFR) for the Governmental Finance Officers Association (GFOA) Certificate of excellence in financial reporting.

Cause: It appears that relevant information was not properly updated in the past and is not being monitored by finance staff.

Effect: The City is not presenting complete and accurate information to the readers of its CAFR.

Recommendation: We recommend that management follow up and update the required information on a monthly basis from the various internal and external sources where possible and to use the GFOA disclosure checklist as a guide line.

View of Responsible Officials and Planned Corrective Actions: Management will follow up and update the required information in order to submit the City's Comprehensive Annual Financial report (CAFR) for the Governmental Finance Officers Association (GFOA) Certificate of excellence in financial reporting.

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

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

We have audited the financial statements of the City of Opa-locka Florida (the City), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated September 17, 2014.

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 State Project (as applicable) and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 30, 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 been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2011-12 FY Finding #	2010-11 FY Finding #
2013-01	2012-04	2011-02
2013-02 (modified)	2012-01	2011-01
2013-03	2012-02	
2013-04	2012-06	

□ 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 several recommendations as noted in the Schedule of Findings and Questioned Costs listed above and numbered from **2013-01** through **2013-11**

□ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we had one finding noted above at **2013-10**.

□ Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. (See Note 1 of the financial statements).

□ Section 10.554(1)(i)6.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)6.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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

□ Pursuant to Sections 10.554(1)(i)6.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 assessment indicated that the City's financial conditions are deteriorating as of September 30, 2013. See management letter comment **2013-08** above.

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 agencies and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the City of Opa-locka, Florida and the personnel associated with it for the opportunity to be of service to them in this engagement as well as engagements in the future and the courtesies extended to us.

HCT Certified Public Accountants & Consultants, LLC

HCT Certified Public Accountants and Consultants, LLC
September 17, 2014