CITY OF OPA-LOCKA
VIRTUAL AUDIT COMMITTEE MEETING
FRIDAY, DECEMBER 4, 2020
5:30 P.M.

AGENDA

1. ROLL CALL:

2. INVOCATION:

3. PLEDGE OF ALLEGIANCE:

4. PUBLIC COMMENT:

Pursuant to Florida Statute 286.0114 the Audit Committee will allow public comment on any matter either identified on this meeting agenda as requiring action, or anticipated to come before the Committee for action in reasonable proximity to this meeting. Speakers shall be limited to three minutes per person and the assignment of one person's time to another or designation of group spokesperson shall be allowed at the discretion of the Committee Chair.

5. ORIENTATION:

- *City of Opa-locka Commission (Resolution No. 20-9778)*
- *Florida Statues 218.391*
- *Audit Committee Proposed Policy and Procedures*

6. AUDIT MATTER:

- *Anthony Brunson Contract*

7 OTHER BUSINESS:

8. ADJOURNMENT:

RESOLUTION NO. 20-9784

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF OPA-LOCKA, FLORIDA, APPOINTING MEMBERS TO THE AUDIT COMMITTEE AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Pursuant to 218.391, Florida Statutes, the City Commission of the City of Opa-Locka ("City") is required to establish an audit committee to evaluate audit services to be provided by a certified public accounting firm duly licensed under Chapter 473, Florida Statutes; and

WHEREAS, on July 8, 2020, the City Commission established an Audit Committee pursuant to Section 218.391, Florida Statutes and determined that it would select the members of the audit committee within twenty (20) days; and

WHEREAS, the audit committee shall be a five (5) person committee, with three (3) voting members; and

WHEREAS, it is in the best interest of the City of Opa-Locka, FL to appoint members of the audit committee.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF OPA-LOCKA, FLORIDA, AS FOLLOWS:

Section 1. Adoption of Representations. The foregoing "Whereas" clauses are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Section 2. Appointing Members of the Audit Committee.
The City Commission of the City of Opa-Locka, Florida hereby appoints the following members to the Audit Committee:

(1) Mayor Matthew A. Pigatt (a member of the City Commission as Chair)
(2) Mykeshia Fenn
(3) Dorothy Johnson
(4) John Pate, City Manager in Advisory Capacity

Alternate Member:

(5) Asheley Hepburn (member appointed by the City Manager with financial background)

Selection Process Coordinator & Reference Check: Joanna Flores, City Clerk

Section 3. **Effective Date. This Resolution shall take effect immediately upon final passage.**

Resolution No. 20-9784

PASSED and **ADOPTED** this 22nd day of July 2020.

Matthew A. Pigatt, Mayor

ATTEST:

Joanna Flores, City Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Burnadette Norris-Weeks, Esq.
City Attorney

Moved by: Commissioner Kelley

Seconded by: Commissioner Burke

VOTE: 5-0

Commissioner Bass	YES
Commissioner Burke	YES
Commissioner Kelley	YES
Vice-Mayor Davis	YES
Mayor Pigatt	YES

Sponsored by: City Manager

RESOLUTION NO. 20-9778

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF OPA-LOCKA, FLORIDA, ESTABLISHING AN AUDIT COMMITTEE; PROVIDING FOR COMPOSITION OF MEMBERSHIP; PROVIDING FOR DUTIES OF COMMITTEE; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Pursuant to 218.391, Florida Statutes, the City Commission of the City of Opa-Locka ("City") is required to establish an audit committee to evaluate audit services to be provided by a certified public accounting firm duly licensed under Chapter 473, Florida Statutes; and

WHEREAS, the Audit Committee shall be responsible for all of the duties listed in Section 218.391, Florida Statutes; and

WHEREAS, the City Commission desires to establish an Audit Committee pursuant to Section 218.391, Florida Statutes; and

WHEREAS, the City desires to select the members of the audit committee within twenty (20) days from the approval of this resolution; and

WHEREAS, the audit committee shall be a five (5) person committee, with three (3) voting members; and

WHEREAS, it is in the best interest of the City of Opa-Locka, FL to establish an audit committee.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF OPA-LOCKA, FLORIDA, AS FOLLOWS:

Section 1. Adoption of Representations. The foregoing "Whereas" clauses are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Section 2. Establishment of Audit Committee. The City Commission of the City of Opa-Locka, Florida hereby immediately establishes an Audit Committee pursuant to Section 218.391, Florida Statutes. Further, by passage of this resolution, the City Commission hereby allows for the immediate solicitation of auditor candidates to be later considered by the Audit Committee.

Section 3. Appointing Members of the Audit Committee.
The City Commission of the City of Opa-Locka, Florida hereby appoints the following members:

(1) _____ (a member of the City Commission as Chair)
(2)_____
(3)_____
(4) John Pate, City Manager in Advisory Capacity
Alternate Member:
(5)_____
Selection Process Coordinator & Reference Check: Joanna Flores, City Clerk

Section 4. Duties. The Audit Committee shall have the purpose and all duties provided in Section 218.391, Florida Statutes.

Section 5. Effective Date. This Resolution shall take effect immediately upon final passage.

PASSED and **ADOPTED** this 8th day of July 2020.

Matthew A. Pigatt, Mayor

ATTEST:

Joanna Flores, City Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Candice Cliff, ESQ FOR
Burnadette Norris-Weeks, Esq.
City Attorney

Moved by: COMMISSIONER KELLEY

Seconded by: COMMISSIONER BASS

Resolution No. 20-9778

VOTE: 3-0

Commissioner Bass	YES
Commissioner Burke	ABSENT
Commissioner Kelley	YES
Vice-Mayor Davis	YES
Mayor Pigatt	ABSENT

City of Opa-Locka
Agenda Cover Memo

City Manager:	John E. Pate			**CM Signature:**	John E. Pate		
Commission Meeting Date:	*07.08.2020*		**Item Type:** *(Enter X in box)*	**Resolution**	**Ordinance**	**Other**	
				X			
Fiscal Impact: *(Enter X in box)*	**Yes**	**No**	**Ordinance Reading:** *(Enter X in box)*		**1st Reading**	**2nd Reading**	
					X		
		X	**Public Hearing:** *(Enter X in box)*		**Yes** / **No**	**Yes** / **No**	
					/ **X**	/ **X**	
Funding Source: *Account#:*	*(Enter Fund & Dept)* Ex:		**Advertising Requirement:** *(Enter X in box)*		**Yes**	**No**	
						X	
Contract/P.O. Required: *(Enter X in box)*	**Yes**	**No**	**RFP/RFQ/Bid#:**				
		X					
Strategic Plan Related *(Enter X in box)*	**Yes**	**No**	**Strategic Plan Priority Area:**		**Strategic Plan Obj./Strategy:** *(list the specific objective/strategy this item will address)*		
		X	**Enhance Organizational** ☐ **Bus. & Economic Dev** ☐ **Public Safety** ■ **Quality of Education** ☐ **Qual. of Life & City Image** ☐ **Communication** ☐				
Sponsor Name	City Manager John Pate		**Department:**		City Manager		

Short Title:

A resolution of the City Commissions of the City of Opa-locka, Florida establishing an Audit Committee to evaluate audit services to be provided by a certified public accounting firm.

Staff Summary:

According to Florida Statutes 218.391 the City Commission is required to establish an audit committee to evaluate audit services. In addition, the audit committee shall be responsible for all duties listed in Section 218.391 of Florida Statutes.

Proposed Action:

Staff finds it in the City's best interst to approve this legislation to be in compliance with Florida Statutes.

Attachment:

Select Year: 2020 Go

The 2020 Florida Statutes

Title XIV
TAXATION AND FINANCE

Chapter 218
FINANCIAL MATTERS PERTAINING TO POLITICAL SUBDIVISIONS

View Entire Chapter

218.391 Auditor selection procedures.—

(1) Each local governmental entity, district school board, charter school, or charter technical career center, prior to entering into a written contract pursuant to subsection (7), except as provided in subsection (8), shall use auditor selection procedures when selecting an auditor to conduct the annual financial audit required in s. 218.39.

(2) The governing body of a county, municipality, special district, district school board, charter school, or charter technical career center shall establish an auditor selection committee.

(a) The auditor selection committee for a county must, at a minimum, consist of each of the county officers elected pursuant to the county charter or s. 1(d), Art. VIII of the State Constitution or their respective designees and one member of the board of county commissioners or its designee.

(b) The auditor selection committee for a municipality, special district, district school board, charter school, or charter technical career center must consist of at least three members. One member of the auditor selection committee must be a member of the governing body of an entity specified in this paragraph, who shall serve as the chair of the committee.

(c) An employee, a chief executive officer, or a chief financial officer of the county, municipality, special district, district school board, charter school, or charter technical career center may not serve as a member of an auditor selection committee established under this subsection; however, an employee, a chief executive officer, or a chief financial officer of the county, municipality, special district, district school board, charter school, or charter technical career center may serve in an advisory capacity.

(d) The primary purpose of the auditor selection committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in s. 218.39; however, the committee may serve other audit oversight purposes as determined by the entity's governing body. The public may not be excluded from the proceedings under this section.

(3) The auditor selection committee shall:

(a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

(b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.

(c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.

(d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.

(e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If

fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

(4) The governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the auditor selection committee, and negotiate a contract, using one of the following methods:

(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

(b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

(c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.

(d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.

(5) The method used by the governing body to select a firm recommended by the audit committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of s. 218.39 and the needs of the governing body.

(6) If the governing body is unable to negotiate a satisfactory contract with any of the recommended firms, the committee shall recommend additional firms, and negotiations shall continue in accordance with this section until an agreement is reached.

(7) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:

(a) A provision specifying the services to be provided and fees or other compensation for such services.

(b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

(c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.

(8) Written contracts entered into pursuant to subsection (7) may be renewed. Such renewals may be done without the use of the auditor selection procedures provided in this section. Renewal of a contract shall be in writing.

(9) If the entity fails to select the auditor in accordance with the requirements of subsections (3)-(6), the entity must again perform the auditor selection process in accordance with this section to select an auditor to conduct audits for subsequent fiscal years.

History.—s. 65, ch. 2001-266; s. 1, ch. 2005-32; s. 15, ch. 2019-15.

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ANTHONY BRUNSON P.A.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

November 24, 2020

Mr. John E. Pate, City Manager
City of Opa-Locka
780 Fisherman Street
Fourth Floor
Opa-Locka, FL 33054

Dear Mr. Pate:

We are pleased to confirm our understanding of the services we are to provide the **City of Opa-Locka** (the "**City**") for the years ended September 30, 2019 We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended September 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's 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. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule
3. Schedule of Employer Contributions to Pension Plans
4. Schedule of the City's Proportionate Share of Net Pension Liability Florida Retirement System Pension Plan
5. Schedule of City's Contribution Florida Retirement System Pension Plan
6. Schedule of the City's Proportionate Share of Net Pension liability, Health Insurance Subsidy Plan
7. Schedule of City's Contribution- Health Insurance Subsidy Pension Plan
8. Schedule of Funding Progress for Other Post-Employment Benefit Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Schedule of expenditures of federal awards and state financial assistance, as applicable.
2. Combining and individual fund statements and schedules.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. The introductory section of the comprehensive annual financial report.
2. The statistical section of the comprehensive annual financial report.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).Also, the requirements described in the Department of Financial Services' State Projects Compliance Supplement that are applicable to each of its major state projects.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and

Audit Objectives- Continued

Chapter 10.550, Rules of the Auditor General. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Section 10.557 Rules of the Auditor General for Local Governmental Entity Audits the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and a determination of state major project(s) in accordance with Chapter 10.550, Rules of the Auditor General and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Mayor and members of the City Council of the City of Opa-Locka. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Audit Procedures—General - Continued

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Procedures—Compliance - Continued

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Management Responsibilities - Continued

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon].

Management Responsibilities - Continued

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

Engagement Administration, Fees, and Other -Continued

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

You are responsible to notify us in advance of your intent to reproduce our report for any reason, in whole or in part, and to give us the opportunity to review any printed material containing our report before its issuance. Such notification does not constitute an acknowledgement on our part of any third party's intent to rely on the financial statement. With regard to the financial statement published electronically on your internet website, you understand that electronic sites are a means to reproduce and distribute information. We are not required to read the information contained in your sites, or to consider the consistency of other information in the electronic site with the original document.

The audit documentation for this engagement is the property of **Anthony Brunson P.A.** (Vendor) and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to regulatory agencies or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities or pursuant to Chapter 119, Florida Statues, Florida's public records law. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of **Anthony Brunson P.A.** personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. We will also make the audit documentation for this engagement available to the City upon request and reasonable notice.

It is our policy to retain engagement documentation for a period of five years after the report release date or for any additional period requested by any regulatory agency. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement, and you will provide us with a receipt for the return of such records.

The balance of our engagement file, other than the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan), which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

Engagement Administration, Fees, and Other -Continued

The City will indemnify **Anthony Brunson P.A.**, its principal and employees and hold them harmless from any claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the City's management. Any such indemnification will be pursuant to the provisions of and within the limitations of Section 768.28, Florida Statute.

Pursuant to the requirements of the City, Anthony Brunson P.A. maintains $1,000,000 in commercial general liability insurance; $1,000,000 professional liability coverage, and Workers' Compensation coverage as required by law. Certificates are attached as Exhibit A.

In the event either party claims a breach of any term of this engagement, the dispute first shall be submitted to voluntary mediation. If this is unsuccessful, then the dispute will be brought to binding arbitration conducted under the rules then prevailing of the American Arbitration Association in the City where this agreement is signed, and the judgment or award of the arbitration shall be binding and conclusive upon the parties and may be entered in any court having proper jurisdiction.

The cost of voluntary mediation shall be borne equally by both parties. With respect to binding arbitration, the prevailing party shall recover reasonable attorney's fees and costs.

Anthony Brunson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We estimate that our audit fee for the fiscal year ended September 30, 2019 will be $65,000. A planning and administrative fee of $15,000 is required to initiate the audit procedures. Our hourly rates vary ranging from $75 to $325 per hour according to the degree of responsibility involved and the experience level of the personnel assigned to the audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If additional time is required because of unexpected circumstances or for changes in the requirements of the Governmental Accounting Standards Board or our professional auditing standards or changes in the funds structure of the City, we will discuss these circumstances with you and arrive at a new fee estimate before we incur the additional costs. <u>We agree to provide detailed statements in sufficient detail that will demonstrate and substantiate the work performed under the terms and conditions of this Agreement</u>.

Our invoices for these fees will be rendered as the work progresses, and are payable on presentation. In accordance with our firm policies, should any invoices remain unpaid for more than thirty days, we reserve the right to defer providing any additional services until all outstanding invoices are paid. You agree that we are not responsible for the impact on the City of any delay that results from such non-payment by you.

Anthony Brunson P.A. recognizes that all amounts received from the City are income and is solely responsible for declaration of those amounts to the Internal Revenue Service and any other applicable taxing authorities. Anthony Brunson P.A. (and its employees) shall not be eligible to participate in any benefit programs that the City maintains for its employees.

Engagement Administration, Fees, and Other -Continued

We acknowledge your right to terminate our services at any time for nonperformance, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for charges incurred to the date of termination or resignation.

This letter is effective for the fiscal year ending September 30, 2019. Due to the urgency in connection with obtaining needed audits for the City of Opa-Locka, the City has the right to agree to an additional year extension for fiscal year ending September 30, 2020 pursuant to the terms and conditions of this Agreement and up to an amount of $65,000 for the hours rates set forth herein. We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,
ANTHONY BRUNSON P.A.

Anthony Brunson

AB/kp

RESPONSE: This letter correctly sets forth the understanding of the ***City of Opa-Locka.***

_____
City Manager

_____
Date

ANTHONY BRUNSON P.A.

FEE EXPLANATION AND AGREEMENT

A. Fee Structure

From time to time, we get inquiries concerning our method of charging fees. This is understandable since each CPA firm handles fees a little differently and some new clients may not have used a CPA before. This letter is our tool for communicating our fee structure to our clients and other interested parties.

B. Basics

All time spent by partners of **Anthony Brunson P.A.** or their staff members on your matters including, but not limited to (a) accounting; (b) review work; (c) conferences; (d) report preparation; (e) research; (f) telephone calls; (g) settlement negotiations; (h) consulting; or (i) tax preparation and research will be billed at the applicable hourly rates and in sufficient detail that will demonstrate and substantiate the work performed under the terms and conditions of this Agreement up to an amount of $65,000.

Each staff member maintains accurate time records, and clients are billed based on actual time spent on their behalf. Since we sell no products and accept no contingent fees, our time and expertise are our only source of income.

C. Hourly Rates

A standard hourly rate is set for each staff member based on the criteria of experience and ability. If no extenuating circumstances exist, clients are billed using standard hourly rates multiplied by the actual hours worked.

Hourly rates vary substantially among staff members -- currently from a low of $75 to a high of $325 per hour. Accordingly, it makes sense to use less experienced staff members to perform routine procedures to achieve the best value for our clients.

D. Out-of-Pocket Expenses

Basic overhead costs are included in the hourly rates. Expenses specifically on behalf of a client are charged to them. Travel, postage, copies, long distance calls, courier services, confirmation related charges etc. is included in this category.

E. Billings

Billings will be made monthly, but less frequent for limited activity, and are payable in full upon request. If the account has not been paid within thirty (30) days from the date of invoice, a finance/interest charge of 1% per month on the unpaid balance could be charged. It is understood that **Anthony Brunson P.A.** has the right to defer rendering further services until payment is received on past-due billings. If action is instituted to collect accountant's fees and cost pursuant to this Agreement, the undersigned client agrees to pay such sums as the court may fix as attorney's fees and costs.

F. Termination

We acknowledge your right to terminate our services at any time with or without cause, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for charges incurred to the date of termination or resignation.

BILL GALVANO
President of the Senate

JOSE OLIVA
Speaker of the House

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Dennis Baxley
Senator Tom Lee
Senator Bill Montford
Senator Kevin Rader

Representative Jason Fischer, Chair
Senator Jeff Brandes, Vice Chair

Representative Michael Caruso
Representative Chip LaMarca
Representative Sharon Pritchett
Representative Bob Rommel
Representative Jackie Toledo
Representative Patricia Williams

October 23, 2020

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Matthew Pigatt, Mayor
City of Opa-Locka
780 Fisherman St # 4
Opa-locka, FL 33054-3806

Dear Mayor Pigatt:

Based on correspondence and records from the Department of Financial Services (DFS) and the Auditor General, the **City of Opa-Locka** is being contacted because the following required financial reports have not yet been submitted (these reports were due no later than June 30, 2020):

FY 2018-19	Annual Financial Report (AFR)
FY 2018-19	Annual Financial Audit Report (Audit)*

(*) Section 218.39(1)(b), *Florida Statutes*, requires an annual financial audit report from each municipality with revenues or total expenditures and expenses in excess of $250,000, as reported on the fund financial statements. Section 218.39(1)(g), *Florida Statutes*, requires an annual financial audit report from each municipality with revenues or total expenditures and expenses between $100,000 and $250,000, as reported on the fund financial statements, which has not been subject to a financial audit for the 2 preceding fiscal years.

The Joint Legislative Auditing Committee (Committee) is expected to meet in early 2021 to consider taking action against municipalities that have failed to file outstanding financial reports. To avoid having state revenues withheld from your municipality, please submit the above-referenced reports to the DFS and the Auditor General, as applicable, no later than December 7, 2020. If such reports cannot be submitted by this date, please provide a detailed written status of the delinquent financial reports, including an estimated timeframe for report submission, to jlac@leg.state.fl.us or to the address listed below no later than December 7, 2020.

Please read the **Required Action** section on page two of this letter for information on filing the delinquent financial reports.

Related Laws (See enclosure for full text)

Sections 218.32(1)(a), (d), and (f), *Florida Statutes*, require municipalities to submit an AFR and an annual financial audit report (if required) to the DFS, and requires the DFS to notify the Committee of municipalities that have failed to submit an AFR.

Sections 218.39(1)(b) and (g), and (7), *Florida Statutes*, establish the audit threshold for municipalities and requires audit reports to be submitted to the Auditor General.

Kathryn H. DuBose, Coordinator
111 West Madison Street, Room 876, Claude Pepper Building, Tallahassee, Florida 32399-1400
Telephone (850) 487-4110 Fax (850) 922-5667
jlac@leg.state.fl.us

Section 11.45(7)(a), *Florida Statutes*, require the Auditor General to notify the Committee of municipalities that have failed to file an audit report.

Section 11.40(2)(a), *Florida Statutes*, authorize the Committee to direct the Department of Revenue and the DFS to withhold selected state revenues from municipalities that have failed to file an AFR and an annual financial audit report (if required). While certain state revenues, once withheld, are available to be distributed to the municipality if it becomes compliant by the end of the State of Florida's fiscal year (June 30, 2021, for purposes of this letter), certain other state revenues, once withheld, will not be distributed to the municipality. One example is the local government half-cent sales tax proceeds; see Section 218.63, *Florida Statutes*. These monies will be returned to the State.

Required Action

Determine if an annual financial audit is required:
If you have not done so already, determine if your municipality met the audit threshold for the 2018-19 fiscal year. If the audit threshold was not met, proceed with filing the AFR with the DFS (see below). If the audit threshold was met, your municipality will be required to retain the services of an independent certified public accountant to conduct a financial audit.

File the AFR (and audit report, if required) with the DFS:
Refer to the DFS' website as follows:

Department of Financial Services	http://www.myfloridacfo.com/Division/AA/LocalGovernments/default.htm Select "ANNUAL FINANCIAL REPORTS/LOGER" and review the information included about the Annual Financial Report (AFR). If you have specific questions regarding the filing of the AFR, please contact the Local Government Section at (850) 413-5571 or send an e-mail to localgov@myfloridacfo.com.

File the audit report (if required) with the Auditor General:
Refer to the Auditor General's website as follows:

Auditor General	https://flauditor.gov/pages/tech_localgovt.html The "Local Governmental Entity Audit Report Submittal Checklist" should be completed and forwarded with the audit report. The mailing address and contact information for the Auditor General's local government audit staff are shown on page 3 of this checklist. (Note: The Checklist is the 8th item listed on the web page.) If you have specific questions regarding the submission of the audit report, please contact the Auditor General's Office at (850) 412-2881 or send an e-mail to flaudgen_localgovt@aud.state.fl.us.

For additional information about required financial reporting and the Committee's role, you may wish to review the Committee's website at www.leg.state.fl.us/committees/jlac; under the heading "Quick Links" select "Local Government Financial Reporting."

If you have any questions about this letter or wish to discuss the muncipality's current situation, please do not hesitate to contact Debbie White on our staff at jlac@leg.state.fl.us or (850) 487-4110. For specific questions regarding the filing of the financial reports, please contact the DFS or the Auditor General, as applicable, using the contact information provided above.

Best regards,

Kathryn H. DuBose

Kathryn H. DuBose
Coordinator

Enclosure

cc: sent by email: John Pate, City Manager

2020 Florida Statutes Related to

Annual Financial Reports (AFRs) and Annual Financial Audit Reports for Counties and Municipalities

218.32 Annual financial reports; local governmental entities.—

(1)(a) Each local governmental entity that is determined to be a reporting entity, as defined by generally accepted accounting principles, and each independent special district as defined in s. 189.012, shall submit to the department a copy of its annual financial report for the previous fiscal year in a format prescribed by the department. The annual financial report must include a list of each local governmental entity included in the report and each local governmental entity that failed to provide financial information as required by paragraph (b). The chair of the governing body and the chief financial officer of each local governmental entity shall sign the annual financial report submitted pursuant to this subsection attesting to the accuracy of the information included in the report. The county annual financial report must be a single document that covers each county agency.

(d) Each local governmental entity that is required to provide for an audit under s. 218.39(1) must submit a copy of the audit report and annual financial report to the department within 45 days after the completion of the audit report but no later than 9 months after the end of the fiscal year.

(f) If the department does not receive a completed annual financial report from a local governmental entity within the required period, it shall notify the Legislative Auditing Committee and the Special District Accountability Program of the Department of Economic Opportunity of the entity's failure to comply with the reporting requirements.

218.39 Annual financial audit reports.—

(1) If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, each of the following entities shall have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds:

(a) Each county.

(b) Any municipality with revenues or the total of expenditures and expenses in excess of $250,000, as reported on the fund financial statements.

(g) Each municipality with revenues or the total of expenditures and expenses between $100,000 and $250,000, as reported on the fund financial statements, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

(7) All audits conducted pursuant to this section must be conducted in accordance with the rules of the Auditor General adopted pursuant to s. 11.45. Upon completion of the audit, the auditor shall prepare an audit report in accordance with the rules of the Auditor General. The audit report shall be filed with the Auditor General within 45 days after delivery of the audit report to the governing body of the audited entity, but no later than 9 months after the end of the audited entity's fiscal year. The audit report must include a written statement describing corrective actions to be taken in response to each of the auditor's recommendations included in the audit report.

218.63 Participation requirements.—

(1) Only those units of local government which meet the eligibility requirements for revenue sharing pursuant to s. 218.23 shall participate in the local government half-cent sales tax. However, a municipality incorporated subsequent to the effective date of chapter 82-154, Laws of Florida, which does not meet the applicable criteria for incorporation pursuant to s. 165.061 shall not participate in the local government half-cent sales tax. In either case, distributions to eligible units of local government in that county shall be made as though the nonparticipating municipality had not incorporated.

(2) The moneys which otherwise would be distributed pursuant to this part to a unit of local government failing to certify compliance as required by s. 218.23(1) or having otherwise failed to meet the requirements of s. 200.065 shall be deposited in the General Revenue Fund for the 12 months following a determination of noncompliance by the department.

(3) A county or municipality may not participate in the distribution of local government half-cent sales tax revenues during the 12 months following a determination of noncompliance by the Department of Revenue as provided in s. 200.065(13)(e).

11.45 Definitions; duties; authorities; reports; rules.—

(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

(a) The Auditor General shall notify the Legislative Auditing Committee of any local governmental entity, district school board, charter school, or charter technical career center that does not comply with the reporting requirements of s. 218.39.

11.40 Legislative Auditing Committee.—

(2) Following notification by the Auditor General, the Department of Financial Services, the Division of Bond Finance of the State Board of Administration, the Governor or his or her designee, or the Commissioner of Education or his or her designee of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the Legislative Auditing Committee may schedule a hearing to determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee shall specify the date that such action must begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement this paragraph.

Office of the City Manager
780 Fisherman Street, 4th Floor
Opa-locka, FL 33054

John E. Pate, MS, CM
City Manager

Telephone (786) 338-6598
Email: jpate@opalockafl.gov

November 12, 2020

Kathy DuBose, Coordinator
Joint Legislative Auditing Committee
111 W Madison Street # 876
Tallahassee, Florida 32399

RE: Additional Time to Complete the Annual Financial Audit for fiscal year ended September 30, 2019

The City of Opa-locka, a local municipal government in the state of Florida, respectfully request additional time to comply with the requirements outlined in Florida Statues, 218.39, to have completed its annual financial audit within 9 months of the entity's fiscal year end, September 30, 2019.

The City acknowledges that it is not in compliance with this requirement for the Annual Financial Audit Report (Audit) for fiscal year ended September 30, 2019, but eagerly plan to correct with this additional time being requested. In the letter dated October 23, 2020, the Joint Legislative Audit Committee (JLAC) requested a detailed written status of the delinquent financial report if cannot be provided by December 7, 2020. The City is currently preparing to competitively solicit the external audit services to conduct the annual Audit and has created an Audit Committee in accordance with Florida Statues 218.391 to assist with auditor selection and the audit services contract.

The City respectfully request additional time to adhere to and meet the requirements of section 218.39 Florida Statutes, to have the books and records of total revenues and expenditures reconciled in order to be prepared to conduct an annual Audit. The City has been making substantial progress over the past months by finalizing its fiscal year 2015-2016, 2016-2017 and 2017-2018 audited financial statements, and require completing the fiscal year 2018-2019 audited financial statements to become current with compliance and submit to the Florida Department of Financial Services (DFS). We estimate a date to complete by March 15, 2021 to become current and in compliance, see Exhibit A.

This additional time is requested to allow the City's Finance Department to focus on the preparation of the books and records and the reconciliation of accounts and funds for fiscal year 2018-2019; this must occur prior to the external auditor beginning their field work. The Finance Department has been in transition and have hired three (3) new employees who have joined the team to assist with transitioning the department. We recently finalized preparing the audit request list for the Citizen's Independent Transportation Trust (CITT) audit for fiscal year 2017-2018 with Miami-Dade County's Audit Management Department and anticipate the release of our final report. Alongside completing the City's final budget amendment close out for fiscal year ended September 30, 2020, the City is also performing year-end close out of accounting and financial

transactions for fiscal year end September 30, 2020. Therefore, this additional time is crucial to maintaining good systems, segregation of duties, selection of an audit firm and ample time for review and control procedures.

The City has enclosed a project timeline for the annual Audit and can ensure that the staff of JLAC are kept abreast of our progress. We hope the Committee finds our request acceptable.

Thank you in advance for your consideration of this matter before the Committee.

Sincerely,

John E. Pate
City Manager

EXHIBIT A

EXHIBIT A

City of Opa-locka, Florida
Audit Plan &Timeline (Projection)
Prepared by: TriMerge Consulting Group, P.A.

updated 11/3/20

This document is intended to be a living document that will continue to evolve and be updated.

ESTIMATED TIMELINE

LEGEND
- Preparation Phase
- Finalize and Completion Phase
- Other Projects
- Start of Audit Preparation

Financial Audit Plan and Timeline	July 2020	Aug. 2020	Sept. 2020	Oct. 2020	Nov. 2020	Dec. 2020	Jan. 2021	Feb. 2021	March 2021
FY 2018-2019 Account Preparation									
Account Reconciliation (Major Accounts)									
Fund Reconciliation/Fund Balance									
Account Reconciliation (Minor Accounts)									
Review Phase									
Quality Control									
Selection of FY 2018-2019 External Auditors by Audit Committee or Existing Auditor									
Perform FY 2018-2019 Audit w/External Auditors									
Finalize FY 2018-2019 Audit									
BUDGET 2020-2021									
BUDGET AMENDMENT ONE 2020-2021									
BUDGET CLOSE OUT 2019-2020									
CITT AUDIT - 2017-2018									
YEAR END CLOSE OUT 2019-2020									

Matthew A. Pigatt
Mayor

Chris Davis
Vice Mayor

Sherelean Bass
Commissioner

Alvin Burke
Commissioner

Joseph L. Kelley
Commissioner

John E. Pate
City Manager

Joanna Flores
City Clerk

Burnadette Norris-Weeks, Esq.
City Attorney

Date: November 4, 2020

To: John E. Pate, City Manager

From: Gerri Lazarre, CPA, Finance Department Consultant

Re: Memo – Briefing on Joint Legislative Auditing Committee Staff Discussion (Finance) on November 3, 2020

Purpose of Briefing:

To provide the Joint Legislative Auditing Committee (JLAC) and its Staff with information concerning correspondence received in a letter dated October 23, 2020 to the City of Opa-locka (City), due to failure to submit required financial reports by June 30, 2020:

- FY 2018-2019 Annual Financial Report (AFR) and,
- FY 2018-2019 Annual Financial Audit Report (Audit) in accordance with Sections 218.39(1)(b) and 218.39(1)(g) of the, Florida Statues.

The City requested a briefing and discussion with JLAC Staff to provide information and updates on the progress of the City concerning the failure to file outstanding financial reports for FY2018-2019, submission of a detailed written status of the delinquent financial reports and estimated timeline for submission of the outstanding reports forthcoming.

The following represents a recap of the phone briefing and discussion held on November 3, 2020 at 2 p.m. between the following:

1. Kathy Dubose, JLAC Staff
2. Deborah White, JLAC Staff
3. Gerri Lazarre, City Finance Department, Financial Consultant
4. Angela Atkinson, City Finance Department, Financial Consultant

Briefing:

The City shared the progress and status of account and transaction reconciliations for FY 2018-2019, changes within the Finance Department, the creation of an Audit Committee by the City Commission, solicitation for the selection of an external auditor, inability to meet the December 7th, 2020 recommended issue date for outstanding financial reports, estimated timeline for conducting the audit, issuance of the audit report, approval of the audit report by the City Commission by Resolution and submission of the AFR and audited reports to the Florida Department of Financial Services (DFS) as required to demonstrate compliance.

It was also communicated that based on the timeline, the City believed that although a solicitation would allow the City to obtain updated competitive pricing from industry on conducting the audit for FY 2018-2019 and other years, waiving competition for the solicitation of an external audit firm and utilizing the existing external auditor that conducted the last four (4) external audits may allow the City to meet the internal timeline and deadline being recommended as a result of the City being in a Financial Emergency. This would assist to obviate the possibility of JLAC taking action against the City and the withholding of any funds due to the City not pledged for bond debt service.

Lastly, the City maintains three dependent Neighborhood Improvement Districts "(NIDs or special districts), which are:

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

The City shared that there was zero activity, in terms of revenues generated and expenditures for the NIDs during FY 2018-2019. Because the NIDs are dependent on the City, their financial activity is included in the financial reports of the City, therefore the financial activity for FY 2018-2019 for the special districts which is zero, will be reported when the City's financial reports are submitted. The Joint Legislative Auditing Committee Staff requested that the City contact Mr. Jack Gaskins, Jr. at the Florida Department of Economic Opportunity, Special District Accountability Program (DEO) to also provide him with the City's progress concerning the NIDs and to provide updated information for the registered agent for each of the three special districts, which has been performed.

Conclusion:

It was determined that the City would need to conduct the following to meet a March 15, 2021 completion due date.

1. Accounting and Financial Account Reconciliation by the City
2. Determine whether to Competitively Solicit External Auditor or Utilize existing External Auditor due to Financial Emergency
3. Preparation of Draft Financial Report by the City
4. Start Audit Fieldwork by the External Auditor
5. Complete Audit Fieldwork by the External Auditor
6. Review of Audit Work and Draft Financial Report by the External Auditor
7. Hold an Audit Workshop for the City Commission
8. City Commission Approval of the Audited Financial Report by Resolution
9. Submission of Annual Financial Report and Audit to the Department of Financial Services, and Florida Auditor General

The Joint Legislative Auditing Committee Staff supported the City's timeline and recommendation based on the briefing and requested for the City to provide a written detailed status no later than December 7th, 2020 as noted in the initial letter and to provide any update on changes in the timeline.

End