



**CITY OF OPA-LOCKA
AUDIT COMMITTEE MEETING**

**SHERBONDY VILLAGE AUDITORIUM
215 PERVIZ AVENUE, OPA-LOCKA, FL 33054**

**WEDNESDAY, SEPTEMBER 1, 2021
5:30 P.M.**

AGENDA

- 1. ROLL CALL:**
- 2. INVOCATION:**
- 3. PLEDGE OF ALLEGIANCE:**
- 4. APPROVAL OF MINUTES:**

December 4, 2020

- 5. 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.

- 6. AUDIT PRESENTATION:**

- *FY 2018-2019 Financial Statement Audit*

- 7. DISCUSSION:**

- *Draft RFP for Independent Auditing Services*
- *Timeline for completion of 2019-2020 and 2020-2021 audits*
- *Periodic reporting to Audit Committee*
- *Audit Committee Meeting Schedule*

8. OTHER BUSINESS:

9. ADJOURNMENT:

APPROVAL OF MINUTES
December 4, 2020

CITY OF OPA-LOCKA

"The Great City"

BOARD CLERK ACTION SUMMARY MINUTES

City of Opa-locka Virtual Audit Committee Meeting
Friday, December 4, 2020
5:30 P.M.

1. WELCOME/OPENING REMARKS:

Board Chairman Matthew Pigatt called the Workshop to order at 5:30 p.m. on Friday, December 4, 2021.

2. ROLL CALL:

The following members of the Audit Committee were present: Board Member Dorothy Johnson, Board Member John Pate, Board Member Asheley Hepburn, and Chairman Matthew Pigatt. Also in attendance were City Attorney Burnadette Norris-Weeks and Board Clerk Sha'mecca Lawson. Board Member Mykeisha Fenn arrived to the meeting at 6:00 p.m.

3. INVOCATION:

The invocation was delivered by Board Member Johnson.

4. PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was recited by Board Member Pate.

5. PUBLIC COMMENT:

Attorney Norris-Weeks said pursuant to the Executive Order passed by the City Commission, this municipality may conduct a meeting of this board without having a quorum of its members present, physically or at any specific location and utilizing communications media technology such as telephonic or video conferencing as provided by Florida Statutes 120.54 5b2 and the members of the meeting have been announced already through the roll call.

Ms. Lawson read into the record that the public had an opportunity to provide comments for this meeting up until 3:30 p.m. today via email at PublicComments@opalockafl.gov by registering and joining the meeting for live comments. At this time there are no public comments.

Chairman Pigatt mentioned that this is the first meeting as an Audit Committee or advisory board to the Commission.

6. ORIENTATION:

Finance Consultant Gerri Lazarre appeared before the board to give an overview of their roles and responsibilities. Ms. Lazarre said Florida Statutes 218.391 establishes an Audit Committee for local government.

The City made a determination that they would ratify that request through a resolution, which was approved by Resolution numbers 20-9778 and 20-9784.

The purpose of the Audit Selection Committee is to assist the City in selecting an Auditor who will perform its annual audit. The City of Opa-locka governing body makes the decision to allow the Audit Committee to make selections or to have discussions on other things outside of the Financial Statement Audit and or the Annual Audit.

In addition, the Audit Committee can also alpine or have a discussion on other type of Audits the City may have. The Audit Committee has the authority to assist with making a selection of an audit firm to provide a Financial Statement Audit. The primary role of the Audit Committee is outlined in section 2d of Florida Statutes.

She further mentioned that Florida Statutes gives some guidance in terms of what the Audit Committee responsibilities are, but staff is in the process of developing policies and procedures for the Audit Committee.

Board Member Johnson requested a copy of the agreement for Anthony Brunson, P.A. outlining section 3A and 3E because she would like to see how it coincides with the procurement recommendations for contractors. If her memory serves correct, the governing body for the audit period is held directly responsible by the Commission.

In addition, she asked if the board can provide input prior to the matter being submitted to the governing body.

Ms. Lazarre acknowledged Board Member Johnson concerns and stated that those are some of the things previously discussed with staff in terms of making sure the Committee can provide advice.

She mentioned that the City has been in Financial Emergency the last four audits so they did not require solicitation. The City was able to use emergency orders in order to select the audit firm, but it is the City's goal to go through a competitive process to select an Audit firms moving forth.

7. AUDIT MATTER:

Board Member Pate said as the advisory member for the committee he would like to introduce the item regarding the current contract with Anthony Brunson, P.A. and to also address concerns previously discussed.

The procurement process being utilized in regards to this year's contract is on an emergency basis based on the City being in Financial Emergency and based on the timeline to complete the Audit. As the advisory member to provide guidance based on the City Manager's Office stand point, it is the City Manager's Office responsibility to insure that this Audit Committee is given updates in regards to the Audit Status. It is the intent to use the emergency function of procurement for this final audit period and moving forward any future RFP procurement will come before the Audit Committee prior to a final recommendation going to the Commission.

Ms. Lazarre added that a copy of the proposed contract was included in the agenda package. In addition, the City actually received a letter from the Joint Legislative Audit Committee stating that the fiscal year 2019 audit was due and it needed to be submitted by December 7, 2019. If the City could not meet the deadline, an explanation had to be sent to JLAC. Based on the time line for staff to wrap up with Fiscal Year 19 activities a determination was made to forego to procurement process in order to finalize the audit. A recommendation was made to move forward with Mr. Brunson because he was already acclimated with the City and has an understanding an understanding of the internal works of the City.

Board Member Hepburn said as the financial advisor he concurs with the analysis made by Ms. Lazarre and also by City Staff. Going through an open competitive process you will need a solicitation which takes time. He think it's a great idea for this body to be involved in the beginning process for the Fiscal Year 20 audit.

Board Member Johnson said she agrees with the recommendation from staff, however it is her suggestion that the City follow its procurement policy. She commended staff for taking the proactive approach to bring some closure to Mr. Brunson's contract but we have to put timelines in place so this does not continue to occur.

Chairman Pigatt said he concurs with board member Johnson sentiments in regards to the emergency nature of this, we know as a City, we've had this outstanding audit for a while and we have upcoming audit coming in 2020. He is in full support of making sure the next bid comes out and it's fully procured so the City is abiding by the procurement and audit laws. The Audit Committee has the ability to do its due diligence and its job to review the RFP, send out the request, and also to evaluate those moving forward.

Chairman Pigatt further mentioned that this is a very sensitive time for the City. Under these conditions I am in support with staff and advisors to move forward with this contract.

He further said he has a question for staff regarding the contract. There is a contract that has to be executed as soon as possible.

He asked, what is the timeline for execution of the contract?

Ms. Lazarre said the resolution will be presented to the governing body next Wednesday to ratify the contract with Mr. Brunson so that is the start of it and the engagement letter will allow the City to have a signed contract with Mr. Brunson. We had some preliminary conversations with Mr.

Brunson stating that we needed up until December to finalize the books and records for fiscal year 19.

The City made tremendous progress over the last 2 years. In the last 14 months the City issued 3 audits and that was with Mr. Brunson finishing Fiscal year 16 audit last March. Fiscal year 17 audit was completed in September and in the midst of Covid-19 Fiscal year 18 audit was completed in May.

Chairman Pigatt said if staff is confident that the City can meet the deadline then he is in support of the item.

He continued by saying the audits are very important for the City to get out of financial emergency.

He asked, what is the status of Inventory Fiscal Assets?

Ms. Lazarre said from her understanding the City Manager's Office and the Budget Administrator have been in constant communication with vendors to determine who could provide the services.

Board Member Hepburn asked, when was the last time an inventory was performed for assets?

Ms. Lazarre said she have not been able to identify an inventory.

Board Member Hepburn said it would be helpful for the entire committee to obtain the findings written by Mr. Brunson for all of the proceeding audits.

Ms. Lazarre said she can provide a copy of the prior year audit reports to the committee.

Chairman Pigatt directed the board clerk to provide the board with a copy of the City's previous year's audits so they are aware of the current conditions of the City and how that plays into the selection of the future auditors. It is very important and we need to make sure that we are addressing those findings.

He asked, what is the timeline and process for the next audit?

Board Member Pate said as soon as the audit that we are currently discussing is procured and it is done and has been accepted by both the Audit Committee and the City Commission we will be prepared for solicitation. It is very important for the advisory board to know before another audit firm would respond to an RFP and solicitation they would like to see a copy of the previous year or current year audit report or meet directly with the previous year auditor. Once the audit is finalized we can go right into procurement for the next auditor and then into selection, evaluation, and criteria.

Board Member Hepburn asked, when is the timeline for the FY 2020 financial report? The report should be submitted to the State by June 30th.

He asked, had the City ended Fiscal year 2020 yet?

He is interested in finding out the timeline to do the CAFR for 2020.

Ms. Lazarre said when the Fiscal Year 18 audit was completed they created a plan to address Fiscal Year 19 and 20 simultaneously. Staff have been reconciling Fiscal Year 19 and recording and reconciling Fiscal Year 20 simultaneously. The City also brought in additional support to assist with the auditing process.

Board Member Hepburn thanked Ms. Lazarre for the response.

Board Member Johnson said she understand the approach being taken to make sure there is a time timeline in place moving forth, however she recommend that that timeline be put into a hard copy so the committee as well as the governing board and the public can provide comments

She further spoke on what was done in the past to help the City get out of financial emergency two years early. She also touched on surplus property that was sold in the past.

Chairman Pigatt thanked board member Johnson for sharing importance information with the board.

Board Member Johnson suggested moving forward that advertisement going out to the general public is printed in English, Spanish and French to make sure the business owners and residents receive information and is allowed to provide comments if interested.

Board Member Hepburn said he would like to discuss the scheduled meeting and what should be on the agenda. If all are in agreement the board need to create a scope and a process for the solicitation, the criteria of selection all of those things need to come rather quickly beginning with the next meeting.

Chairman Pigatt said he think it's important as an advisory committee to bring their concerns to the Commission formally. He would like to have a few motions in regards to some of the things that were brought up in this meeting. Mr. Hepburn just brought up a request to have a timeline for the 2020 audit procedures from management.

He asked Mr. Hepburn, is there a timeline of when you would want to receive the information?

Board Member Hepburn said, he think it should be brought back to at the next scheduled meeting. It was outlined by Ms. Lazarre in terms of when it would happen but it would be good to be brought back in a formal format such as a memo.

Chairman Pigatt requested a motion to make a recommendation to the City Commission to request a timeline for the Audit Committee to discuss the 2020 audit.

Motion made by Board Member Johnson and seconded by Board Member Fenn.

Motion passed by a 3-0 vote.

Motion made by Board member Johnson and seconded by Board Member Fenn to ensure advertisements for this meeting are printed in all three languages to ensure people can participate.

Board Member Pate said he appreciate the direction that this board is taking but he would like to note that the City Commission does not advertise in all three languages so if we're going to do this for one board we need to do that for all boards and the City Commission as well.

Board Member Johnson said she agree with the Board Member Pate but as we move forward and we look at the diversity in the community she strongly encourage that past practices need to be enhanced

Chairman Pigatt said this board is an advisory committee so we can make these suggestions to the City Commission and they can debate and get insight with management on how to move that forward. This is a concern that was brought up and he think it should move forward to the full Commission.

Ms. Lazarre asked, if this was only for advertisement?

Board Member Johnson replied, yes.

There being no further discussion, the motion past by a 3-0 vote.

Chairman Pigatt requested a motion to review the past audit findings.

Board Member Johnson said she the idea, but she would like the motion to be modified to also be included in the orientation for newly Elected Officials.

Chairman Pigatt said that may be an addition to it but he would like it to include the full Commission because he does not this they had an opportunity to really dive into those audit findings. He supports the ideas by Board Member Johnson.

The motion will provide for the full Commission do a review of the audit findings and also that all newly Elected Officials orientation include a review of the audit findings.

Motion made by Board Member Johnson and seconded by Board Member Fenn.

Motion passed by a 3-0 vote.

Motion made by Board Member Johnson and seconded by Board Member Fenn to adjourn the meeting at 6:30 p.m.

AUDIT PRESENTATION
FY 2018-2019 Financial Statement Audit



City of Opa-locka, Florida

For the Fiscal Year Ended
September 30, 2019



Annual Financial Report



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

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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CITY OF OPA-LOCKA, FLORIDA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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780 Fisherman Street, 4th Floor
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**John E. Pate, MS, CM
City Manager**

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

June 28, 2021

To the Citizens, the Honorable Mayor, Vice Mayor, City Commissioners, City Manager and Assistant 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, 2019, 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 prescribed by the Governmental Accounting Standards Board (GASB). This report is published to fulfill that requirement for the fiscal year ended September 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal controls 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 Anthony Brunson, P.A., a firm of licensed certified public accountants. The independent auditors have issued an unmodified opinion on the City's financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of the report.

The Management's Discussion and Analysis (MD&A) segment immediately follows the independent auditor's report and provides narrative introduction, overview and analysis of the basic financial statements. The MD&A complements 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 the Commission/City Manager form of government. The City Commission is comprised of the Mayor, Vice Mayor and three 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, storm water, sanitation, planning and zoning and general administrative services.

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

The financial reporting entity under which the financial statements are prepared includes all 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. 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 4.5 square miles and has a population of approximately 16,000 residents. It is located in the northern portion of Miami-Dade County. The City is a mix of residential, commercial and industrial zones including the Miami-Dade Opa-locka Airport, which is owned and operated by Miami-Dade County. The City of Opa-locka community is served by two elementary schools.

Major Initiatives

On June 1, 2016, the City of Opa-locka City Commission adopted a Resolution to request a declaration that the City is in a state of financial emergency, and to seek the appointment of a financial emergency board and other assistance pursuant to section 218.503 (1), Florida Statutes. The State of Florida, Office of the Governor, issued Executive Order 16-135, signed by Florida Governor, Rick Scott.

On June 8, 2016, the City entered into a State and Local Agreement of Cooperation between the Governor as a result of being in a state of financial emergency. The State implemented measures to resolve the financial emergency, the City's cooperation with the Governor to resolve the financial

emergency and the Governor to designate the Office of the Chief Inspector General (“Governor’s Designee”) to serve as the lead entity responsible for coordinating the Governor’s efforts in providing intervention and assistance to the City.

One element of exiting from a state of financial emergency is the development of a Five-Year Recovery Plan by the City, demonstrating the City’s ability to satisfy the requirements necessary for restoration of the City’s fiscal integrity. The City submitted a proposed Five-Year Recovery Plan to the State of Florida, which was approved in August 2020 without modification.

As of September 2018, the Cairo Lane and the NW 127 Street project is at 51% completion, the City anticipates completing this project by June 2021.

Acknowledgements

The Finance Department, under the supervision of TriMerge Consulting Group, P.A., the City Manager, Assistant City Manager, Directors and Staff Members all contributed to the preparation of this report. We would also like to express our appreciation for the leadership of the Mayor, Vice Mayor and Commissioners.

Respectfully,



John E. Pate
City Manager



CITY OF OPA-LOCKA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

CITY COMMISSION



Chris Davis
Vice Mayor



Matthew Pigatt
Mayor



Alvin Burke
Commissioner



Sherelean Bass
Commissioner



Joseph L. Kelley
Commissioner

CITY EXECUTIVE MANAGEMENT

Newall J. Daughtrey
City Manager

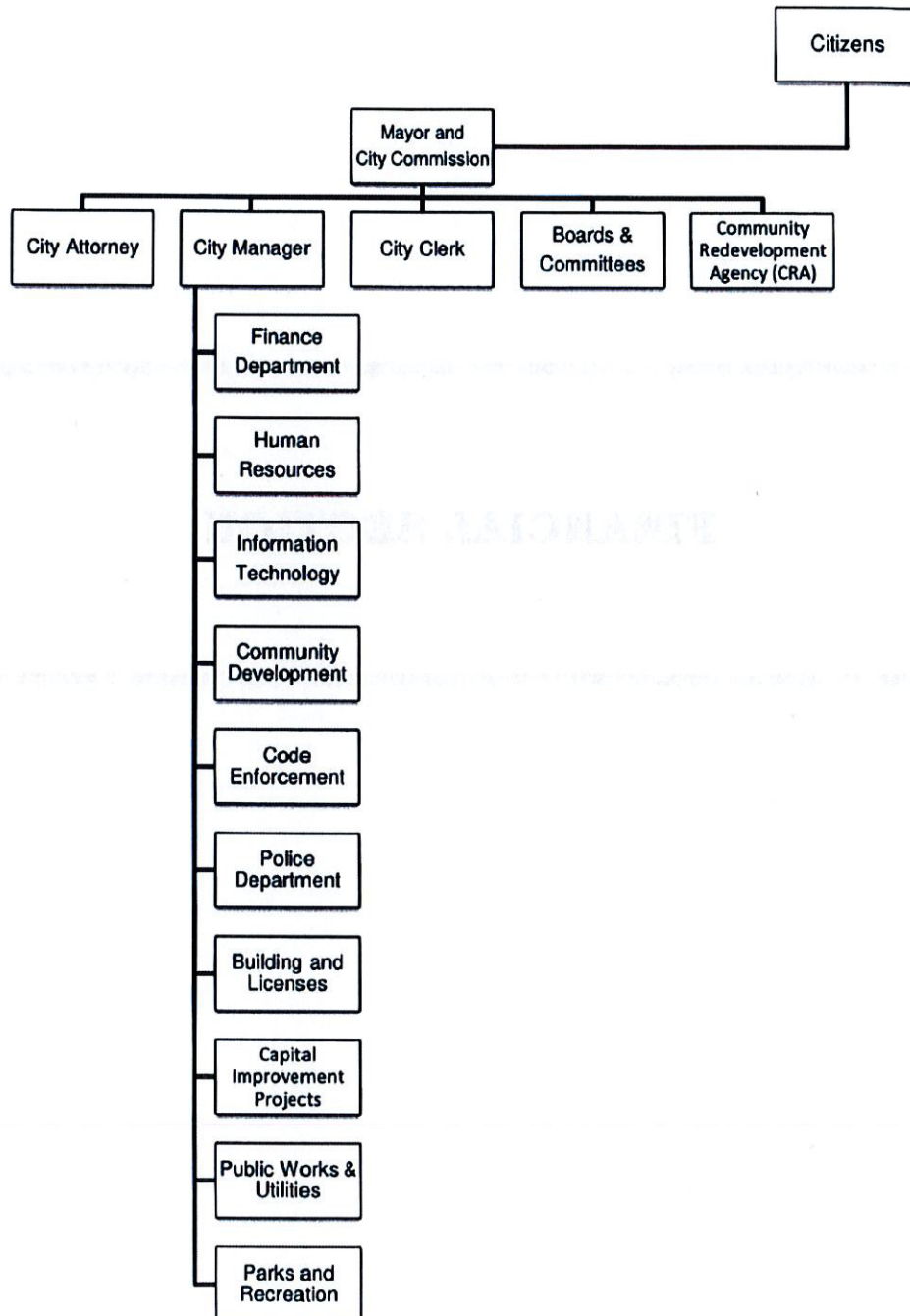
Joanna Flores
City Clerk

Burnadette Norris-Weeks
City Attorney



CITY OF OPA-LOCKA, FLORIDA

ORGANIZATIONAL CHART



FINANCIAL SECTION



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opa-locka, Florida, (the "City") as of and for the year ended September 30, 2019, 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opa-locka, Florida as of September 30, 2019, 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.

- 1 -



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and budgetary comparison information on pages 69 through 71 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

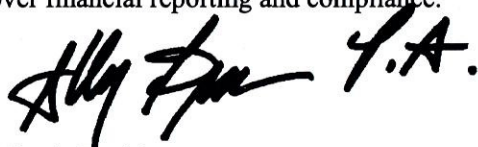
Our audit engagement was for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Opa-locka, Florida. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules 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 budgetary comparison schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 June 28, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.



Miami, Florida
June 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

(MD&A)

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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 information contained within this section should be considered only a part of a greater whole of information on the City's financial status.

FINANCIAL HIGHLIGHTS

1. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$8.42 million (*net position*).
2. The City's total net position increased by \$275,203 or 3.4% resulting from current City operations.
3. The City's governmental-type activities reported net position of \$8.4 million representing a \$2.1 million or 32.9% increase when compared to the prior year's net position of \$6.4 million.
4. The City's business-type activities reported a net position of (\$28,907), representing a decrease in comparison to the prior year's net position of \$1.78 million. This is attributed to the allowance for doubtful accounts for utility billing receivables and other business transactions throughout the year.
5. At the end of the fiscal year, the Governmental Fund reported a fund balance of \$6.6 million, compared to \$4.8 million in the prior year, the change is related to positive transfer of the capital projects improvement debt service fund balance to the general fund for prior year activity of more than \$1.8 million.
6. The City's total liabilities for governmental activities declined by \$1.2 million, or 3.9% during the current fiscal year as a result of increases in due to other governments, accounts payable and accrued liabilities, as well as compensated balances.
7. The total debt outstanding for the City's business-type activities increased by \$3.1 million, or 19%, this increase is related to changes in contingent liabilities and long-term liabilities for water meter replacement and installation.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Overview of the Financial Statements

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information and an additional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements include *notes* explaining some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which is added together and presented in a single column in the basic financial statements.

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.

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, and is a useful indicator of a government's financial position.

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. It presents information on all the City's assets and deferred outflows of resources, on one hand; liabilities and deferred inflows of resources on the other hand; the difference between them, reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 the cost of various governmental services and the local taxing efforts necessary to sustain each of those activities.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, charges for services, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, cultural and recreational. The business-type activities include water and sewer, solid waste and storm-water, where the fee for service typically covers all or most of the cost of operations and depreciation.

The government-wide financial statements can be found on pages 17-18 of this report.

FUND FINANCIAL STATEMENTS

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, which is considered to be a major fund. The Capital Projects Improvement Debt Service Fund was established to account for the proceeds of the 2011 and 2015 debt issuance and presented as a major fund. The City presents data from all other governmental funds in a single column (non-major funds). Individual fund data for each of these non-major governmental funds are included in the combining statements.

The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided for major funds within the governmental funds to demonstrate compliance with the funds' budgets.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

PROPRIETARY FUNDS

Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds.

The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has three Enterprise Funds: the Water and Sewer Fund, Solid Waste and Stormwater Fund. A statement of cash flows is presented at the fund financial statement level for the proprietary funds.

The basic propriety fund financial statements can be found on pages 23-25 of this report.

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

When 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. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-68 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. This section also includes a comparison between the City's General Fund adopted and final budget and actual financial results. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The City also adopts an annual appropriated budget for each of its other governmental funds which are presented as supplementary information.

Combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Required Supplemental Information.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position. As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

1. *Net results of activities* will impact (increase/decrease) current assets and unrestricted Net Position.
2. *Borrowing for capital* will increase current assets and long-term debt.
3. *Spending borrowed proceeds on new capital* will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the net investment in capital assets.
4. *Spending of non-borrowed current assets on new capital* will reduce current assets and increase capital assets and will reduce unrestricted Net Position and net investment in capital assets.
5. *Principal payment on debt* will reduce current assets and reduce long-term debt and reduce unrestricted Net Position and increase net investment in capital assets.
6. *Reduction of capital assets through depreciation* will reduce capital assets and net investment in capital assets.

The following schedule is a summary of the fiscal year 2019 Statement of Net Position with comparative information for fiscal year 2018.

	Governmental Activities			Business-type Activities			Total		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Current and other assets	\$ 12,804,303	\$ 10,336,428	24%	\$ 6,165,261	\$ 6,484,200	-5%	\$ 18,969,564	\$ 16,820,628	13%
Capital assets, net	<u>24,618,684</u>	<u>25,189,033</u>	-2%	<u>13,039,473</u>	<u>11,317,139</u>	15%	<u>37,658,158</u>	<u>36,506,172</u>	3%
Total assets	<u>37,422,988</u>	<u>35,525,461</u>	5%	<u>19,204,734</u>	<u>17,801,339</u>	8%	<u>56,627,722</u>	<u>53,326,800</u>	6%
Deferred outflow of resources	<u>3,049,245</u>	<u>3,949,017</u>	-23%	<u>415,806</u>	<u>538,502</u>	-23%	<u>3,465,051</u>	<u>4,487,519</u>	-23%
Current and other liabilities	6,177,768	6,472,085	-5%	5,191,877	5,167,983	0%	11,369,645	11,640,068	-2%
Long-term liabilities	<u>23,418,134</u>	<u>24,320,704</u>	-4%	<u>14,126,495</u>	<u>11,069,175</u>	28%	<u>37,544,629</u>	<u>35,389,879</u>	6%
Total liabilities	<u>29,595,902</u>	<u>30,792,789</u>	-4%	<u>19,318,372</u>	<u>16,237,158</u>	19%	<u>48,914,274</u>	<u>47,029,947</u>	4%
Deferred inflow of resources	<u>2,427,886</u>	<u>2,323,230</u>	5%	<u>331,075</u>	<u>316,805</u>	5%	<u>2,758,961</u>	<u>2,640,035</u>	5%
Net assets:									
Invested in capital assets, net of related debt	12,712,613	12,342,000	3%	8,138,852	6,263,470	30%	20,851,465	18,605,470	12%
Restricted	2,737,747	2,873,620	-5%	-	-	0%	2,737,747	2,873,620	-5%
Unrestricted	<u>(7,001,915)</u>	<u>(8,857,161)</u>	21%	<u>(8,167,759)</u>	<u>(4,477,594)</u>	82%	<u>(15,169,674)</u>	<u>(13,334,755)</u>	14%
Total net assets	<u>\$ 8,448,445</u>	<u>\$ 6,358,459</u>	33%	<u>\$ (28,907)</u>	<u>\$ 1,785,876</u>	-102%	<u>\$ 8,419,538</u>	<u>\$ 8,144,335</u>	3%

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

STATEMENT OF NET POSITION

The overall net position of the City increased in fiscal year 2019, from the prior year net position, by \$275,203 or 4%. The net position was \$8.1 million in FY 2018 and FY 2019 net position is \$8.4 million. The changes in net position over time can be one of the best and most useful indicators of financial health.

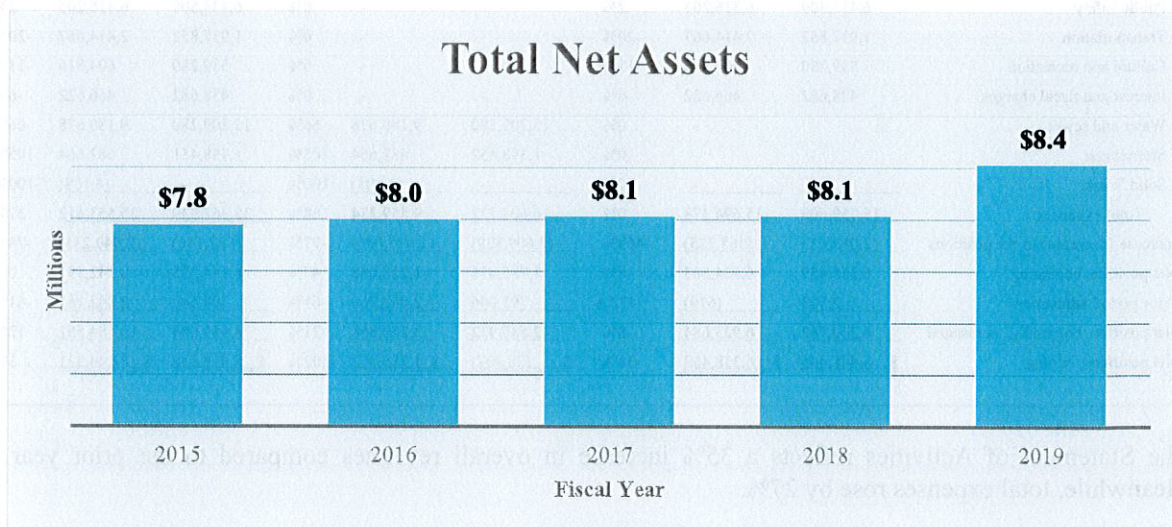
The governmental activities of the City's current and other assets increased by 24% while the current liabilities of those activities decreased by 4.5%. Meanwhile, the business-type activities of the City's current and other assets decreased by 5% while the current liabilities of those activities increased by \$23,894.

The governmental activities invested in capital assets, net of related debt was \$12.3 million in the previous year and \$12.7 million in the current year. Meanwhile, the previous year's unrestricted net position was (\$8.8) million and is now (\$13.1) million as a result of classification changes.

The business-type activities invested in capital assets, net of related debt was \$6.2 million in the previous year and \$8.1 million in the current year. Meanwhile, the previous year's unrestricted net position was (\$4.4) million and is now (\$8.1) million as of increases the allowance for doubtful accounts.

Five Years Total Net Position

(In millions)



By far the largest portion of the City's net position is 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; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

STATEMENT OF ACTIVITIES

The following schedule is a summary of the fiscal year 2019 Statement of Activities with comparative information to fiscal year 2018:

	Governmental Activities			Business-type Activities			Total		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Revenues:									
Program revenues:									
Charges for services	\$ 1,544,202	\$ 1,434,921	8%	\$ 13,910,678	\$ 8,156,228	71%	\$ 15,454,880	\$ 9,591,149	61%
Operating /capital grants and cont.	1,039,836	733,240	42%	81,652	228,000	-64%	1,121,488	961,240	17%
General revenues:									
Property taxes	8,539,449	7,091,758	20%	-	-	0%	8,539,449	7,091,758	20%
Other taxes	2,542,276	2,481,869	2%	-	-	0%	2,542,276	2,481,869	2%
Franchise fees	1,962,804	1,675,728	17%	-	-	0%	1,962,804	1,675,728	17%
Intergovernmental, unrestricted	1,758,132	822,465	114%	-	-	0%	1,758,132	822,465	114%
Interest	33	1,113	-97%	24	-	N/A	56	1,113	-95%
Other	460,559	888,059	-48%	5,549	-	N/A	466,108	888,059	-48%
Total revenues	17,847,291	15,129,153	18%	13,997,902	8,384,228	67.0%	31,845,193	23,513,381	35%
Expenses and transfers:									
General government	6,409,284	5,892,068	9%	-	-	0%	6,409,284	5,892,068	9%
Public safety	6,434,509	6,316,205	2%	-	-	0%	6,434,509	6,316,205	2%
Transportation	1,937,852	2,414,667	-20%	-	-	0%	1,937,852	2,414,667	-20%
Culture and recreation	539,280	604,816	-11%	-	-	0%	539,280	604,816	-11%
Interest and fiscal charges	438,682	466,622	-6%	-	-	0%	438,682	466,622	-6%
Water and sewer	-	-	0%	15,209,280	9,180,678	66%	15,209,280	9,180,678	66%
Stormwater	-	-	0%	1,398,452	682,664	105%	1,398,451	682,664	105%
Solid Waste	-	-	0%	-	(4,108)	-100%	-	(4,108)	-100%
Total expenses	15,759,608	15,694,378	0%	16,607,732	9,859,234	68%	32,367,339	25,553,612	27%
Increase (decrease) in net positions	2,087,683	(565,225)	-469%	(2,609,829)	(1,475,006)	-77%	(522,146)	(2,040,231)	-74%
Net position, beginning	6,358,459	6,924,303	-8%	1,785,876	1,218,088	47%	8,144,335	8,142,391	0%
Prior period adjustment	2,303	(619)	-472%	795,046	2,042,780	-61%	797,349	2,042,161	-61%
Net position, beginning, as restated	6,360,762	6,923,684	-8%	2,580,922	3,260,868	-21%	8,941,684	10,184,552	-12%
Net positions, ending	\$ 8,448,445	\$ 6,358,459	33%	\$ (28,907)	\$ 1,785,862	-102%	\$ 8,419,538	\$ 8,144,321	3%

The Statement of Activities reflects a 35% increase in overall revenues compared to the prior year. Meanwhile, total expenses rose by 27%.

The governmental activities account for the most significant activities within the City, with program revenues of \$17.8 million. Total overall increase by 18% in governmental activities over the prior year was due to an increase in general government services activities such as charge for services, and other areas such as intergovernmental revenues, franchise fees, and property taxes.

The business-type activities represent water and sewer, solid waste and storm water operations which reflected a \$5.6 million or 67% increase in total revenues. The increase is due to the transitioning of the utility billing operation from the City to Miami Dade County's Water and Sewer Department (WASD), in addition to progressive billings by the City prior to the transitioning.

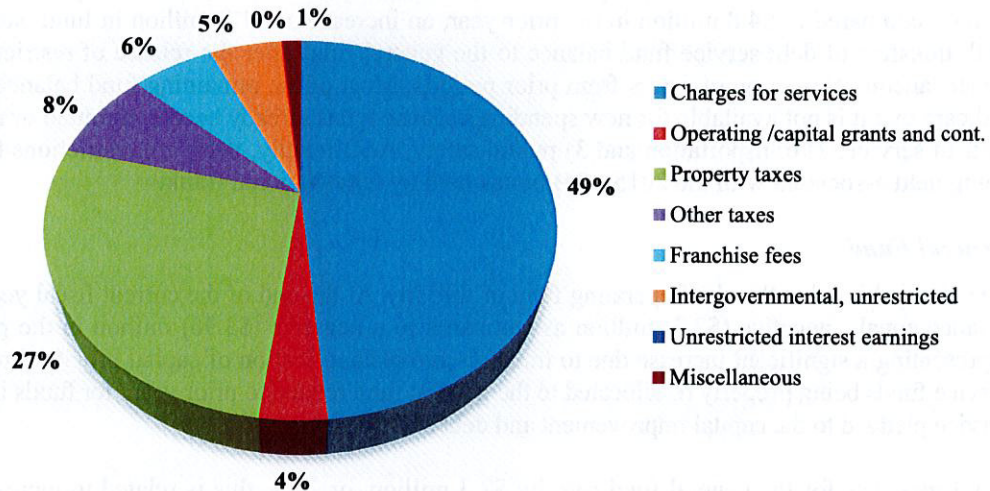
CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Sources of Revenue for Fiscal Year 2019

Fiscal Year 2019



BUSINESS-TYPE ACTIVITIES

The Business-type Activities are comprised of the Water and Sewer, Solid Waste and Stormwater Fund.

- The total revenues for the Proprietary or Enterprise Fund was approximately \$14 million, which was a 67% increase from the prior year's \$8.4 million. This improvement was the result of a combination of (a) transitioning the water, sewer and stormwater billings to Miami-Dade County Water & Sewer and (b) progressive billing practices within the City prior to the transition of water and sewer billings to Miami-Dade County Water & Sewer.
- The Solid Waste Fund activity is not being managed in house by the City, and is being outsourced to Miami-Dade County.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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.

At September 30, 2019, the City's governmental funds reported combined ending fund balance of \$6.6 million compared to \$4.8 million in the prior year, an increase of \$1.8 million in fund balance associated with transfers of debt service fund balance to the general fund after the release of restrictions, and other miscellaneous correction of errors from prior periods. Most of the remaining fund balance is restricted to indicate that it is not available for new spending because it has already been committed or restricted to pay 1) debt service, 2) transportation and 3) public safety. Additionally, there are restrictions to cash on hand being held associated with the 2015A&B bonds held by City National Bank.

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 equals, negative (\$2.2) million as compared to a negative (\$3.96) million in the prior fiscal year, representing a significant increase due to transfers and reclassification of capital projects improvement debt service funds being properly re-allocated to the general fund related to prior years for funds in excess of debt service pledged to the capital improvement and debt service fund.

Total revenues for the general fund rose by \$2.3 million, or 21%, this is related to increases in property taxes, franchise fees, fines and forfeitures and other financing sources of \$978,660 related to transfers from the capital projects improvement debt service fund in the current year. It is important to note that a large source of state revenue sharing was withheld in fiscal year ending September 30, 2018 and some in September 30, 2019, as a result these funds were not available to the City in accordance with Section 218.63(2), *Florida Statutes*.

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

General Fund Revenues	2019 Amount	Percent of Total	2018 Amount	Percent of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Property taxes	\$ 7,984,161	60%	\$ 6,734,982	61%	\$ 1,249,179	19%
Utility service taxes	77,475	1%	63,454	1%	14,021	22%
Local option, use and service taxes	-	0%	29,104	0%	(29,104)	-100%
Franchise fees	1,962,804	15%	1,675,728	15%	287,076	17%
Local business taxes	284,844	2%	301,715	3%	(16,871)	-6%
Permits and fees	693,714	5%	737,810	7%	(44,096)	-6%
Intergovernmental	117,711	1%	45,500	0%	72,211	159%
Charges for services	178,402	1%	148,460	1%	29,942	20%
Fines and forfeitures	662,776	5%	548,651	5%	114,125	21%
Interest	-	0%	-	0%	-	0%
Other revenue	460,559	3%	816,080	7%	(355,521)	-44%
Other financial sources	978,660	7%	-	0%	978,660	N/A
Total Revenues	\$ 13,401,106	100%	\$ 11,101,484	100%	\$ 2,299,622	21%

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Total expenditures for the general fund increased by \$555,572, representing a 4% increase in expenditures. This increase was comprised of a \$1.6 million increase in general government, and a decrease by \$1.1 million in transportation cost to name a few. Expenditures in the general fund are shown in the following schedule:

General Fund Expenditures	2019 Amount	Percent of Total	2018 Amount	Percent of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
General government	\$ 5,586,321	41%	\$ 3,975,884	30%	\$ 1,610,437	41%
Public safety	6,430,103	47%	6,307,538	48%	122,565	2%
Transportation	882,692	6%	1,963,493	15%	(1,080,801)	-55%
Culture and recreation	539,280	4%	604,816	5%	(65,536)	-11%
Debt Service	53,011	0%	76,555	1%	(23,544)	-31%
Capital outlay	201,825	1%	209,374	2%	(7,549)	-4%
Other financing uses	-	0%	-	0%	-	0%
Total expenditures	\$ 13,693,232	100%	\$ 13,137,660	100%	\$ 555,572	4%

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, storm water, and solid waste funds at the end of the prior year was at a deficit of (\$4.5) million in prior year and is now a deficit of (\$8.8), mainly attributed to an increase in doubtful accounts of more than \$5.1 million in fiscal year 2019. The total net position for the enterprise fund is (\$28,907) in the current year versus a \$1.8 million in the prior year, the decrease is as a result of provisions made for doubtful utility billing, contingencies and other.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were adjustments to the appropriations between the original and final amended budget. Overall, the City's actual total revenues were more than budgeted while overall expenditures were under budget; this created an excess of expenditures over revenues of \$1.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounted to \$37.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and buildings improvements, machinery and equipment, park facilities, roads, and utility systems infrastructure. The City's investment in capital assets rose by \$1.2 million for the current fiscal year, primarily due to additions related to new water meter replacement and installation of \$1.6 million and other additions to capital assets, reductions due to depreciation expense, deletions, and adjustments to accumulated depreciation.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

- Construction in progress for Cairo Lane;
- Sewer line projects on Bahman Avenue;
- Meter replacement and installation;
- The milling and resurfacing of portions of the streets listed below:
 - Ahmad Street, Aladdin Street, Jann Avenue, Kalandar Street, N.W. 26th Avenue, Opa-locka Blvd and Sinbad Avenue;
- Vehicles, Furniture & Equipment.

City of Opa-locka's Capital Assets

(Net of accumulated depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 2,980,457	\$ 2,980,457	\$ 14,762	\$ 14,762	\$ 2,995,219	\$ 2,995,219
Construction in progress	2,114,944	2,114,944	4,790,244	4,084,879	6,905,188	6,199,823
Buildings and building improvements	14,834,316	15,213,621	-	-	14,834,316	15,213,621
Furniture and equipment	216,722	(8,609)	1,983,681	333,405	2,200,403	324,796
Infrastructure	<u>4,472,245</u>	<u>4,888,619</u>	<u>6,256,747</u>	<u>6,884,102</u>	<u>10,728,992</u>	<u>11,772,721</u>
Total	<u>\$ 24,618,684</u>	<u>\$ 25,189,032</u>	<u>\$ 13,045,434</u>	<u>\$ 11,317,148</u>	<u>\$ 37,664,118</u>	<u>\$ 36,506,180</u>

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

Debt Administration

At the end of the current fiscal year the City had total outstanding debt, both current and long-term, of \$48.9 million, exclusive of deferred inflow of resources. For long-term debt note disclosures, see Note 9.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue bonds	\$ 11,906,072	\$ 12,627,334	\$ -	\$ -	\$ 11,906,072	\$ 12,627,334
Capital leases	-	5,463	-	-	-	5,463
Loans, State Revolving	-	-	4,900,621	5,053,667	4,900,621	5,053,667
GASB 68 liability	8,941,473	9,076,099	1,219,292	1,237,650	10,160,765	10,313,749
Liability to Miami-Dade	207,334	214,236	6,790,417	5,356,061	6,997,751	5,570,297
OPEB	331,170	300,161	45,936	41,709	377,106	341,870
Compensated absences	1,779,211	1,750,962	100,228	107,644	-	1,858,606
Legal	<u>252,875</u>	<u>1,296,683</u>	<u>1,070,000</u>	<u>-</u>	<u>-</u>	<u>1,296,683</u>
Total	<u>\$ 23,418,135</u>	<u>\$ 25,270,938</u>	<u>\$ 14,126,494</u>	<u>\$ 11,796,731</u>	<u>\$ 34,342,315</u>	<u>\$ 37,067,669</u>

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During fiscal year 2020, the City will be looking at the following programs/initiatives:

- On June 1, 2016, the City of Opa-locka City Commission adopted a Resolution to request a declaration that the City is in a state of financial emergency to seek the appointment of a financial emergency board and other assistance pursuant to section 218.503(1), Florida Statutes. The State of Florida, Office of the Governor, issued Executive Order 16-135, signed by Florida Governor Rick Scott. In 2020 and moving forward, the City will be looking to improve and enhance its operational and financial controls and has made significant strides since then.
- Development of key audit schedules and documentation to begin the external audit work for fiscal year 2019 and beyond. Additional temporary accounting and audit staff were engaged to assist with completion of this task.
- Four of 19 pump stations remain out of compliance with Miami-Dade County's ("County") Department of Environmental Resources Management (DERM). These are stations 4, 5, 7, and 8. Gravity system lining has been completed in all of these service areas to mitigate infiltration, the City will then follow with rehabilitating all of the manholes; after which flow testing will be conducted to ensure compliance with the Miami-Dade County code.
- The County's Public Housing and Community Development provided the City with a second allocation of funds, in the amount of \$250,000 to bring the 2105 Ali Baba Avenue Cultural Arts Center into full compliance with ADA requirements. This will include renovations to parking lot.
- In August of 2019, Intercounty Engineering mutually terminated the contract with the City of Opa-locka for the improvement of Cairo Lane and NW 127 Street; the project stands at 64% complete. The City met with the Florida Department of Environmental Protection (FDEP) to ensure there would be adequate funding to complete the project. It was at this time that the state required the City to retain the services of a professional engineer to ensure that the project design would be adequate for construction, and evaluate all constructed aspects of the project. This evaluation is in progress and the project should be going out for bid in February 2022.
- For fiscal year 2020-2021, residential development will begin to experience an uptick in the City of Opa-locka. Several homes have been rehabbed with new windows, doors, and roofs through the PACE Energy Improvement Program. Three new houses were built with a few more in planning phase in the South Area of Town Center bounded by Opa-locka Boulevard to the Northeast, the CSX Railroad ROW to the Northwest and Atlantic Street to the South between NW 27th Avenue and Sesame Street. One house was an infill project built on a former City owned surplus vacant lot at 825 Superior Street. Two houses at 931 and 951 Superior Street were built on a site where the Historic King Truck Factory once stood. The 1930 structure was demolished in 2017 after years of neglect and fire took inside of the historic structure. In the Magnolia North area, the City is working with Miami-Dade County's Infill Housing Project team members for development located within the boundaries of NW 22nd Avenue and Ali-Baba to NW 151st Street to the railroad tracks. Seventeen [17] vacant properties have been assigned for residential development. Miami-Dade County's Public Housing and Community Development (PHCD) is working with City staff to develop these properties. Palmetto Homes is one of the developers selected by Miami-Dade County [per recommendation by PHCD] to build residential and mixed use development in the Magnolia North area. Two-twin homes [4 units] are under construction and are scheduled to be completed by the end of fiscal year 2021. This company has four more nearby sites to be built on during fiscal year 2021-23. Cazo has two

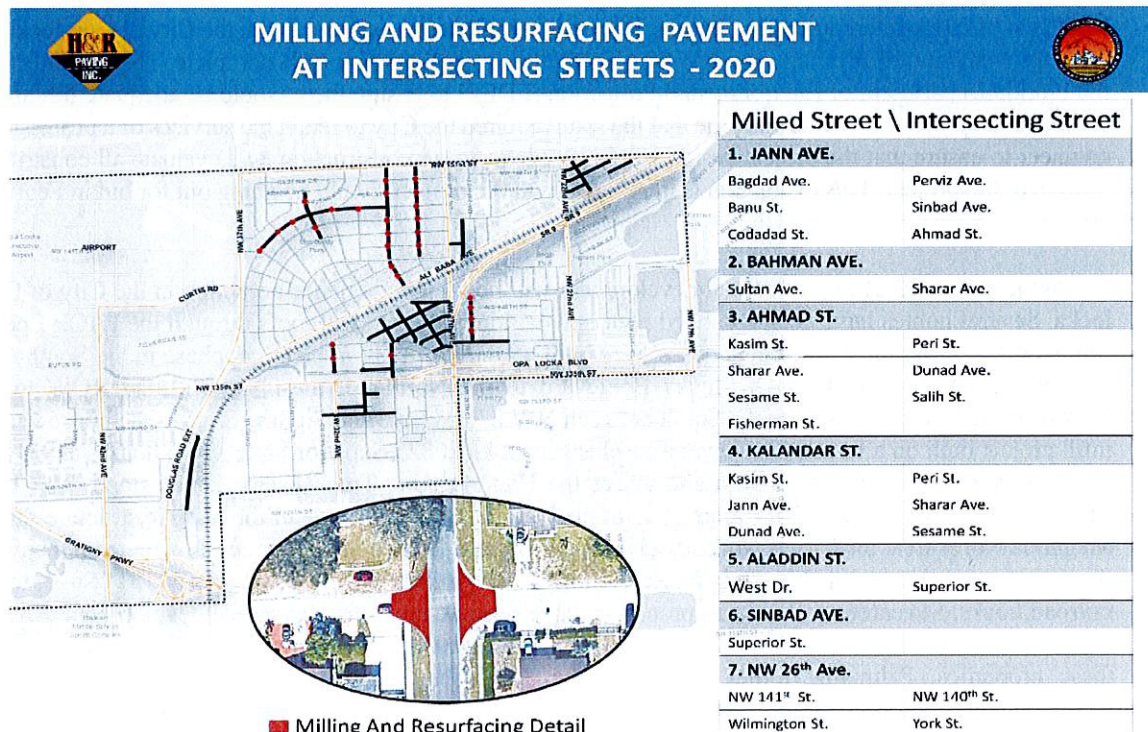
CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

projects planned for development, one is four twin houses [8-units] for homeownership, and the other is a 42-unit elderly assisted living apartment complex. The City of Opa-locka recently transferred ownership of 11 vacant parcels in the Magnolia North Area and is working with private developers to produce residential and mixed use projects. The 11 vacant City owned properties in Magnolia North were proffered as part of a settlement agreement. The properties with deed restriction and reverter clause with Miami-Dade County were resolved per legislation by the City of Opa-locka Commission's approval of a resolution for the deed restriction to be modified for residential development. Miami-Dade County's Board of County Commissioners also approved this deed amendment. The legal settlement is almost complete, and Opa-locka PCD staff will be meeting with the new owners/developers to determine what will be built on these sites. In the Oasis Neighborhood just across the lake from Magnolia Gardens, 112-units of townhouse cluster homes are being developed as part of the final phase of a development called Mirage of Sailboat Cove. What originally started as 59 units for homeowners in 2005, will now include a phase of affordable workforce rentals, of which 24 units recently received their certificate of occupancy and the remaining units are scheduled to be completed by the end of fiscal year 2021. Once complete, Mirage at Sailboat Cove will total 171 units, all two story three and four bedroom units with 2.5 bath. Commercial and industrial projects are being planned.

- Work to expand the City's online services to allow residents to access an e-commerce platform, is ongoing, and anticipated to be complete and released during fiscal year 2019. The migration of water billing to Miami-Dade County's Water and Sewer Department (WASD) has allowed the City to refocus the online portal portion of the website to other online services. The City Clerk's Office in conjunction with the Information Technology Department has created an online portal which allows the public access to official City documents through the website. Additionally, the ability to submit building plans via the portal was enabled. A data cleanup is still underway in the Building Department which is necessary to complete the ability to have access to permit applications and status updates online.

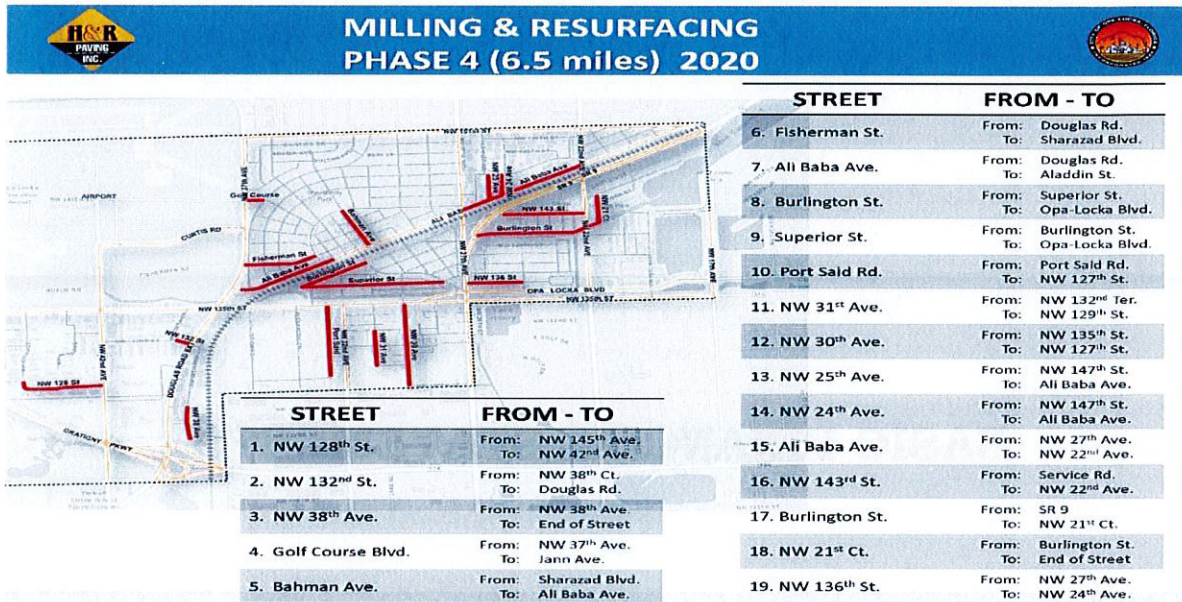


CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Plans for milling and resurfacing of the City's roadways were a continued priority during fiscal year 2018. There was approximately 10 miles of roadway that were in need of improvement, of which 7 miles were completed during fiscal year 2019 and 3 miles are pending completion. Due to the magnitude of trucking and other traffic throughout the City, this is an ongoing project. (See attached milling and resurfacing plan.)



These factors were considered in preparing the City of Opa-locka's budget for fiscal years 2018-2019 and 2019-2020.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. 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, 780 Fisherman Street 4th Floor, Opa-locka, Florida 33054. A copy of this report will also be available.

BASIC FINANCIAL STATEMENTS

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Governmental Activities	Proprietary Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,098,320	\$ 2,275,445	\$ 5,373,765
Accounts receivable, net	551,128	3,483,324	4,034,453
Internal balance	1,360,506	(1,360,506)	-
Due from other governments	2,514,023	290,564	2,804,586
Prepays and other	6,363	29,149	35,512
Restricted cash and cash equivalents	<u>5,273,963</u>	<u>1,447,285</u>	<u>6,721,247</u>
Total current assets	<u>12,804,303</u>	<u>6,165,261</u>	<u>18,969,564</u>
Non-current assets:			
Capital assets not being depreciated	5,095,402	4,805,006	9,900,407
Capital assets being depreciated	<u>19,523,283</u>	<u>8,234,468</u>	<u>27,577,249</u>
Total non-current assets	<u>24,618,684</u>	<u>13,039,473</u>	<u>37,658,158</u>
Total assets	<u>37,422,988</u>	<u>19,204,734</u>	<u>56,627,721</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension (See Note 9)	<u>3,049,245</u>	<u>415,806</u>	<u>3,465,051</u>
Total deferred outflow of resources	<u>3,049,245</u>	<u>415,806</u>	<u>3,465,051</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,362,816	1,305,901	4,668,717
Due to other governments	2,781,157	342,249	3,123,407
Customer deposits	<u>33,795</u>	<u>3,543,727</u>	<u>3,577,522</u>
Total current liabilities	<u>6,177,768</u>	<u>5,191,877</u>	<u>11,369,645</u>
Non-current liabilities:			
Due within one year:			
Compensated absences	177,921	10,023	187,944
Debt related to capital acquisitions	797,140	638,934	1,436,074
Other long term debt	40,472	1,013,185	1,053,657
Due in more than one year:			
Compensated absences	1,601,290	90,205	1,691,495
Contingencies	252,875	1,070,000	1,322,875
OPEB obligation	331,170	45,937	377,107
Debt related to capital acquisitions	11,108,931	4,261,687	15,370,619
Pension (See Note 9)	8,941,473	1,219,292	10,160,764
Other long term debt	<u>166,862</u>	<u>5,777,233</u>	<u>5,944,095</u>
Total non-current liabilities	<u>23,418,134</u>	<u>14,126,495</u>	<u>37,544,629</u>
Total liabilities	<u>29,595,902</u>	<u>19,318,372</u>	<u>48,914,274</u>
DEFERRED INFLOW OF RESOURCES			
Pension (See Note 9)	<u>2,427,886</u>	<u>331,075</u>	<u>2,758,961</u>
Total deferred inflow of resources	<u>2,427,886</u>	<u>331,075</u>	<u>2,758,961</u>
NET POSITION			
Invested in capital assets, net of related debt	12,712,613	8,138,852	20,851,465
Restricted for:			
CRA	779,900	-	779,900
Public safety	670,731	-	670,731
Transportation	1,130,655	-	1,130,655
Capital projects	156,461	-	156,461
Debt service	6,101,588	-	6,101,588
Unrestricted	<u>(13,103,503)</u>	<u>(8,167,759)</u>	<u>(21,271,262)</u>
Total Net Position	<u>\$ 8,448,445</u>	<u>\$ (28,907)</u>	<u>\$ 8,419,538</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Proprietary Activities
Governmental activities:						
General government	\$ 6,409,283	\$ 881,426	\$ -	\$ -	\$ (5,527,857)	\$ -
Public safety	6,434,509	662,776	-	-	(5,771,733)	-
Transportation	1,937,852	-	-	-	(1,937,852)	-
Culture and recreation	539,280	-	-	-	(539,280)	-
Interest on long term debt	438,682	-	-	-	(438,682)	-
Total governmental activities	15,759,606	1,544,202	-	-	(14,215,404)	-
Proprietary activities:						
Water and sewer	15,209,280	12,374,987	-	81,652	-	(2,752,642)
Stormwater	1,398,451	1,535,691	-	-	-	137,240
Solid waste	-	-	-	-	-	-
Total proprietary activities	16,607,732	13,910,678	-	81,652	-	(2,615,402)
Total	\$ 32,495,316	\$ 15,454,880	\$ -	\$ 81,652	(14,215,404)	(2,615,402)
General revenues						
Property taxes					8,539,449	-
Franchise fees					1,962,804	-
Utility taxes					1,541,065	-
Communication services tax					399,446	-
Local option, use and fuel taxes					316,921	-
Local business tax					284,844	-
Intergovernmental revenue - unrestricted					2,797,968	-
Unrestricted interest earnings					33	24
Other					460,559	5,549
Total general revenues and transfers					16,303,089	5,573
Change in net position					2,087,684	(2,609,829)
Net position, beginning					6,358,459	1,785,876
Prior period adjustment					2,302	795,046
Net position, beginning adjusted					6,360,761	2,580,922
Net position, ending					\$ 8,448,445	\$ (28,907)
						\$ 8,419,538

See notes to basic financial statements

CITY OF OPA-LOCKA, FLORIDA

BALANCE SHEET — GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Capital Projects Improvement Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,965,326	\$ -	\$ 1,132,994	\$ 3,098,320
Accounts receivable, net	442,756	108,372	-	551,128
Due from other funds	23,981,253	4,648,694	5,397,093	34,027,039
Due from other governments	-	342,328	2,171,694	2,514,023
Prepays and other	6,363	-	-	6,363
Restricted cash and cash equivalents	<u>759,354</u>	<u>4,445,504</u>	<u>69,104</u>	<u>5,273,963</u>
Total current assets	<u>27,155,052</u>	<u>9,544,899</u>	<u>8,770,885</u>	<u>45,470,836</u>
 Total assets	 <u>\$ 27,155,052</u>	 <u>\$ 9,544,899</u>	 <u>\$ 8,770,885</u>	 <u>\$ 45,470,836</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,994,778	\$ -	\$ 368,039	\$ 3,362,816
Due to other funds	23,558,122	3,443,311	5,665,100	32,666,533
Due to other governments	2,781,157	-	-	2,781,157
Customer deposits	<u>33,795</u>	<u>-</u>	<u>-</u>	<u>33,795</u>
Total current liabilities	<u>29,367,852</u>	<u>3,443,311</u>	<u>6,033,138</u>	<u>38,844,301</u>
 Total liabilities	 <u>29,367,852</u>	 <u>3,443,311</u>	 <u>6,033,138</u>	 <u>38,844,301</u>
NET POSITION				
Non-spendable:				
Prepays and other	6,363	-	-	6,363
Restricted for:				
CRA	-	-	779,900	779,900
Public safety	-	-	670,731	670,731
Transportation	-	-	1,130,655	1,130,655
Capital projects	-	-	156,461	156,461
Debt service	-	6,101,588	-	6,101,588
Unrestricted	<u>(2,219,163)</u>	<u>-</u>	<u>-</u>	<u>(2,219,163)</u>
Total Fund Balances	<u>(2,212,800)</u>	<u>6,101,588</u>	<u>2,737,747</u>	<u>6,626,535</u>
Total Liabilities and Fund Balances	<u>\$ 27,155,052</u>	<u>\$ 9,544,899</u>	<u>\$ 8,770,885</u>	<u>\$ 45,470,836</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

Fund balances - total governmental funds \$ 6,626,535

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.

Government capital assets net of accumulated depreciation	\$ 24,618,684	
Long-term debt	(11,906,071)	
Pension liability	(8,941,473)	
Compensated absences	(1,779,211)	
Other post-employment benefits	(331,170)	
Deferred inflow of resources	(2,427,886)	
Deferred outflow of resources	3,049,245	
Accrued legal settlement	(252,875)	
Other long term debt	<u>(207,334)</u>	
Net adjustment		<u>1,821,910</u>
Net position of governmental activities		<u>\$ 8,448,445</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Capital Projects Improvement Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 7,984,161	\$ -	\$ 555,288	\$ 8,539,449
Utility taxes	77,475	1,463,590	-	1,541,065
Communication services taxes	-	399,446	-	399,446
Local option, use and fuel taxes	-	-	316,921	316,921
Local business taxes	284,844	-	-	284,844
Franchise fees	1,962,804	-	-	1,962,804
Permits and fees	693,714	-	-	693,714
Intergovernmental	117,711	1,665,617	1,014,641	2,797,968
Charges for services	178,402	-	9,310	187,712
Fines and forfeitures	662,776	-	-	662,776
Interest	-	33	-	33
Other	460,559	-	-	460,559
Total revenues	<u>12,422,446</u>	<u>3,528,685</u>	<u>1,896,159</u>	<u>17,847,291</u>
EXPENSES				
Current:				
General government	5,586,321	8,007	66,660	5,660,988
Public safety	6,430,103	-	4,406	6,434,509
Transportation	882,692	-	1,055,160	1,937,852
Culture and recreation	539,280	-	-	539,280
Debt service:				
Principal	53,011	771,488	-	824,499
Interest	-	438,682	-	438,682
Capital Outlay	201,825	-	-	201,825
Total expenses	<u>13,693,232</u>	<u>1,218,177</u>	<u>1,126,226</u>	<u>16,037,635</u>
Excess (deficiency) of revenues over expenditures	(1,270,785)	2,310,508	769,933	1,809,656
OTHER FINANCING SOURCES (USES):				
Transfer in	978,660	-	-	978,660
Transfer out	-	(978,660)	-	(978,660)
Total other financing sources (uses)	<u>978,660</u>	<u>(978,660)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(292,125)	1,331,848	769,933	1,809,656
Fund balances, beginning	(3,964,529)	6,583,852	2,195,254	4,814,577
Prior period adjustment	2,043,855	(1,814,112)	(227,440)	2,302
Fund balances, beginning restated	<u>(1,920,674)</u>	<u>4,769,740</u>	<u>1,967,814</u>	<u>4,816,879</u>
Fund balances, ending	<u>\$ (2,212,800)</u>	<u>\$ 6,101,588</u>	<u>\$ 2,737,747</u>	<u>\$ 6,626,535</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total governmental funds	\$ 1,809,656
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital outlays	218,612	
Net effect of various transactions involving capital assets	(42,234)	
Less current depreciation	<u>(788,951)</u>	(612,573)

Issuance of long term debt (e.g., bonds leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	775,852
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Some expenses 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:

Change in deferred inflows and outflows relating to pensions and the net pension liability	(869,801)	
Change in legal accrual	1,043,808	
Change in other post-employment benefits	(31,009)	
Change in compensated absences	<u>(28,249)</u>	
		<u>114,749</u>

Change in net position - governmental activities	\$ <u>2,087,684</u>
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See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF NET POSITION —PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer	Other Nonmajor Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 253,188	\$ 2,022,257	\$ 2,275,445
Accounts receivable, net	3,135,540	347,785	3,483,324
Due from other funds	5,255,051	2,396,209	7,651,260
Due from other governments	252,050	38,514	290,564
Prepays and other	29,149	-	29,149
Restricted cash and cash equivalents	<u>1,337,285</u>	<u>110,000</u>	<u>1,447,285</u>
Total current assets	<u>10,262,262</u>	<u>4,914,765</u>	<u>15,177,027</u>
Non-current assets:			
Capital assets, non-depreciable	4,515,949	289,056	4,805,006
Capital assets, depreciable	<u>8,202,478</u>	<u>31,990</u>	<u>8,234,468</u>
Total non-current assets	<u>12,718,428</u>	<u>321,046</u>	<u>13,039,473</u>
Total assets	<u>22,980,690</u>	<u>5,235,810</u>	<u>28,216,500</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension	<u>415,806</u>	-	<u>415,806</u>
Total deferred outflow of resources	<u>415,806</u>	-	<u>415,806</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,041,137	264,764	1,305,901
Due to other funds	5,989,781	3,021,985	9,011,766
Due to other governments	342,249	-	342,249
Customer deposits	3,479,583	64,145	3,543,727
Current portion of long term debt	<u>638,934</u>	-	<u>638,934</u>
Total current liabilities	<u>11,491,684</u>	<u>3,350,893</u>	<u>14,842,577</u>
Non-current liabilities:			
Compensated absences	71,917	28,311	100,228
Contingencies	1,070,000	-	1,070,000
OPEB obligation	41,942	3,996	45,937
Debt related to capital acquisitions	4,261,687	-	4,261,687
Pension	1,219,292	-	1,219,292
Other long term debt	<u>6,259,446</u>	<u>530,972</u>	<u>6,790,418</u>
Total non-current liabilities	<u>12,924,283</u>	<u>563,278</u>	<u>13,487,561</u>
Total liabilities	<u>24,415,967</u>	<u>3,914,171</u>	<u>28,330,138</u>
DEFERRED INFLOW OF RESOURCES			
Pension	<u>331,075</u>	-	<u>331,075</u>
Total deferred inflow of resources	<u>331,075</u>	-	<u>331,075</u>
NET POSITION			
Invested in capital assets, net of related debt	8,456,740	321,046	8,777,786
Unrestricted	<u>(9,807,286)</u>	<u>1,000,594</u>	<u>(8,806,693)</u>
Total Net Position	<u>\$ (1,350,546)</u>	<u>\$ 1,321,639</u>	<u>\$ (28,907)</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION —PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities-Enterprise Funds		
	<u>Water and Sewer</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 12,374,987	\$ 1,535,691	\$ 13,910,678
Intergovernmental	81,652	-	81,652
Other	<u>5,549</u>	<u>-</u>	<u>5,549</u>
Total operating revenues	<u>12,462,187</u>	<u>1,535,691</u>	<u>13,997,878</u>
Operating expenses:			
Operating, administrative and maintenance	10,056,961	706,472	10,763,433
Bad debts and other	4,460,908	691,979	5,152,887
Depreciation	<u>691,411</u>	<u>-</u>	<u>691,411</u>
Total operating expenses	<u>15,209,280</u>	<u>1,398,451</u>	<u>16,607,732</u>
Operating income (loss)	(2,747,093)	137,240	(2,609,853)
Non-operating revenues (expenses)			
Interest and fiscal charges	<u>24</u>	<u>-</u>	<u>24</u>
Total non-operating revenues (expenses)	<u>24</u>	<u>-</u>	<u>24</u>
Income before transfers	(2,747,069)	137,240	(2,609,829)
Change in net position	(2,747,069)	137,240	(2,609,829)
Net position, beginning as previously stated	743,861	1,042,015	1,785,876
Prior period adjustment	<u>652,662</u>	<u>142,384</u>	<u>795,046</u>
Net position, beginning restated	<u>1,396,523</u>	<u>1,184,399</u>	<u>2,580,922</u>
Net position, ending	<u>\$ (1,350,546)</u>	<u>\$ 1,321,639</u>	<u>\$ (28,907)</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF CASH FLOWS —PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities- Enterprise Funds		
	Water and Sewer	Other Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from customers	\$ 9,348,621	\$ 1,132,107	\$ 10,480,728
Cash paid to vendors	(8,611,817)	(619,661)	(9,231,478)
Cash paid to employees	(716,323)	(84,047)	(800,370)
Receipts from other government	-	5,924	5,924
Net cash provided by operating activities	<u>20,481</u>	<u>434,323</u>	<u>454,804</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(819,697)	-	(819,697)
Interest paid on long term debt	(23,767)	(2,764)	(26,531)
Proceeds from debt	587,750	-	587,750
Principal paid on debt	(906,440)	-	(906,440)
Net cash used in capital and related financing activities	<u>(1,162,154)</u>	<u>(2,764)</u>	<u>(1,164,918)</u>
Cash flows from noncapital financing activities:			
Grants received	81,651	-	81,651
Transfer from (to) other funds	-	398,864	398,864
Net cash provided by noncapital financing activities	<u>81,651</u>	<u>398,864</u>	<u>480,515</u>
Cash flows from investing activities:			
Interest income	24	-	24
Net cash provided by investing activities	<u>24</u>	<u>-</u>	<u>24</u>
Net increase (decrease) in cash	(1,059,998)	830,423	(229,575)
Cash, beginning	<u>2,650,471</u>	<u>1,301,834</u>	<u>3,952,305</u>
Cash, ending	<u>1,590,473</u>	<u>2,132,257</u>	<u>3,722,730</u>
Display as:			
Unrestricted	253,188	2,022,257	2,275,445
Restricted	<u>1,337,285</u>	<u>110,000</u>	<u>1,447,285</u>
Total	<u>\$ 1,590,473</u>	<u>\$ 2,132,257</u>	<u>\$ 3,722,730</u>
Reconciliation of operating income to cash provided by operating activities:			
Operating income (loss)	\$ (2,747,069)	\$ 137,240	\$ (2,609,829)
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	691,411	-	691,411
Retired asset	(39,201)	-	(39,201)
Other, net	(895,122)	-	(895,122)
(Increase) decrease in:			
Accounts receivable	212,736	180,025	392,761
Due from other governments	272,983	5,924	278,907
Due from other funds	(1,280,105)	(163,687)	(1,443,792)
Other current assets	57,672	-	57,672
Deferred outflow of resources	122,696	-	122,696
Increase (decrease) in:			
Accounts payable and accrued liabilities	(530,730)	43,148	(487,582)
Customer deposits	930,681	(727)	929,954
Compensated absences	3,992	(11,408)	(7,416)
Other liabilities and pension	2,354,102	(16,921)	2,337,181
Due to other funds	543,084	260,729	803,813
Deferred inflow of resources	14,270	-	14,270
Due to other governments	<u>309,081</u>	<u>-</u>	<u>309,081</u>
Net cash provided by operating activities	<u>\$ 20,481</u>	<u>\$ 434,323</u>	<u>\$ 454,804</u>

See notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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, and storm water enterprises.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America the Generally Accepted Accounting Principles (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 reporting entity covered by this report includes the City and its component unit. The reporting entity has been defined in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100. The accompanying financial statements include those of the City (the primary government) and those of its component unit. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the City's financial statements because of the nature and significance of their relationship with the primary government. GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100 provides guidance for the inclusion of a legally separate entity as a component unit of an entity. The application of this guidance provides for identification of entities for which the City is financially accountable or organizations that the nature and significance of their relationship with the City are such that exclusions would cause the City's basic financial statements to be misleading or incomplete.

Based upon the application of GASB Codification Section 2100, the component units listed below have been included in the City's reporting entity as either blended or discretely presented component units.

Blended component units, although legally separate entities, are in substance part of the City's operations. Accordingly, data from these component units are included with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that they are legally separate from the City. The financial balances and activities of the blended component unit are as of and for the year ended September 30, 2019.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (cont'd)

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described and whose government body is the same, or substantially the same and 1) there is a financial benefit or burden relationship between the primary government and the component unit or 2) management below the level of the governing board of the primary government has operational responsibility for a component unit.

The Opa-locka Community Redevelopment Agency (CRA) is a dependent special district established by the City Commission in 2011 and approved by Miami-Dade County in 2013 under the authority granted by Florida Statute 163, section III. The CRA is a legal subsidiary governed by a seven member board appointed by the City Commission, the Miami-Dade County, District One Commissioner, and the Office of the Governor. The Board currently is comprised of the Mayor, Vice-mayor, and three City Commissioners, and an appointee from the Miami-Dade County Commissioner and the Florida Governor's Office. Its sole purpose is to finance the City's designed redevelopment areas through Tax Increment Financing (TIF). The CRA can provide services and financial benefits/assistance to imposed financial burdens on the City.

The CRA continued to operate in a limited-active phase based on limited tax increment funds produced by ad valorem taxes. For the fiscal year ended September 2019, there was approximately \$555,288 in revenues other than transfers from the General Fund. Although the CRA activities did not meet the major fund criteria, the CRA's financial data is presented within the City's major governmental funds in order to comply with the audit requirements of F.S. 163.387(8) and is part of non-major governmental funds. No separate financial statements are issued.

Effective for the 2019-2020 fiscal year, the Florida Legislature enacted Chapter 2019-163, Laws of Florida, which amended Section 163.387(8), Florida Statutes, to require that each community redevelopment agency (CRA) meeting the specified \$100,000 threshold provide for a separate audit and that the resultant audit report accompany the municipality annual financial report filed with the Department of Finance Services (see Section 163.387(8)(c) and 218.32(3)(b), Florida Statutes). Based on this guidance, the CRA will be separate from the audit of the City, but if a component unit, the CRA will be part of the reporting entity.

Special District

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, are included in the non-major governmental fund financial statements. No separate financial statements are issued.

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 non-major funds.

Inconsequential differences may occur due to rounding in calculating totals in the basic and supplemental financial schedules.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period, with the exception of expenditure driven (reimbursements) grants, for which the availability period is one year.

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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

The financial transactions of the City are recorded in individual funds. The operations of each fund are accounted for using a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, revenue and expenditure or expenses. Fund accounting is designed to demonstrate legal compliances and to aid financial management by segregating transactions related to certain government functions or activities. Accounting principles generally accepted in the United States of America set forth minimum criteria for determination of major funds based on the percentage of the applicable category balances. The non-major funds are presented in one column in the respective fund financial statements.

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 accounted for in another fund.

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

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 storm water 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. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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.

Immaterial differences may occur due to rounding.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/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

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. 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 THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (cont'd)

5. 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

6. 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (cont'd)

6. Inter-fund Transactions (cont'd)

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

7. Deferred Outflows of Resources

The statement of net position includes a separate section, listed below Total Assets, for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. Items in this category include deferred items related to pension and the deferred charge on refunding reported on the Government-wide Statement of Net Position. A deferred charge is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

8. Unearned Revenues

Unearned revenue is recorded for governmental fund receivables that are measurable and available, but have not met the criteria for revenue recognition, such as donations or grants received for specific projects. These are recorded as unearned revenue in the government-wide and fund statements.

9. Compensated Absences

It is the City's policy to permit employees to accumulate, with certain limits, earned but unused vacation time and sick leave hours for subsequent use or for payment upon termination, death, or retirement. For government-wide statements and proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave that is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (cont'd)

10. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable premium or discount. These premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are expensed in the year they are incurred.

11. Deferred Inflows of Resources

The Statement of Net Position includes a separate section, listed below Total Liabilities, for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. In the governmental funds, this category includes unavailable revenue, whereas in the government-wide and the proprietary fund statements. It includes resources related to pension, which will be recognized as inflows of resources in the period that the amounts become available.

12. 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 consist of net position with constraints placed on their use by external parties (creditors, grantors, contributors, laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted balances indicate the 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (cont'd)

12. Net Position and Fund Balance (cont'd)

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 constraints placed on the use of resources by (a) creditors, grantors, contributors, 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.

13. 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.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to significant change in the near term relate to:

- 1) The determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, and inflation rates, etc.;
- 2) The allowance for doubtful accounts; and
- 3) The actuarially determined liability for post-employment benefits other than pensions. Although these estimates (as well as all estimates) are based on management's knowledge of current events and actions in the future, they may ultimately differ from actual results.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2. DEFICIT FUND EQUITY

The City reported fund balance deficits of (\$28,907) in the proprietary fund and (\$2 million) in the general fund, these deficit balances will be addressed through a five-year recovery plan beginning in fiscal year 2021. In accordance with Florida Statue, 218.503 (3)(h) that clarifies the determination of financial emergency, the City developed and submitted a proposed Five-Year Recovery Plan to the State of Florida Governor's office for approval of the plan, and to resolve its financial emergency condition. In August 2020, this Five-Year Recovery Plan was approved without modification.

NOTE 3. PROPERTY TAXES

Property taxes are levied on the first of November each year, at which time taxes become an enforceable lien on property assessed as of the previous January. 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 of July 1, 2018, by the Miami-Dade Property Appraiser was \$887 million. For the year ended September 30, 2019, the millage rate adopted by the City Commission of \$9.8 per \$1,000 of assessed taxable value results in \$8.4 million of property tax, of which approximately \$381,398 was contributed to the Opa-locka Community Redevelopment Agency as it share of the property due to it, while Miami-Dade County contributed approximately \$173,890.

No accrual for the property tax levy becoming due in November 2019 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2019, and such taxes are collected to finance expenditures of the fiscal year ending September 30, 2019.

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2019, the City's cash are considered to be cash on hand, and demand deposits.

Deposits

All deposits with financial institutions are fully insured or collateralized as required by the City Commission. The deposits are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposits Act ("the Act"). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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, 2019, the City had no investments.

NOTE 5. ACCOUNTS RECEIVABLE

Receivable balances and the allowance for doubtful accounts as of September 30, 2019, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Agencies</u>	<u>Others</u>	<u>Allowance for Uncollectible</u>	<u>Net</u>
Governmental activities:						
General	\$ -	\$ -	\$ -	\$ 696,994	\$ (254,238)	\$ 442,756
Capital projects and debt service	<u>108,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,372</u>
Total governmental activities	<u>\$ 108,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696,994</u>	<u>\$ (254,238)</u>	<u>\$ 551,128</u>
Business-type activities:						
Water and sewer	\$ 9,263,061	\$ -	\$ -	\$ -	\$ (6,127,522)	\$ 3,135,540
Stormwater	<u>1,057,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(709,242)</u>	<u>347,785</u>
Total business-type activities	<u>\$ 10,320,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,836,764)</u>	<u>\$ 3,483,324</u>

As of September 30, 2019, the allowance for doubtful accounts was \$254,238 for governmental activities, while the allowance for doubtful accounts was \$6.8 million under the business-type activities. An allowance for doubtful accounts is a contra account that nets against the total receivables presented on the balance sheet to reflect only the amounts expected to be paid and estimates accounts receivable that are expected to be uncollectible.

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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6. INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund balances as of September 30, 2019, consisted of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major governmental fund:		
General Fund	\$ 23,981,253	\$ 23,558,122
Capital improvement debt service	4,648,694	3,443,311
Non-Major governmental funds	5,397,093	5,665,100
Major enterprise fund:		
Water and sewer	5,255,050	5,989,781
Non-major enterprise funds	<u>2,396,209</u>	<u>3,021,985</u>
Total	<u>\$ 41,678,299</u>	<u>\$ 41,678,299</u>

In fiscal year ended September 30, 2019, transfers between the capital improvement debt service fund to the general fund totaled \$978,660 for current year activity.

NOTE 7. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2019:

	<u>Balance 09/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 09/30/19</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,980,457	\$ -	\$ -	\$ 2,980,457
Construction in progress	<u>2,114,944</u>	<u>-</u>	<u>-</u>	<u>2,114,944</u>
Total assets not being depreciated	<u>5,095,402</u>	<u>-</u>	<u>-</u>	<u>5,095,402</u>
Capital assets being depreciated:				
Buildings and improvements	19,498,959	-	-	19,498,959
Vehicles, Furniture, and Equipment	4,820,656	218,612	(68,099)	4,971,158
Infrastructure	<u>21,648,028</u>	<u>-</u>	<u>-</u>	<u>21,648,028</u>
Total assets being depreciated	<u>45,967,643</u>	<u>218,612</u>	<u>(68,099)</u>	<u>46,118,146</u>
Less accumulated depreciation:				
Buildings and improvements	(4,285,338)	(379,305)	-	(4,664,643)
Vehicles, Furniture, and Equipment	(4,829,264)	(23,254)	97,979	(4,754,438)
Infrastructure	<u>(16,759,409)</u>	<u>(416,373)</u>	<u>-</u>	<u>(17,175,783)</u>
Total accumulated depreciation	<u>(25,874,011)</u>	<u>(818,831)</u>	<u>97,979</u>	<u>(26,594,863)</u>
Total capital assets being depreciated, net	<u>20,093,632</u>	<u>(600,229)</u>	<u>29,880</u>	<u>19,523,283</u>
Governmental activities capital assets, net	<u>\$ 25,189,033</u>	<u>\$ (600,229)</u>	<u>\$ 29,880</u>	<u>\$ 24,618,685</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 7. CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>09/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>09/30/19</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 14,762	\$ -	\$ -	\$ 14,762
Construction in progress	<u>4,084,879</u>	<u>705,365</u>	<u>-</u>	<u>4,790,244</u>
Total assets not being depreciated	<u>4,099,641</u>	<u>705,365</u>	<u>-</u>	<u>4,805,006</u>
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Vehicles, Furniture, and Equipment	6,993,920	1,708,372	(39,201)	8,663,091
Infrastructure	<u>21,899,740</u>	<u>-</u>	<u>-</u>	<u>21,899,740</u>
Total assets being depreciated	<u>28,893,660</u>	<u>1,708,372</u>	<u>(39,201)</u>	<u>30,562,831</u>
Less accumulated depreciation:				
Buildings and improvements	-	-	-	-
Vehicles, Furniture, and Equipment	(6,660,515)	(64,057)	39,201	(6,685,371)
Infrastructure	<u>(15,015,638)</u>	<u>(627,354)</u>	<u>-</u>	<u>(15,642,992)</u>
Total accumulated depreciation	<u>(21,676,153)</u>	<u>(691,411)</u>	<u>39,201</u>	<u>(22,328,363)</u>
Total capital assets being depreciated, net	<u>7,217,507</u>	<u>1,016,961</u>	<u>-</u>	<u>8,234,468</u>
Business-type activities capital assets, net	<u>\$ 11,317,148</u>	<u>\$ 1,722,326</u>	<u>\$ -</u>	<u>\$ 13,039,474</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 266,255
Public safety	120,333
Transportation	397,260
Parks and recreation	<u>5,103</u>
Total	<u>\$ 788,951</u>
Business-type activities:	
Water and sewer	\$ 691,411
Storm water	<u>-</u>
Total	<u>\$ 691,411</u>

NOTE 8. LEASES

Capital Leases

In prior years, the City entered into lease agreements as lessee for financing the acquisition of various vehicles. These lease agreements qualified as capital leases for accounting purpose. However, as of fiscal year end September 30, 2019, there were no capital lease obligations extended beyond this period.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LEASES (Continued)

To better meet the information needs of financial statement users, the City is reviewing GASB Statement No. 87, related to the improving accounting and financial reporting for leases by government agencies by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City will be evaluating future leasing contracts to determine if they meet the criteria outlined in this Statement for recognition. A total of \$5,463 was paid for lease payments as of the year ended September 30, 2019.

NOTE 9. LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Balance 9/30/18	Additions	Reductions	Adjustments	Balance 9/30/19	Due in One Year 2020
Governmental Activities						
Capital Improvement Revenue Bond						
Series 2011 A&B	\$ 4,761,000	\$ -	\$ (527,000)	\$ -	\$ 4,234,000	\$ 545,000
Citi National Bank	-	-	-	-	-	-
Series 2015	7,866,334	-	(243,389)	49,127	7,672,072	252,140
Construction Loan	-	-	-	-	-	-
Capital Lease Obligation	5,463	-	(5,463)	-	-	-
Total	<u>12,632,797</u>	<u>-</u>	<u>(775,852)</u>	<u>49,127</u>	<u>11,906,072</u>	<u>797,140</u>
Compensated Balances	1,750,962	28,249	-	-	1,779,211	-
OPEB	296,724	34,446	-	-	331,169	-
FRS Pension Liability	9,076,099	-	(134,626)	-	8,941,473	-
Miami-Dade County Debt	214,236	-	(6,902)	-	207,334	40,472
Long Term Liability Legal	<u>1,296,683</u>	<u>-</u>	<u>(1,043,808)</u>	<u>-</u>	<u>252,875</u>	<u>-</u>
Total	<u>12,634,704</u>	<u>62,695</u>	<u>(1,185,336)</u>	<u>-</u>	<u>11,512,063</u>	<u>40,472</u>
Total Governmental Activities	<u>\$ 25,267,501</u>	<u>\$ 62,695</u>	<u>\$ (1,961,188)</u>	<u>\$ 49,127</u>	<u>\$ 23,418,135</u>	<u>\$ 837,612</u>
Business Type Activities						
State Revolving Loan CS120 80003P	\$ 444,775	\$ -	\$ (93,703)	\$ -	\$ 351,072	\$ 96,564
State Revolving Loan WW800050	1,166,554	-	(121,856)	-	1,044,698	123,728
State Revolving Loan DW130330	75,167	-	(3,344)	-	71,823	10,561
State Revolving Loan SW130320	162,899	-	(7,856)	-	155,043	9,160
State Revolving Loan WW130300	457,306	-	(23,931)	-	433,375	23,839
State Revolving Loan WW130301	2,637,359	498,349	(333,090)	-	2,802,618	333,090
State Revolving Loan DW130331	<u>109,607</u>	<u>89,401</u>	<u>(157,017)</u>	<u>-</u>	<u>41,991</u>	<u>41,991</u>
Total State Revolving Loans	<u>5,053,667</u>	<u>587,750</u>	<u>(740,796)</u>	<u>-</u>	<u>4,900,621</u>	<u>638,934</u>
Other Debt:						
Capital Lease Obligation	-	-	-	-	-	-
SunTrust Capital Lease Obligation	-	-	-	-	-	-
Total Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Compensated Absences	107,644	-	(7,416)	-	100,228	-
OPEB	45,146	790	-	-	45,936	-
Long-term debt - MDC	5,356,061	1,600,000	(165,644)	-	6,790,417	1,013,185
Long Term Liability Legal	70,000	1,000,000	-	-	1,070,000	-
FRS Pension Liability	<u>1,237,650</u>	<u>-</u>	<u>(18,358)</u>	<u>-</u>	<u>1,219,292</u>	<u>-</u>
Total Other Long-term Debt	<u>6,816,501</u>	<u>2,600,790</u>	<u>(191,418)</u>	<u>-</u>	<u>9,225,873</u>	<u>1,013,185</u>
Total Business Type Activities	<u>\$ 11,870,168</u>	<u>\$ 3,188,540</u>	<u>\$ (932,214)</u>	<u>\$ -</u>	<u>\$ 14,126,494</u>	<u>\$ 1,652,119</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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:

- (a) 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 \$445,000 in 2018 to \$670,000 through 2026.
- (b) Series 2015 Capital Improvement Revenue Note ("2015 Note") - for \$8,600,000, bearing interest at a rate of 2.65% to 4.25%, with a maturity date of July 1, 2025, and are payable by a lien on Pledge Revenues as defined by the terms of the Series 2015 Note agreement.

City National Bank has restricted the use of excess pledged funds after debt service payments have been made as a result of the City's financial emergency declaration (Note 20); as of September 30, 2019, approximately \$4.4 million is unavailable for City operations. Subsequent to September 30, 2019, City National Bank's restrictions on excess pledged funds, through a modification of the agreement, adopted on April 8, 2020, allowed the City to have access and redemption options for the available funds of approximately \$5,226,975. These funds were used to pay down a portion of the 2015A series bond, legal fees and the remaining portion transferred to the general fund for operations after being released from restriction.

Long-Term Debt - Business-Type Activities

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

- (a) 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.
- (b) 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.
- (c) State Revolving Loan Note Project No. WW130300 - for \$512,806, bearing interest at a rate of 1.63%, due in 40 semi-annual payments of \$15,644, including interest, secured by a lien on Pledge Revenues as defined by the State Revolving Fund loan agreement.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9. LONG-TERM DEBT (Continued)

Long-Term Debt - Business-Type Activities (cont'd)

- (d) State Revolving Loan Note Project No. SW130320 – for \$197,035, bearing interest at a rate of 1.63%, due in 40 semi-annual payments of \$6,011, including interest, secured by a lien on Pledge Revenues as defined by the State Revolving Fund loan agreement.
- (e) State Revolving Loan Note Project No. DW130330 – for \$240,000, bearing interest at a rate of 2.53%, due in 40 semi-annual payments of \$6,011, including interest, secured by a lien on Pledge Revenues as defined by the State Revolving Fund loan agreement.
- (f) State Revolving Loan Note Project No. WW 130301- for \$16.895 million, interest-free, due in forty (40) semi-annual payments of \$430,845, from July 15, 2018 through June 15, 2032, including interest, secured by a lien on pledged revenues as defined by the State Revolving Fund loan agreement.
- (g) State Revolving Loan Note Project No. DW130331- for \$2,745,981 million, bearing interest at a rate of 1.21%, due in 40 semi-annual payments of \$79,075, from July 15, 2018 until all amounts have been fully paid, secured by a lien on pledged revenues as defined by the State Revolving Fund loan agreement.
- (h) On August 4, 2017, the City entered into an agreement with Miami-Dade County (“the County”) for (1) sewer disposal service, (2) administering the meter reading, billing and collection of water, sanitary sewage, and stormwater utility charges, and (3) acknowledging delinquent charges. The City will repay at a rate of three percent (3%) annual interest rate, in monthly payments for sixty (60) months to re-pay past due debt owed as of March 15, 2017. As of September 30, 2019, the total debt outstanding was \$5,397,751. Debt service payments, which include principal & interest, are made monthly in the amount of \$100,090.95. For fiscal year ended September 30, 2019, payments totaled 200,181.90.
- (i) For the fiscal year ended September 30, 2019, the County exercised the option to have water meters replaced and installed to bring customer properties into Compliance with the City’s Code of Ordinances. As a result, there is an estimated \$1,600,000 liability for water meters purchased on behalf of the City. The meters have been properly capitalized, see Note 7.
- (j) As of September 30, 2019, the City owed the State of Florida \$2,781,157 for their portion of the Mark Wandall Traffic Safety Program, Florida Statute 316.0083, regarding the ordinance to use a traffic infraction detector to identify a motor vehicle that fails to stop at a traffic control signal at a red light. Remittances in FY2019 were approximately \$1,076,912.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 9. LONG-TERM DEBT (Continued)

Long-Term Debt - Business-Type Activities (cont'd)

Annual debt service requirements to maturity for debt outstanding are as follows:

Fiscal Year Ending September 30,	Governmental Activities		Business - Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 836,897	\$ 412,708	\$ 1,652,119	\$ 219,271
2021	825,221	384,676	1,817,423	180,019
2022	853,646	355,653	1,857,804	139,638
2023	883,429	325,601	1,801,042	93,125
2024-2029	8,496,820	568,188	4,422,483	219,993
Thereafter	<u>217,393</u>	<u>-</u>	<u>140,167</u>	<u>89,667</u>
	<u>\$ 12,113,406</u>	<u>\$ 2,046,826</u>	<u>\$ 11,691,038</u>	<u>\$ 941,713</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, 2019, 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.

On June 3, 2014 - as authorized by City Ordinance No. 13-40 - the City entered into an agreement with City National Bank of Florida for the issuance of the Series 2014 Capital Improvement Revenue Note for the purpose of acquiring, construction, installation and equipping an administration building. Debt service is provided by a pledge of guaranteed state communications services tax revenues, public service tax revenues and all investment income except for Rebate fund. In May 2015, this was rolled up into the Series 2015 Note.

Pledged 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, 2019, 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, 2019, 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, 2019.

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 THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS

All of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a Florida state agency, county government, district school board, state university, community college, or a participating city or special district. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website (www.frs.myflorida.com).

A. Pension Plan - Florida Retirement System (FRS)

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

The general classes of membership for the City are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions
- Special Risk Class - Members who are employed as law enforcement officers

Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, a 5.0% benefit reduction is imposed for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest equivalent to an annual rate of 1.30%. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned.

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value (Per Year of Service)</u>
Regular Class Members Initially Enrolled Before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class Members Initially Enrolled On or After July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Special Risk Class	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00%
Service on and after Oct. 1, 1974	3.00%
Senior Management Service Class	2.00%

The benefits received by retirees and beneficiaries are increased by a COLA each July based on their June benefit amount. For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before August 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of August 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the fiscal year 2017-2018 are as follows:

<u>Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate*</u>	<u>Total Contribution Rate</u>
Regular	3.00%	6.54%	9.54%
Senior Management	3.00%	22.34%	25.34%
Special Risk	3.00%	22.78%	25.78%
DROP	N/A	12.37%	12.37%

*These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

For the fiscal year ending September 30, 2019, contributions, including employee contributions, to the Pension Plan for the City totaled \$969,476.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2019, the City reported a liability of \$7,949,247 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on its share of the City's 2018-2019 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 215.136(10) Florida Statutes. The 6.90 percent return assumption used in the June 30, 2019 calculations were determined by Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice. The 6.90 percent reported investment return assumption differs from the 7.20 percent investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$1,761,126. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ 471,493	\$ (4,933)
Change of Assumptions	2,041,709	-
Net difference between projected and actual earnings on Pension Plan investments	-	(439,794)
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	217,950	(1,375,710)
Pension Plan contributions subsequent to the measurement date	<u>181,183</u>	<u>-</u>
Total	<u>\$ 2,912,335</u>	<u>\$ (1,820,437)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$181,183 for the City, resulting from contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>For the Year Ending September 30,</u>	<u>Deferred Outflows/(Inflows) Net</u>
2020	\$ 330,279
2021	99,635
2022	240,728
2023	181,596
2024	46,833
Thereafter	<u>11,644</u>
Total	<u>\$ 910,715</u>

Actuarial Assumptions – The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.9%, net of pension plan investment expense, including inflation

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but, instead, is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.3%	3.3%	1.2%
Fixed Income	18.00%	4.1%	4.1%	3.5%
Global Equity	54.00%	8.0%	6.8%	16.5%
Real Estate (Property)	10.00%	6.7%	6.1%	11.7%
Private Equity	11.00%	11.2%	8.4%	25.8%
Strategic Investments	6.00%	5.9%	5.7%	6.7%
Total	<u>100.00%</u>			
Assumed Inflation – Mean		2.6%		1.7%

*As outlined in the Pension Plan's investment policy.

Discount Rate – The discount rate used to measure the total pension liability was 6.9%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

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

– The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9%) or one percentage point higher (7.9%) than the current rate:

	<u>1% Decrease 6.9%</u>	<u>Current Discount Rate 5.9%</u>	<u>1% Increase 7.9%</u>
City's proportionate share of the net pension liability	\$13,741,601	\$7,949,247	\$3,111,651

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

A. Pension Plan - Florida Retirement System (FRS) (cont'd)

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

Payables to the Pension Plan - At September 30, 2019, the City had no outstanding payables of to the Pension Plan for contributions to the Pension Plan required for the fiscal year ended September 30, 2019.

B. Retiree Health Insurance Subsidy Program (HIS)

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state administered retirement systems in paying health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution rate for the period October 1, 2016 through September 30, 2019, was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal year ending September 30, 2019, contributions to the HIS Plan for the City totaled \$142,377.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2019, the City reported a liability of \$2,211,518 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based its share of the City's 2018-2019 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

B. Retiree Health Insurance Subsidy Program (HIS) (cont'd)

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$131,135. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,861	\$ (2,708)
Change of Assumptions	256,073	(180,751)
Net difference between projected and actual earnings on Pension Plan investments	1,427	-
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	240,537	(755,065)
Pension Plan contributions subsequent to the measurement date	<u>25,857</u>	<u>-</u>
Total	<u>\$ 550,755</u>	<u>\$ (938,524)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$25,857 for the City, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>For the Year Ending September 30,</u>	<u>Deferred Outflows/(Inflows) Net</u>
2019	\$ (176,271)
2020	(141,075)
2021	(77,224)
2022	56,077
2023	(10,186)
Thereafter	<u>(64,946)</u>
Total	<u>\$ (413,626)</u>

Actuarial Assumptions – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2017 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2019.

Liabilities originally calculated as of the actuarial valuation date have been recalculated as of a later GASB Measurement Date using standard actuarial roll forward procedures.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

B. Retiree Health Insurance Subsidy Program (HIS) (cont'd)

The total pension liability as of June 30, 2019 was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	3.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions that determine the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2019 valuation was updated from 3.87% to 3.50% reflecting the change in the Bond Buyer General Obligation 20-Bond municipal Bond Index as of June 30, 2019.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
City's proportionate share of the net pension liability	\$2,524,561	\$2,211,518	\$1,950,788

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

C. Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

Allocations to the investment member's accounts during the 2018-19 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

Membership Class	Percentage of Gross Compensation
FRS Regular	6.30%
FRS Senior Manager Service	7.67%
FRS Special Risk	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. RETIREMENT PLANS (Continued)

C. Investment Plan (cont'd)

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

The Investment Plan pension expense for the City totaled \$185,025 for the fiscal year ended September 30, 2019.

At September 30, 2019, the City has no outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2019.

NOTE 11. RELATIONSHIP WITH THE COUNTY

In November 6, 1956, the Florida Legislature adopted the Miami-Dade County Home Rule for a general election to amend the Florida State Constitution designed to provide a centralized form of government to the County of Miami-Dade (the "County"). The County is, in effect, a municipality with governmental powers effective with 34 cities, towns and villages in the County, including the City, and the unincorporated areas. The County does not displace or replace cities, but can supplement them. The County can take over particular services 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 the inception of the City, the County has assumed responsibility for a number of functions, including county-wide police services, complementing county-wide fire protection; consolidated two-tier court systems; creation of the various surface transportation programs; installation of a central traffic control computer system; merging public transportation systems into a county system; and centralization of the property appraiser and tax collector functions.

In addition to county-wide services provided by Miami-Dade County in the City, the City has a Memorandums of Understanding (MOU), with the County to provide waste collection services and water utility billing services. The MOU dated February 17, 2017, for waste collection and waste hauler services was agreed after the City's vendor provided notification that they would no longer provide those services.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 11. RELATIONSHIP WITH THE COUNTY (Continued)

The MOU for transitioning water utility billing services, collection services and meter replacements city-wide to Miami-Dade County Water & Sewer Department was agreed to on August 4, 2017. Since the agreement, Miami-Dade County began the utility billing of the City's customers along with the installation, replacement, and repair of over 5,000 water meters which currently represents an estimated cost ranging from approximately \$1.5 million to \$2.2 million to the County per the agreement, however as of September 30, 2019, approximately \$1.6 million is recognized as capitalized meter replacements with the corresponding liability associated with the cost of the meters. A majority of the utility customer accounts have successfully transitioned to Miami-Dade County with the customers receiving their bills direction by Miami-Dade County Water & Sewer, and now having the ability to visit the newly opened Miami-Dade County Customer Services Center located in the City Hall at 780 Fisherman Street in Opa-locka.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Water Supply and Sewer Services Contract

In February 1985, the City entered into an agreement with Miami-Dade Water and Sewer Authority (the "Authority") for the purpose of providing to the City all of its potable water supply and sewer services for a period of thirty (30) years subject to termination at any time by operation of law or by mutual consent of the City and the Authority. For the year ended September 30, 2019 and 2018, the City purchased water and sewer services totaling \$3,832,428 and \$3,857,673 respectively, from the Authority under the terms of this agreement.

Various other claims and lawsuits, which arose in the normal course of operations, are pending against the City and are summarized below:

Threatened Litigation, Claims and Assessments

The City is involved in litigation and additional claims have been asserted against the City which are being handled by the City Attorney's office, in addition to third party Attorneys. A number of cases remain outstanding. In some cases, the City anticipates that its insurance carrier will cover the damages. Please consult with the City Attorney and Risk Manager for further information regarding such claims and lawsuits which arose in the normal course of operations, and are pending against the City. In the opinion of management and based on the advice of the City's Attorney, the outcome of some of these actions is not yet known. However, provision for liability has been accrued on the financial position and results of operations of the City for those cases where the outcome is known.

Contingencies

The City participates in a number of Federal and State grant programs in accordance with the provisions of the Uniform Guidance and the State of Florida Single Audit Act. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. These programs may be subjected 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 requested by the grantor agency. In the opinion of management, future disallowances, if any, of grant program expenditures would not have a material adverse effect on the financial condition of the City.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Grant Contingency

The City receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and may be subject to audit by the grantor agencies. In accordance with *Title 2 U.S. Code of Federal Regulations, Part 200, Uniformed Administrative Requirements, Cost Principals, and Audit Requirement for Federal Awards (Uniform Guidance)* and the Florida Single Audit Act, the City is required to conduct "single audits" when the required thresholds of \$750,000 in grant expenditures from either source is exceeded. For the year ended September 30, 2019, a Federal single audit in accordance with the Uniform Guidance was required, however a state single audit in accordance with the Florida Single Audit Act was not.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS

Effective October 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, for certain post-employment healthcare benefits provided by the City. The implementation of this statement resulted in a restatement of the City's government-wide statements as discussed in Note 13.

Plan Description

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 the coverage is available for active employees. The City does not provide retirees with any subsidy for this benefit.

On September 17, 2008, the City established the OPEB Trust, a single employer defined benefit health care plan to all of its employees except part-time employees and full-time employees who either resign or are terminated. The City is authorized to establish and amend benefit levels, subject to minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The plan does not issue a separate financial report.

Benefits Provided

The OPEB Plan provides healthcare insurance benefits for retirees and their dependents.

Funding Policy

The City's funding policy is to pay post-retirement medical benefits from general funds. A trust has not been established to pre-fund these benefits.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Membership

At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of the following:

Active plan members	119
Inactive plan members	-
	<u>119</u>

Total OPEB Liability

The City's total OPEB liability of \$377,107* was measured as of September 30, 2019, and was determined by an actuarial valuation as of October 1, 2017.

* This amount has been rolled forward from October 1, 2017.

Actuarial Assumptions and Other Inputs

Valuation Date:	October 1, 2017
Measurement Date:	September 30, 2019
Roll-forward Disclosure	The Total OPEB Liability was rolled forward from the valuation date to the measurement date using standard actuarial techniques.

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.2%
Discount Rate	3.58%
Salary Increases	3% per annum
Retirement Age	Retirement rate assumptions are based on the Florida Retirement System, retirement rates based on those used in the July 1, 2016 actuarial valuation of Florida Retirement System.
Mortality	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2017
Retirees Share of Benefit Related Costs	Premium contributions are required from retirees.

The Plan is unfunded; as such no projection of Fiduciary Net Position is required.

Demographic assumptions mirror those used for the Florida Retirement System pension plans.

The discount rate used to determine the liabilities under GASB 75 is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date. The discount rate is 3.58% per annum.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (cont'd)

Changes in the OPEB liability for the fiscal year ended September 30, 2019, were as follow:

Balance at September 30, 2018 -as restated	\$ 341,870
<i>Changes for the year</i>	
Service cost	28,827
Expected interest growth	13,113
Changes in assumptions	-
Differences between expected and actual experience	<u>2,184</u>
Total change in OPEB liability for 9/30/19	385,994
Estimated employer contributions/ benefits payments	<u>(8,887)</u>
Total OPEB Liability - September 30, 2019	<u>\$ 377,107</u>

Sensitivity of the total OPEB liability to changes in the discount rate:

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.58%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

Discount Rate	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	<u>\$ 417,763</u>	<u>\$ 377,107</u>	<u>\$ 341,432</u>
Net OPEB Liability	<u>\$ 417,763</u>	<u>\$ 377,107</u>	<u>\$ 341,432</u>

Sensitivity of the total OPEB liability to the healthcare cost trend rate:

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending September 30, 2019.

Ultimate Trend	1% Decrease 4.00%	Medical Trend 7.00% graded down to 5.00%	1% Increase 6.00%
Total OPEB Liability	<u>\$ 326,443</u>	<u>\$ 377,107</u>	<u>\$ 438,148</u>
Net OPEB Liability	<u>\$ 326,443</u>	<u>\$ 377,107</u>	<u>\$ 438,148</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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 Life Insurance Company of Southwest. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in this plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All assets and income of the Plan are held in trust for the exclusive benefits of the participants. The City makes no investment decisions and has no fiduciary responsibilities regarding the Plan; therefore, the assets and liabilities of the Plan are not included in the City's financial statements as September 30, 2019.

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. REQUIRED SUPPLEMENTARY INFORMATION

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

NOTE 17. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate within certain limits, earned but unused personal-time-off, which will be paid to employees upon separation from City service. All personal time-off is accrued when incurred in the government-wide financial statements. In the governmental funds, a liability is recorded only for paid time off payouts for employee separations that occurred within 60 days after the fiscal year ended September 30, 2019. The General Fund and Enterprise Fund have been used in prior years to liquidate the liability for compensated absences.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 18. RESTATEMENT - PRIOR PERIOD ADJUSTMENTS

The September 30, 2018, beginning net asset position of the Government Activities and Business-Type Activities were restated as a result of the prior period correction of errors. The City's net position increased by \$797,348 over the prior fiscal year ended September 30, 2018. This is because the prior period adjustments had a greater amount of credits to the net position than the debit charges that were made to record the corrections.

Restatement of net position at September 30, 2018, due to prior period corrections of an error.

	Restatement of Net Position		
	Governmental Activities	Business-Type Activities	Total
Net position September 30, 2018, previously stated and reported	\$ 6,358,459	\$ 1,785,876	\$ 8,144,335
Prior period adjustment:			
Net effect of Correction of errors, effect of adjustment to revenue, expenditure and other	<u>2,302</u>	<u>795,046</u>	<u>797,348</u>
Net Position, September 30, 2018	<u>\$ 6,360,761</u>	<u>\$ 2,580,922</u>	<u>\$ 8,941,683</u>

Government Activities – The City's net position of Government Activities as of September 30, 2018, has been restated for prior period adjustments. The net position increased by \$2,302 resulting from net adjustments associated with the correction of errors relate to prior periods.

- Prior period corrections in the general fund in the amount of \$2 million, were related to a combination of transfers of capital improvement debt service funds released from restrictions from prior years to be transferred to the general funds of more than \$1.8 million as an increase, and adjustments to the due to/due from other funds associated with these transactions. In addition to other miscellaneous transactions associated with the City's portion of funds due to the State of Florida in accordance with Florida Statute 316.0083, regarding the ordinance to use a traffic infraction detector to identify a motor vehicle that fails to stop at a traffic control signal for a red light.
- The City corrected errors in reporting of the capital improvement debt service fund related to prior years in order to transfer \$1.8 million in unrestricted amounts not transferred for fiscal years 2011 to 2018 released from restriction.
- As a result of the City becoming compliant with past due compliance audits related to its share of transportation and transit surtax funding for the fiscal year ended September 30, 2018, there were adjustments totaling (\$227,441).

	Governmental Activities
General fund	\$ 2,043,855
Capital improvement debt service	(1,814,112)
People's transportation tax	<u>(227,441)</u>
Total	<u>\$ 2,302</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 18. RESTATEMENT - PRIOR PERIOD ADJUSTMENTS (cont'd)

Business-Type Activities – The City's net position of Business-Type Activities as of September 30, 2018, has been restated for prior period adjustments. The net position increased by \$795,046 resulting from net adjustments to due to/from other funds, cash, revenue, expenditures, and other errors related to prior year.

- The prior period adjustments related to the water and sewer fund totaled \$652,662, this was related to adjustments in the 'Unapplied Credits' account related to prior periods beginning in 2009 through 2016, totaling \$741,881. In addition to other adjustments related to prior year sewer true up credits for wholesale customers for wastewater services for the City's water and sewer operations, to correct errors related to charges associated with collection in accordance with Section 24-34 of the Code of Miami-Dade County for the Department of Environmental Resource Management (DERM) recorded as a liability for prior year billings, and for other miscellaneous adjustments to correct prior period errors.
- For the storm water, adjustments are related to liabilities associated with contractor retainage and other contracted services, totaling \$142,384.

	<u>Business-type Activities</u>
Water and sewer	\$ 652,662
Stormwater	<u>142,384</u>
Total	<u>\$ 795,046</u>

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED

Accounting Pronouncements – Adopted and Unadopted

GASB Statement No. 87, *Leases*. The objective of this Statement is to increase the usefulness of governments' financial statements and establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date was for reporting periods beginning after December 15, 2019, for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

GASB Statement No. 88, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 1*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements for this Statement are effective for reporting periods beginning after December 31, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. (cont'd)

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. However, based on GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirements of this statements were postponed to after December 15, 2020.

GASB Statement No. 90, Majority Equity Interest, an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 90, *Majority Equity Interest, an amendment of GASB Statements No. 14 and No. 61.* (cont'd)

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. However, based on GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirements of this statements were postponed to December 15, 2019.

Those provisions should be applied on a prospective basis.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 91, *Conduit Debt Obligations*. (cont'd)

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so. An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are

met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset. If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. However, based on GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirements of this statements were postponed to after December 15, 2021.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 92, *Omnibus 2020*. (cont'd)

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Earlier application is encouraged and is permitted by topic.
- However, based on GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirements of this statement were mostly postponed to fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rate*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs (Interbank Offered Rate) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

The standard, designed to address the accounting implications of the replacement of an IBOR, establishes that agreements that maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. Indeed, as a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. Governments will need to amend or replace financial instruments that are tied to LIBOR. It should be noted that Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, previously required a government to terminate hedge accounting when it changes the reference rate of a hedging derivative's variable payment. Statement No. 87, *Leases*, previously required a government that replaced the rate on which variable payments depend in a lease contract to apply the provisions for lease modifications.

The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. (cont'd)

This Statement provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides uniform guidance on accounting and financial reporting for transactions that meet the definitions of PPP and APAs. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA (Service Concessions Arrangements).

This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement).

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement).

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. Consequently, the statement will improve Financial Reporting providing governments with sufficient time to apply the authoritative guidance addressed in this Statement. Also, it will help to safeguard the reliability of the financial statements, which in turn will benefit the users of those financial statements.

That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year. The requirements of this Statement are effective immediately.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 19. NEW ACCOUNTING PRONOUNCEMENTS ISSUED (Continued)

Accounting Pronouncements – Adopted and Unadopted (cont'd)

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. (cont'd)

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The requirements of the Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021; whereas the requirements of the other parts of the statement are effective immediately.

NOTE 20. STATE AND LOCAL AGREEMENT

On June 1, 2016, the City of Opa-locka City Commission adopted a Resolution to request a declaration that the City is in a state of financial emergency to seek the appointment of a financial emergency board and other assistance pursuant to section 218.503(1), Florida Statutes. The State of Florida, Office of the Governor, issued Executive Order 16-135, signed by Florida Governor Rick Scott.

On June 8, 2016, the City entered into a State and Local Agreement of Cooperation between the Governor as a result of being in a state of financial emergency. The State implemented measures to resolve the financial emergency, the City's cooperation with the Governor to resolve the financial emergency and the Governor to designate the Office of the Chief Inspector General ("Governor's Designee") to serve as the lead entity responsible for coordinating the Governor's efforts in providing intervention and assistance to the City.

One element of exiting from a state of financial emergency is the development of a Five-Year Recovery Plan by the City, demonstrating the City's ability to satisfy the requirements necessary for restoration of the City's fiscal integrity. The City submitted a proposed Five-Year Recovery Plan to the State of Florida, which was approved in August 2020 without modification.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 21. MANAGEMENT'S REVIEW

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 28, 2021, the date the financial statements were available to be issued. There were no other significant events that management believed require disclosure.

NOTE 22. SUBSEQUENT EVENTS

In December 2019, COVID-19 (Coronavirus) surfaced in Wuhan, China, and has spread around the Globe resulting in social and business disruption. The Coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could be significantly adversely affected. The extent to which the Coronavirus may impact governmental activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the Coronavirus and the actions required to contain it and to treat its impact. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The City recouped \$901,927 from Miami-Dade County in March 2020, as a result of completing a three year backlog of the Charter County Transportation System Surtax Review. This amount is the City's portion of Surtax proceeds used in compliance with the Interlocal Agreement for Distribution, Use and Reporting of Charge County Transit System Surtax Proceeds levied by Miami Dade County after completing its annual surtax audit for the fiscal years ended September 30, 2017, September 30, 2016, and September 30, 2015.

In addition, the City recouped \$261,546 in May 2021, as a result of completing its annual surtax audit for fiscal year ended September 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (NON-GAAP BUDGETARY BASIS – UNAUDITED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference from Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 8,092,596	\$ 8,092,596	\$ 7,984,161	\$ (108,435)
Utility taxes	62,749	62,749	77,475	14,726
Communications service taxes	-	-	-	-
Local option gas tax	-	-	-	-
Local business taxes	191,574	191,574	284,844	93,270
Franchise fees	1,497,041	1,497,041	1,962,804	465,763
Permits and fees	568,201	568,201	693,714	125,513
Intergovernmental	40,703	40,703	117,711	77,008
Charges for services	80,236	80,236	178,402	98,166
Fines and forfeitures	1,200,534	350,534	662,776	312,242
Interest	-	-	-	-
Other	180,100	180,100	460,559	280,459
Total revenues	<u>11,913,734</u>	<u>11,063,734</u>	<u>12,422,446</u>	<u>1,358,712</u>
Expenditures:				
General government:				
City commission	257,886	167,874	182,358	(14,484)
City manager	1,863,653	1,572,545	1,088,338	484,212
City clerk	425,589	425,589	398,005	27,584
City attorney	507,874	507,874	712,159	(204,285)
Finance	805,070	805,070	788,675	16,395
Information technology	-	-	-	-
Human resources	309,821	301,908	317,093	(15,185)
Building licenses	507,303	507,303	413,073	94,230
Community development	379,668	348,695	520,571	(171,876)
Town center	707,188	707,188	312,564	394,624
Total general government	<u>5,764,052</u>	<u>5,344,046</u>	<u>4,732,830</u>	<u>611,216</u>
Public safety:				
Police	6,849,668	6,372,100	6,235,397	136,703
Code enforcement	497,680	455,199	432,847	22,352
Total public safety	<u>7,347,348</u>	<u>6,827,299</u>	<u>6,668,245</u>	<u>159,054</u>
Public works:				
Administration	280,654	276,940	315,886	(38,946)
Sanitation	120,000	120,000	127,977	(7,977)
Street maintenance	910,946	960,849	884,621	76,228
Building maintenance	493,405	424,006	420,042	3,964
Vehicle maintenance	-	-	-	-
Total public works	<u>1,805,005</u>	<u>1,781,795</u>	<u>1,748,526</u>	<u>33,269</u>
Parks and recreation:				
Parks	633,826	591,521	543,626	47,895
Total parks and recreation	<u>633,826</u>	<u>591,521</u>	<u>543,626</u>	<u>47,895</u>
Non-departmental	<u>595,000</u>	<u>595,000</u>	-	<u>595,000</u>
Total non-departmental	<u>595,000</u>	<u>595,000</u>	-	<u>595,000</u>
Total expenditures	<u>16,145,231</u>	<u>15,139,661</u>	<u>13,693,232</u>	<u>1,446,434</u>
Excess of revenues over expenditures	<u>(4,231,497)</u>	<u>(4,075,927)</u>	<u>(1,270,785)</u>	<u>(87,722)</u>
Other financing sources (uses):				
Transfer in			978,660	
Total other financing sources (uses)			978,660	
Net change in fund balance			(292,125)	
Fund balance, beginning			(3,964,529)	
Prior period adjustment			2,043,855	
Fund balances, beginning restated			<u>(1,920,674)</u>	
Fund balance, ending			<u>\$ (2,212,800)</u>	

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CAPITAL IMPROVEMENT DEBT SERVICE (NON-GAAP BUDGETARY BASIS – UNAUDITED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
Revenues:	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Taxes:	\$ 1,244,098	\$ 1,244,098	\$ 1,463,590	\$ 219,492
Intergovernmental	2,251,269	2,251,269	2,065,062	(186,207)
Interest	-	-	33	33
Total revenues	<u>3,495,367</u>	<u>3,495,367</u>	<u>3,528,685</u>	<u>33,285</u>
Expenditures:				
Current:				
General government:				
General government	-	-	8,007	(8,007)
Debt service:				
Principal	770,390	770,390	771,488	(1,098)
Interest	439,780	439,780	438,682	1,098
Reserves	-	-	-	-
Total debt service	<u>1,210,170</u>	<u>1,210,170</u>	<u>1,218,177</u>	<u>(8,007)</u>
Total expenditures	<u>1,210,170</u>	<u>1,210,170</u>	<u>1,218,177</u>	<u>(8,007)</u>
Excess of revenues over expenditures	<u>2,285,197</u>	<u>2,285,197</u>	<u>2,310,508</u>	<u>41,292</u>
Other financing sources (uses):				
Transfer in			-	
Transfer out			(978,660)	
Total other financing sources (uses)			<u>(978,660)</u>	
Net change in fund balance			1,331,848	
Fund balance, beginning			6,583,852	
Prior period adjustment			(1,814,112)	
Fund balance, restated			<u>4,769,740</u>	
Fund balance, ending			<u>\$ 6,101,588</u>	

CITY OF OPA-LOCKA, FLORIDA
NOTES TO BUDGETARY SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019, expenditures exceeded appropriations in, general government, under city commission, city attorney, human resources, and community development of the general fund. Overall, general fund increased its revenues positively by \$1.36 million and reduced its budgeted expenses by \$1.4 million.

For the year ended September 30, 2019, the City had funds withheld by the State of Florida, as a result of the City's noncompliance with Section 11.40(2)(a), Florida Statutes, which authorized the Joint Legislative Audit Committee to direct the Department of Revenue and the Department of Finance Services to withhold selected state revenues from municipalities that have failed to file an Annual Financial Report (AFR) and an annual financial audit report (if required), revenues were reduced overall by (\$33,285) in total pledged revenue for this fund, while actual debt service and expenditures increased by \$8,007 over budget, however overall the change in fund balance was a positive \$1,331,848 reported as of September 30, 2019.

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Opa-locka's proportion of the net pension liability	0.0231%	0.0266%	0.0259%	0.0343%	0.0357%
City of Opa-locka's proportionate share of the net pension liability	\$ 7,949,247	\$ 8,031,493	\$ 7,654,405	\$ 8,653,259	\$ 4,610,060
City of Opa-locka's covered-employee payroll	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338	\$ 9,279,820
City of Opa-locka's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	118.35%	112.58%	119.67%	117.01%	49.68%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

Note: The amounts presented for each fiscal year were determined as of June 30th.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 896,903	\$ 926,137	\$ 852,437	\$ 983,512	\$ 1,086,534
Contributions in relation to the contractually required contribution	<u>896,903</u>	<u>926,137</u>	<u>852,437</u>	<u>983,512</u>	<u>1,086,534</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City of Opa-locka's covered-employee payroll	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338	\$ 9,279,820
Contributions as a percentage of covered-employee payroll	13.35%	12.98%	13.33%	13.30%	11.71%

Note: The amounts presented for each fiscal year were determined as of September 30th.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PENSION PLAN SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Opa-locka's proportion of the net pension liability (asset)	0.0198%	0.0215%	0.0195%	0.0270%	0.0309%
City of Opa-locka's proportionate share of the net pension liability (asset)	\$ 2,211,518	\$ 2,282,255	\$ 2,082,612	\$ 3,144,569	\$ 3,151,008
City of Opa-locka's covered-employee payroll	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338	\$ 9,279,820
City of Opa-locka's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.93%	31.99%	32.57%	42.52%	33.96%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

Note: The amounts presented for each fiscal year were determined as of June 30th.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 135,611	\$ 141,785	\$ 129,528	\$ 161,304	\$ 156,110
Contributions in relation to the contractually required contribution	<u>135,611</u>	<u>141,785</u>	<u>129,528</u>	<u>161,304</u>	<u>156,110</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City of Opa-locka's covered-employee payroll	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338	\$ 9,279,820
Contributions as a percentage of covered-employee payroll	2.02%	1.99%	2.03%	2.18%	1.68%

Note: The amounts presented for each fiscal year were determined as of September 30th.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF OPA-LOCKA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S TOTAL – OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS SEPTEMBER 30, 2019

Total OPEB Liability

Service cost	\$ 28,827
Interest	13,113
Changes in assumptions	2,184
Benefit payments	<u>(8,887)</u>
Net change in Total OPEB liability	35,237
Total OPEB liability -beginning as restated	<u>341,870</u>
Total OPEB liability -ending	<u>\$ 377,107</u>
Covered employer payroll	N/A
Total OPEB liability as a % of covered employee payroll	N/A

Notes to schedule

1. Changes of assumptions – Discount rate was changed as follows:
Discount Rate
9/30/2018 3.64%
9/30/2019 3.58%
2. The information in this schedule is not required to be presented retroactively. Therefore, years will be added to this schedule in future years until ten years of information are available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF OPA-LOCKA, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>Special Law Enforcement</u>	<u>People's Transportation Tax</u>	<u>Community Redevelopment Agency</u>	<u>Safe Neighborhood Capital Projects</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 264,734	\$ 105,100	\$ 628,608	\$ 134,553	\$ 1,132,994
Due from other funds	410,529	2,038,094	342,502	2,605,968	5,397,093
Due from other governments	-	2,071,694	-	100,000	2,171,694
Restricted cash and cash equivalents	-	-	-	69,104	69,104
Total current assets	<u>675,263</u>	<u>4,214,888</u>	<u>971,110</u>	<u>2,909,625</u>	<u>8,770,885</u>
Total assets	<u>\$ 675,263</u>	<u>\$ 4,214,888</u>	<u>\$ 971,110</u>	<u>\$ 2,909,625</u>	<u>\$ 8,770,885</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 4,406	\$ 53,314	\$ 70,204	\$ 240,114	\$ 368,039
Due to other funds	126	3,030,918	121,006	2,513,049	5,665,100
Total current liabilities	<u>4,532</u>	<u>3,084,232</u>	<u>191,210</u>	<u>2,753,163</u>	<u>6,033,138</u>
Total liabilities	<u>4,532</u>	<u>3,084,232</u>	<u>191,210</u>	<u>2,753,163</u>	<u>6,033,138</u>
NET POSITION					
Restricted for:					
CRA	-	-	779,900	-	779,900
Public safety	670,731	-	-	-	670,731
Transportation	-	1,130,655	-	-	1,130,655
Capital projects	-	-	-	156,461	156,461
Total Fund Balances	<u>670,731</u>	<u>1,130,655</u>	<u>779,900</u>	<u>156,461</u>	<u>2,737,747</u>
Total Liabilities and Fund Balances	<u>\$ 675,263</u>	<u>\$ 4,214,888</u>	<u>\$ 971,110</u>	<u>\$ 2,909,625</u>	<u>\$ 8,770,885</u>

CITY OF OPA-LOCKA, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>Special Law Enforcement</u>	<u>People's Transportation Tax</u>	<u>Community Redevelopment Agency</u>	<u>Safe Neighborhood Capital Projects</u>	<u>Total</u>
REVENUES					
Property Taxes	\$ -	\$ -	\$ 555,288	\$ -	\$ 555,288
Local option, use and fuel taxes	-	-	-	316,921	316,921
Intergovernmental	2,395	1,012,246	-	-	1,014,641
Charges for services	<u>9,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,310</u>
Total revenues	<u>11,705</u>	<u>1,012,246</u>	<u>555,288</u>	<u>316,921</u>	<u>1,896,159</u>
EXPENSES					
Current:					
General government	\$ -	\$ -	\$ 66,660	\$ -	\$ 66,660
Public safety	4,406	-	-	-	4,406
Transportation	<u>-</u>	<u>998,090</u>	<u>-</u>	<u>57,070</u>	<u>1,055,160</u>
Total expenses	<u>4,406</u>	<u>998,090</u>	<u>66,660</u>	<u>57,070</u>	<u>1,126,226</u>
Excess (deficiency) of revenues over expenditures	<u>7,299</u>	<u>14,156</u>	<u>488,628</u>	<u>259,851</u>	<u>769,933</u>
Net change in fund balances	7,299	14,156	488,628	259,851	769,933
Fund balances, beginning	663,432	1,343,940	291,272	(103,389)	2,195,254
Prior period adjustment	-	(227,441)	-	-	(227,440)
Fund balances, beginning restated	<u>663,432</u>	<u>1,116,499</u>	<u>291,272</u>	<u>(103,389)</u>	<u>1,967,814</u>
Fund balances, ending	<u>\$ 670,731</u>	<u>\$ 1,130,655</u>	<u>\$ 779,900</u>	<u>\$ 156,461</u>	<u>\$ 2,737,747</u>

CITY OF OPA-LOCKA, FLORIDA

COMBINING STATEMENT OF NET POSITION BALANCES NON-MAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2019

	<u>Solid Waste</u>	<u>Storm Water</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 2,022,257	\$ 2,022,257
Accounts receivable, net	-	347,785	347,785
Due from other funds	1,690,264	705,945	2,396,209
Due from other governments	-	38,514	38,514
Restricted cash and cash equivalents	-	110,000	110,000
Total current assets	<u>1,690,264</u>	<u>3,224,501</u>	<u>4,914,765</u>
Non-current assets:			
Capital assets, non-depreciable	-	289,056	289,056
Capital assets, depreciable	<u>(1)</u>	<u>31,990</u>	<u>31,990</u>
Total non-current assets	<u>(1)</u>	<u>321,046</u>	<u>321,046</u>
Total assets	<u>\$ 1,690,263</u>	<u>\$ 3,545,547</u>	<u>\$ 5,235,810</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 264,764	\$ 264,764
Due to other funds	1,649,066	1,372,918	3,021,985
Customer deposits	<u>64,144</u>	<u>1</u>	<u>64,145</u>
Total current liabilities	<u>1,713,210</u>	<u>1,637,683</u>	<u>3,350,893</u>
Non-current liabilities:			
Compensated absences	-	28,311	28,311
OPEB obligation	-	3,996	3,996
Other long term debt	<u>-</u>	<u>530,972</u>	<u>530,972</u>
Total non-current liabilities	<u>-</u>	<u>563,278</u>	<u>563,278</u>
Total liabilities	<u>1,713,210</u>	<u>2,200,961</u>	<u>3,914,171</u>
NET POSITION			
Invested in capital assets, net of related debt	(1)	321,046	321,046
Unrestricted	<u>(22,946)</u>	<u>1,023,540</u>	<u>1,000,594</u>
Total Net Position	<u>\$ (22,947)</u>	<u>\$ 1,344,586</u>	<u>\$ 1,321,639</u>

CITY OF OPA-LOCKA, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION—NON-MAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2019

	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 1,535,691	\$ -	\$ 1,535,691
Total operating revenues	<u>1,535,691</u>	<u>-</u>	<u>1,535,691</u>
Operating expenses:			
Operating, administrative and maintenance	703,709	-	703,709
Depreciation	-	-	-
Bad debts and other	<u>691,979</u>	<u>-</u>	<u>691,979</u>
Total operating expenses	<u>1,395,688</u>	<u>-</u>	<u>1,395,688</u>
Non-operating revenues (expenses):			
Interest and other debt costs	<u>2,764</u>	<u>-</u>	<u>2,764</u>
Total non-operating revenues (expenses)	<u>2,764</u>	<u>-</u>	<u>2,764</u>
Change in net position	<u>137,240</u>	<u>-</u>	<u>137,240</u>
Net position, beginning	1,064,962	(22,947)	1,042,015
Prior period adjustment	<u>142,384</u>	<u>-</u>	<u>142,384</u>
Net position, beginning restated	<u>1,207,346</u>	<u>(22,947)</u>	<u>1,184,399</u>
Net position, ending	<u>\$ 1,344,586</u>	<u>\$ (22,947)</u>	<u>\$ 1,321,639</u>

CITY OF OPA-LOCKA, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2019

	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,132,107	\$ -	\$ 1,132,107
Cash paid to vendors	(619,661)	-	(619,661)
Cash paid to employees	(84,047)	-	(84,047)
Receipts from other governments	<u>5,924</u>	<u>-</u>	<u>5,924</u>
Net cash provided by operating activities	<u>434,323</u>	<u>-</u>	<u>434,323</u>
Cash flows from noncapital financing activities:			
Transfer from (to) other funds	<u>398,864</u>	<u>-</u>	<u>398,864</u>
Net cash provided by noncapital financing activities	<u>398,864</u>	<u>-</u>	<u>398,864</u>
Cash flows from capital and related financing activities:			
Interest paid on long term debt	<u>(2,764)</u>	<u>-</u>	<u>(2,764)</u>
Net cash used in capital and related financing activities	<u>(2,764)</u>	<u>-</u>	<u>(2,764)</u>
Net increase (decrease) in cash	830,423	-	830,423
Cash, beginning	<u>1,301,834</u>	<u>-</u>	<u>1,301,834</u>
Cash, ending	<u>2,132,257</u>	<u>-</u>	<u>2,132,257</u>
Display as:			
Unrestricted	2,022,257	-	2,022,257
Restricted	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total	<u>\$ 2,132,257</u>	<u>\$ -</u>	<u>\$ 2,132,257</u>
Reconciliation of operating income to cash provided by operating activities:			
Operating (loss)	\$ 137,240	\$ -	\$ 137,240
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Increase (decrease) in:			
Accounts receivable	180,025	-	180,025
Due from other governments	5,924	-	5,924
Due from other funds	(164,414)	727	(163,687)
Increase (decrease) in:			
Accounts payable and accrued liabilities	43,148	-	43,148
Customer deposits	-	(727)	(727)
Compensated absences	(11,408)	-	(11,408)
Other liabilities and pension	(16,921)	-	(16,921)
Due to other funds	260,729	-	260,729
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 434,323</u>	<u>\$ -</u>	<u>\$ 434,323</u>

COMPLIANCE SECTION



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**INDEPENDENT AUDITORS' 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 Members of the City Council
City of Opa-locka, Florida

We were engaged to audit, 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 The City of Opa-locka, ("Opa-locka") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Opa-locka's basic financial statements and have issued our report thereon dated June 28, 2021.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of Opa-locka, we considered Opa-locka'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 Opa-locka's internal control. Accordingly, we do not express an opinion on the effectiveness of Opa-locka's internal control.

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. **2019-01, 2019-02, 2019-03, 2017-01, 2017-02, 2017-03, 2017-04, 2017-05, 2015-01, and 2015-03.**

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 accompanying schedule of findings and questioned costs to be significant deficiencies. **2017-06, 2015-02, and 2014-01.**

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 have not been 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.

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Compliance and Other Matters

In connection with our engagement to audit the financial statements of Opa-locka, 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 item **2015-05**. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

City of Opa-locka's Response to Findings

Opa-locka's response to the findings identified in our engagement is described in the accompanying schedule of findings and questioned costs. Opa-locka's response was not subjected to the auditing procedures applied in the engagement to audit 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 engagement to perform an audit 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.



Miami, Florida
June 28, 2021



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited City of Opa-locka, (the "City") Florida's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. 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 federal regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); Those standards and the Uniform Guidance, 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, 2019.

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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 state project, and to test and report on internal control over compliance in accordance with Uniform Guidance, 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Miami, Florida
June 28, 2021

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☒ Yes ☐ No
- Significant deficiency identified that are not considered to be material weaknesses? ☒ Yes ☐ No
- Non-compliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiency identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of Auditors' Report Issued on Compliance for Major Program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 the Uniform Guidance

☐ Yes ☒ No

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

66.458 Capitalization Grants for Clean Water State Revolving Funds

66.468 Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section II – Current Year - Financial Statement Findings

Material Weakness

2019-01 Support for Water and Sewer Consumption

Condition

We were not able to obtain and review the source documentation for water and sewer consumption calculations used in the utility billing process.

Criteria

Pertinent accounting records should be secured and retained as a standard business practice.

Cause of Condition

The computer housing, Itron MV-RS meter reading software used to record consumption for water and sewer was reprioritized by IT for other uses, and a backup of the consumption data records was not retained. In addition, records to show the basis for calculation of consumption estimates used in the billing process were not retained.

Potential effect of Conditions

Water and sewer revenues recorded for the year cannot be re-calculated, and the revenue balance may be misstated.

Recommendation

The City should retain all pertinent documentation and records that support their account activity and balances pursuant to Florida statutes record retention policy.

View of Responsible Officials and Planned Corrective Actions

It should be clarified that pursuant to Florida Statute's record retention policy, all pertinent documentation and records that support the City's revenue activity and accounts receivable balances are maintained on the City's server within the Utility Billing system referred to as SunGard (e-Community).

It is also notated that when estimated billings are used, the basis for calculation of consumption in the billing process is a procedure authorized by City Ordinance Section 21-93. This Ordinance states that in the event any meter has been damaged, destroyed or required repair, or in the event any meter is found to be defective or has ceased to register, said meter will be adjusted, repaired, or changed and the department will estimate the bill for the period, either by adopting and using the registration of a correct meter or by comparison with the amount charged during the corresponding period of the previous year, taking into account the capacity of the installation.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section II – Current Year - Financial Statement Findings (Continued)

Material Weakness (cont'd)

2019-01 Support for Water and Sewer Consumption (cont'd)

View of Responsible Officials and Planned Corrective Actions (cont'd)

Furthermore, the Itron MV-RS meter reading software (also known as handheld computer) previously used to record consumption is a device that served the purpose of reading each customers' meter and then transferring the resulting consumption data to the City's Utility Billing system (UB) known as SunGard (e-Community).

Once the consumption data was transferred from the Itron MV-RS meter reader to the City's server, it was saved and is presently retained on the City's server to this date. The utility billing consumption data for FY2019 is still currently being viewed and relied upon on the server by authorized City staff. The FY2019 utility billing consumption data includes those customer accounts that were not yet transferred to the management of Miami-Dade County Water and Sewer Department (the "County" or "WASD") through the agreement ratified by both the City and the County on August 4, 2017. Sample reports from the server, such as monthly consumption data for each customer and their respective payment log per customer were generated as of this writing and are available for review by the external auditor.

It is also clarified that although more than 5,000 customer utility billing accounts were transferred to WASD for outsourced management of the utility billing process on behalf of the City, the data for the City's utility billing customers currently being billed by WASD are available upon request by the City.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section II – Current Year - Financial Statement Findings (Continued)

Material Weakness

2019-02 Untimely Recognition of Half Cent Tax Revenue

Condition

The City did not deposit checks sent by the State of Florida in FY2019 for Half Cent Tax revenue, a part of the Capital Projects Debt Service revenue for July 2019 and August 2019 amounting to approximately \$231,000. Per the City, the checks were never received and thus never deposited. As a result, these funds were recorded by the State of Florida as unclaimed property. The State subsequently deposited the funds into the City's bank account in September 2020, and because the City did not know what these funds were for, proceeds were recorded as miscellaneous income in FY2020.

Criteria

Comprehensive review and reconciliation of revenue accounts should be performed timely to ensure the completeness and accuracy of cash proceeds.

Cause of Condition

The City did not fully investigate the source of proceeds prior to its revenue recognition.

Potential effect of Conditions

The inability to determine completeness of revenue may increase the City's exposure to fraud and the potential for misappropriation of resources. In addition, it impedes efficient cashflow management and may result in improper revenue recognition and potential loss of income.

Recommendation

Management should enhance its control environment over the revenue and receivables process to ensure timely and proper recognition of revenue.

View of Responsible Officials and Planned Corrective Actions

The City concurs that it should enhance its control environment over the revenue and receivables process to ensure timely and proper recognition of revenue. The corrective actions taken to address this includes but are not limited to the following:

- Active recruitment within the Finance Department; and management's review of a necessary budget revision to hire additional resources such as a Finance Director, Senior Accountants with the knowledge, experience, and capability to perform a comprehensive review and reconciliation of revenue and receivable accounts on a timely basis. The City's Finance Department has not been operating at full capacity on an ongoing basis and lacks sufficient staffing to address all of the following: (1) day to day operations, (2) back log of financial and compliance audits, (3) reconciliation of all governmental and business type activity accounts, (4) addressing research and correction of errors related to the prior periods, (5) complex and ongoing assignments and special projects.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section II – Current Year - Financial Statement Findings (Continued)

Material Weakness (cont'd)

2019-02 Untimely Recognition of Half Cent Tax Revenue (cont'd)

View of Responsible Officials and Planned Corrective Actions (cont'd)

- At such time, that the hiring is completed, continued use of temporary staff persons to monitor, analyze, and prepare journal entries to record the revenue and accounts receivable activity will be done, along with a schedule of routine and monthly transactions. Training on accounting policies and procedures and the City's revenue budget will be provided as a guide to assure that proper recording of revenues expected are timely posted. The use of the budget will alert staff to perform research and make inquiries when certain revenue is not received as scheduled.

Management expects that implementation of the corrective action stated above will enhance its control environment over the revenue and receivables process.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section II – Current Year - Financial Statement Findings (Continued)

Material Weakness

2019-03 Inaccurate Calculation and Accrual of Department of Environmental Resources Management (DERM) Revenue

Condition

The DERM service fee revenue was accrued at 8% but paid to Miami Dade County at 6%. Although the rate changed from 8% to 6% effective October 1, 2017, the City continued to accrue the DERM at the old rate. As a result, there is more revenue accrued compared to the actual DERM payment to Miami-Dade County for the same period overstating revenue by approximately \$182,000.

Criteria

Per Section 24-34 of the Code of Miami-Dade County (the County), "Each water or sewer utility shall collect from its customers and pay to the County a County service fee equal to eight dollars (\$8.00) per each one hundred dollars (\$100.00) of the receipts of said utility derived from its water and/or sewer utility operations conducted within the County to cover the cost of providing certain environmental services to and certain environmental regulation of said water or sewer utilities. Effective October 1, 2017, the service fee shall be reduced to \$6.00 per each \$100.00 of the receipts of each water or sewer utility derived from its water and/or sewer utility operations conducted within the County."

Cause of Condition

The City is accruing DERM revenue at a higher rate than is required by or remitted to the County.

Potential effect of Conditions

This results in the overstatement of DERM revenue.

Recommendation

The City must accrue for DERM revenue at the rate stipulated by the County's Code.

View of Responsible Officials and Planned Corrective Actions

This condition has been resolved. In addition, the City is taking corrective action, to review customer's accounts for adjustment of the two (2) percent difference.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status

Material Weakness

2017-01 Florida Auditor General Report Findings

Condition

On May 23, 2019, the Auditor General of the State of Florida prepared a report on the City, pursuant to an operational audit conducted by the Agency. As a result of the audit, multiple findings and recommendations were submitted to City seeking actual or proposed corrective actions.

Criteria

Prudent accounting practices include policies, procedures, and controls over the safeguarding, recording, processing, and reporting of the City's financial Operations and transactions.

Recommendation

We recommend that the City designate a member of management take timely action to resolve issues identified or proposed action plans to formally address issues cited as soon as time permits.

Current Year Status

The Auditor General report dated May 23, 2019, contained 99 findings and related recommendations. Many items prescribed in the proposed corrective action plan were addressed; however, several items remain open.

View of Responsible Officials and Planned Corrective Actions

The City has undertaken a rigorous program of correcting prior issues where practical and is developing documented policies and procedures where appropriate to establish guidance and checks and balances to avoid a recurrence of these problems in the future. At this time, 30 findings have been deemed as satisfactorily completed, with work underway on the remainder.

The Government Finance Officers Association (GFOA) recommends that every government should consider the feasibility of establishing a formal internal audit function to help management maintain a comprehensive framework of internal controls and that if not feasible, the local government is encouraged to consider (1) assigning internal audit responsibilities to its regular employees or (2) obtaining the services of an accounting firm (other than the independent auditor) for the purposes;

- The internal audit function should be established formally by charter, enabling resolution, or other appropriate legal means, which should include the scope of work, who the internal auditor reports to (i.e. top management and/or the audit committee/governing body), submission of an annual report, and the auditing standard(s) to follow;

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material Weakness (cont'd)

2017-01 Florida Auditor General Report Findings (cont'd)

View of Responsible Officials and Planned Corrective Actions (cont'd)

- It is recommended that internal auditors of state and local governments conduct their work in accordance with the professional standards relevant to internal auditing contained in the U.S. General Accounting Office's publication *Government Auditing Standards*, including those applicable to the independence of internal auditors;
- At a minimum, the head of the internal audit function should possess a college degree and appropriate relevant experience. It also is highly desirable that the head of the internal audit function hold some appropriate form of professional certification (e.g., certified internal auditor, certified public accountant, certified information systems auditor); and
- All reports of internal auditors, as well as the annual internal audit work plan, should be made available to the government's audit committee or its equivalent.

In review of the City's Five-Year Financial Recovery Plan produced by the City in fiscal year 2020-2021, there is limited capacity for additional staffing and an internal auditor is not envisioned at this time. The City believes based on operational and financial data known at this time, that it is not feasible to establish a separate internal audit function at this time. However, it is considering assigning internal audit responsibilities to its regular employees by creating an Internal Audit Committee to brief the City Manager on an advisory basis internally in the near future.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material Weakness

2017-02 Strengthen Staff Resources in the Finance and Accounting Department

Condition

In performing the City's audits, we noted conditions of personnel turnover as well as a lack of full-time employees who possess the skills, knowledge, and experience in the governmental industry.

Criteria

The City should have available finance and/or accounting staff members who understand and have experience in the accounting and financial reporting requirements of the governmental industry.

Recommendation

We recommend that the City assess the accounting department staffing needs as well as hire an experienced governmental accounting person or trained existing staff member to enhance their skill sets.

Current Year Status

An initial working trial balance (WTB) was received from the City's Finance and Accounting department on March 24, 2021, for the fiscal year ended September 30, 2019. During field work for this engagement, 52 audit adjustments with approximately 1,350 data entry lines cumulatively adding to \$51,984,500, were required to correct the original WTB submission. A complete assessment of the skillset and knowledge of the City's team is required to address required daily tasks.

View of Responsible Officials and Planned Corrective Actions

The City is currently advertising the recruitment of an experienced governmental accounting professional to employ as the Finance Director. In addition, the City has assessed and identified areas of weakness in the Finance Department to make corrective action, and provide the necessary resources and tools to further strengthen the department. The City has added an additional resource consultant to assist with providing the government accounting experience on an interim basis. Lastly, the City has had improvements in the audit adjustments, by reducing audit adjustments from more than 150 to 52 in the current fiscal year, which demonstrates the City's methods are being enhanced.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material Weakness

2017-03 There is No Physical Inventory of Infrastructure and Fixed Assets

Condition

The City has not performed a physical inventory of infrastructure assets or other capital assets owned by the City.

Criteria

The implementation of GASB 34 established financial reporting standards for state and local governments. In connection therewith, the recognition of major general infrastructure assets is required to be capitalized and reported.

Recommendation

We recommend that the City perform a physical inventory of its infrastructure and capital assets and soon as time permits.

Current Year Status

On April 21, 2021, the City received an appraisal and physical inventory report for the infrastructure and fixed assets of the City. Hence, item is no longer applicable.

View of Responsible Officials and Planned Corrective Actions

Since this corrective action was taken as soon as time permitted, management recommends that this Finding be closed and will budget the performance of a physical inventory count.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material Weakness

2017-04 Reconciliation of Cash Accounts

Condition

During review of cash accounts, we noted that the account reconciliation was not accurately completed. For governmental funds checks totaling \$35,560 that cleared the bank account prior to September 30, 2017, were included in reconciling listing of outstanding as of September 30, 2017. For the water and sewer fund checks totaling \$583,141 that cleared the bank prior to September 30, 2017, were included in the reconciling listing of outstanding checks as of September 30, 2017.

Criteria

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Cause

Failure of the City to perform timely reconciliation of cash accounts.

Effect

Material journal entries were proposed to correct errors and misstatements.

Recommendation

We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by the someone with the appropriate skill-set identify significant discrepancies. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents.

Current Year Status

Bank reconciliations were not fully completed for the fiscal year ended September 30, 2019, until the month of March 2021.

In addition, as a result of reconciling discrepancies, audit adjustments amounting to approximately \$1.1 million were posted to adjust the cash balances at year end.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material Weakness

2017-04 Reconciliation of Cash Accounts (cont'd)

View of Responsible Officials and Planned Corrective Actions

For multiple years, the City's Finance Department was functioning without the required staffing levels and supervisory oversight. However, in recent years, the City has implemented corrective action to reconcile cash activity on a monthly basis and has created policies and procedures to improve the preparation and monitoring controls over the bank reconciliation process.

Additionally, the City has hired two Staff Accountants to be responsible for completing the bank reconciliations and applicable journal entries on a monthly basis and has demonstrated progress in this area.

To strengthen the timeliness of these reconciliations, the City's Consultant began holding weekly briefing meetings with these Staff Accountants to ensure that the bank reconciliation process is being properly completed as planned. These weekly meetings provide structure and enhance the Finance Department's ability to produce bank reconciliation of cash on a timely basis, and creates a plan to get current on producing bank reconciliations.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year – Financial Statement Findings and Status (Continued)

Material Weakness

2017-05 Internal Control Over Payroll Processing and Personnel File Maintenance

Condition

During our review of payroll and personnel files we noted the following:

- There were discrepancies between the payrate documented on the Payroll register and the payrate documented personnel files
- Proper documentation to support pay rates were not available in all personnel files
- There was no evidence of proper approval on timesheets
- There was no evidence that payroll transactions including journal entries were properly reviewed and approved prior to posting to the general ledger

Criteria

Prudent accounting practices include policies, procedures and controls over the recording, processing, and reporting of accounting events and transactions.

Cause of Condition

Failure to design and implement adequate internal controls over payroll and personnel file maintenance.

Potential Effect of Condition

Unauthorized or fraudulent transactions could be posted, additionally lack of adequate reviews and approvals could result in financial statement misstatements.

Recommendation

We recommend that the City design and implement adequate internal controls and policies and procedures for payroll processing and personnel file maintenance.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material Weakness

2017-05 Internal Control Over Payroll Processing and Personnel File Maintenance (cont'd)

Current Year Status

The City appears to have addressed many of the findings noted above. However, certain record retention and employment file documentation issues remain.

View of Responsible Officials and Planned Corrective Actions

The City has reviewed the internal control finding on discrepancies between the pay rate as documented in the Payroll System and the pay rate as documented on personnel files. We concur and the following procedures have been implemented during the subsequent period.

- On a monthly basis, and prior to the processing of the first payroll of the month, the City's Human Resources Director will be required to process a "Payroll Pay Rate Report" to monitor and review discrepancies and the completeness of personnel files.
- To ensure that there is clear evidence of proper approval on timesheets, the City has developed an electronic timesheet approval process within its ADP payroll system. This system includes an automatic cross reference mechanism that ties each employee's name to a specific supervisor. Should an attempt be made to approve an employee's time by an unauthorized supervisor, that employee's time will be rejected in the system, until the properly matched supervisor has approved the timesheet. An electronic timesheet approval process is currently in effect.
- The payroll register for each payroll period is currently reviewed by the Finance Director or designated personnel to perform this supervisory function with a signature as evidence of review to demonstrate reasonableness of the payroll process.
- The policies and procedures for payroll processing and personnel file maintenance are available for review upon request.

With the auditor's confirmation that the above internal control items are currently in effect at the City, management requests that this finding be closed.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Significant Deficiency

2017-06 Pension Plan Remittance

Condition

During our review of the 457 Pension plan payments, we noted that for 5 months during fiscal year 2017 the City failed to remit funds in a timely manner as outlined in the DOL regulations.

Criteria

The City participates in a deferred compensation plan as described in IRC section 457. Pursuant to the Department of Labor (DOL) regulations participants contributions received by an employer must be remitted to the Plan no later than the 15th business day of the month following the month in which the participant contribution are received by the employer.

Cause of Condition

Failure of the City design and implement adequate controls.

Potential Effect of Condition

Non-compliance with specific regulations may cause the Plan to become ineligible for the tax benefits of Section 457.

Recommendation

We recommend that the City implement procedures that with ensure full compliance with the Plan documents.

Current Year Status

This comment remains relevant for FY 2019. The City failed to remit funds in a timely manner as outlined in the DOL regulations for all 12 months.

View of Responsible Officials and Planned Corrective Actions

The City has addressed and corrected untimely remittance of 457 Pension plan payments by designating appropriate staff personnel to review and monitor routinely. This staff person uses the following steps to ensure timely processing of the pension plan payments due monthly:

- Monitors the City's receipt of the monthly invoice and records the receipt date and the amount due.
- Should an invoice not be received during a certain month, the staff person will follow-up with a phone call to the company to inquire of the invoice and request a duplicate copy to prevent a delay in processing the payment.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Significant Deficiency (cont'd)

2017-06 Pension Plan Remittance (cont'd)

View of Responsible Officials and Planned Corrective Actions (cont'd)

- Prepares the Requisition for payment and track the length of time taken to have it approved as a Purchase Order (PO).
- Follows up on the time taken for PO to be received in Accounts Payable from the City Manager's Office.
- Follows up on the time taken for the wire transfer to be processed and sent to Pension Plan Agent.
- To document the pension plan file, HR's staff person will obtain a copy of the monthly wire transfer confirmation and attach it to copy of the invoice and Requisition request.

In addition to the procedures above, there will be oversight and monitoring by both the Human Resources Director and staff within the Finance Department.

With the auditor's confirmation that the above internal control items are currently in effect at the City, management requests that this finding be closed.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Material weakness

2015-01 Timeliness of Recording Individual Transactions

Condition

We believe that the City of Opa-locka does not maintain adequate financial records. Certain transactions are not summarized in a general ledger, nor all transactions recorded on the books in a timely manner. Such a system does not permit the preparation of accurate and reliable financial statements.

Criteria

Prudent accounting practices include policies, procedures and controls over the recording, processing, and reporting of accounting events and transactions.

Recommendation

We recommend that a designated member of management performs periodic analysis of significant accounts to determine the completeness of account balances and investigate and resolve any issues identified. This practice serves to enforce checks and balances necessary for strong internal controls and accurate financial reporting.

Current Year Status

This condition still exists in FY2019. For example, several accounts payable, accruals, other liabilities related to payroll benefits expenses were materially misstated as of the year end due to multiple incorrect and incomplete entries posted to the accounts over many years.

View of Responsible Officials and Planned Corrective Actions

The City has assessed and reviewed the internal accounting policies, procedures and controls over the recording, processing, and reporting of its accounting events and transactions. To enhance the accuracy and reliability of these events and transactions, Management has implemented the following procedures:

- The City has developed the necessary policies and accounting procedures to address this finding.
- The City has made plans to give group/and or individual training sessions to Finance Department staff in the areas of journal entry preparation; closing a fiscal month in order to begin activity in a new month; reviewing the importance of obtaining sufficient, competent evidential matter to support transaction.
- The City is actively reconciling accounts to produce relevant and accurate financial data.
- Additionally, the City is in the process of recruiting a seasoned Finance Director to provide financial management, oversight, staff supervision and to continually monitor and improve the Finance Department's financial reporting system.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

Significant Deficiency

2015-02 Upgrade the Accounting System

Condition

The software programs used to perform the financial functions and related activity does not have the capability of producing reports that are necessary for management to accurately report on the City's financial position. For example, during our audit, we noted that the City was not able to provide an accounts payable aging report or an alternate report to support the accounts payable balance in the general ledger system.

Criteria

The financial accounting and reporting system should provide the information management needs to monitor the City's financial condition and make appropriate decisions in a timely basis.

Recommendation

We recommend that the City conduct an evaluation of the existing financial system and an analysis of projected needs. This evaluation should focus on ensuring that the City's financial systems maximize the productivity of its staff and meet the financial reporting needs of management.

Current Year Status

The condition still exists in current year.

View of Responsible Officials and Planned Corrective Actions

The City has determined that the existing financial accounting and reporting system does not meet all of its needs.

In assessing and evaluating the operational and financial needs of the City, such as the referenced accounts payable aging report or an alternate report to support the accounts payable balance in the general ledger system, management will consider the use of the budgetary process to cover the cost of vitally needed financial system enhancements.

An intense analysis by the IT Director of the City's financial system needs, has revealed the need for a new enterprise resource planning (ERP) software system that can provide integrated management of the City's main business processes, to include financial management and accounting system needs, along with other core business processes for the City.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

2015-03 Financial Reporting Policies and Procedures Manual and Reconciliation of General Ledger Accounts to Supporting Documents

Condition

During the audit, we noted that significant general ledger accounts were not properly reconciled. A formal accounting policies and procedures manual would facilitate continuity in the necessary procedures.

Criteria

Prudent financial reporting requires accurate and timely reconciliation of general ledger accounts. The existence of a formal policy and procedures manual could assist with the timeliness of reconciling account balances.

Recommendation

We recommend that the City develop a formal financial reporting policies and procedures manual which include the reconciliation of general ledger accounts on a monthly basis among other process and procedures. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a specific period, which makes it easier to perform future reconciliations. Also, formal documentation can be used to reinforce established policies and procedures and serve as a training tool.

Current Year Status

A similar condition is still applicable for FY 2019.

View of Responsible Officials and Planned Corrective Actions

The City is developing and updating its existing financial reporting policies and procedures and has implemented systems to continually monitor the monthly general ledger reconciliation process, including providing supporting documentation for accounting transactions (i.e. journal entries).

In addition to developing and updating its existing financial reporting policies and procedures, the City found it necessary to perform an intense analysis of projected financial system needs which revealed that the hiring of senior staff with government accounting and financial reporting experience would begin to strengthen the financial capabilities and reporting reliability of the Finance Department. It is recommended that the Finance Director and two additional Senior Accountants would have shared duties in the areas of general ledger accounting, knowledge of generally accepted accounting principles (GAAP) and financial reporting.

The additional Senior Accountant staff would have the experience and knowledge to be able to implement procedures that would identify errors and irregularities on a timely basis in the general ledger and accounting records, and would have the ability to correct such errors on a monthly basis.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

2014-01 Checks Outstanding for Over 12 Months

Condition

Stale checks dating to the prior fiscal year are still being tracked in monthly bank reconciliations.

Criteria

While performing its monthly bank reconciliations, the City should monitor old outstanding checks as required by the City's policies and procedures.

Cause of Condition

The City did not perform complete monthly bank reconciliation.

Potential Effect of Condition

Cash balances are not accurately stated to reflect the true cash balance at the reported date.

Recommendation

We recommend the City to research stale checks dating over a year and follow the City's policies and procedures regarding stale checks.

Prior Year Status

The City has reviewed this issue and has voided all stale dated checks through the current period. The City has developed management review and internal control processes to review and approve journal entries posted in the general ledger system for voided and stale dated checks.

Current Year Status

This condition is still applicable in current year.

View of Responsible Officials and Planned Corrective Actions

The City has resolved this finding by implementing corrective action that entailed enhancing its policies and procedure by development an unclaimed property policy to address staled checks. This policy adheres to the State of Florida Governing Statue – Chapter 717 for Unclaimed Property.

In addition, the City has submitted to the State of Florida staled dated checks that met the abandoned property criteria for previous years where applicable.

Unclaimed Property is a financial asset that has been left inactive, unclaimed, or abandoned by its owner; most often consisting of uncashed checks. These unclaimed assets are held by the reporting entity (City of Opa-locka) for a set period of time, vendor checks are held for five years and payroll checks are held for a year. If the holder is unable to locate and re-establish contact with the owner, the asset is reported and remitted to the Florida Department of Financial Services, Bureau of Unclaimed Property.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III – Prior Year - Financial Statement Findings and Status (Continued)

2014-03 Deteriorating Financial Condition (Repeat finding from FY2013)

Condition

There has been a lack of information for timely reporting.

Criteria

The City needs to be able to keep the revenues in line with expenditures and not rely on revenues from utility funds.

Cause of Condition

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. Unemployment levels remain very high at 17.5% and household incomes are not increasing.

Potential Effect of Condition

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.

Prior Year Status

On June 1, 2016, the City of Opa-locka City Commission adopted a Resolution to request a declaration that the City is in a state of financial emergency to seek the appointment of a financial emergency board and other assistance pursuant to section 218.503(1), Florida Statutes. The State of Florida, Office of the Governor, issued Executive Order 16-135, signed by Florida Governor Rick Scott.

The City is in process of preparing its Five-Year Recovery Plan in accordance with Florida Statute, 218.503 (3)(h).

Current Year Status

The proprietary funds are not being used by the governmental funds for operations, this has been resolved and significant progress has occurred to spend under budget. In addition, the City presented their Five-Year Recovery Plan to the State in August 2020, which was approved and implemented effective fiscal year 2021.

Section IV - Current Year Findings - Federal Award - Major Programs

No current year findings.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Federal Grantor /Pass-Through Grantor/Program Title</u>	<u>Federal CFDA / CSFA Number</u>	<u>Contract or Identifying Number</u>	<u>Total Expenditures</u>
<i>Special Law Enforcement Funds</i>			
U.S. Department of Justice	16.922		\$ 58,752
U.S. Department of Treasury	21.016		<u>39,709</u>
Total Special Law Enforcement Funds			<u>98,462</u>
<i>Environmental Protection Agency</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF00D321150	65,901
<i>Environmental Protection Agency</i>			
Passed-through:			
Florida Department of Environmental Protection			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-12000114-0	684,562
Capitalization Grants For Drinking Water State Revolving Funds	66.468	FS984522-140	<u>5,052</u>
Total Environmental Protection Agency			<u>755,515</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 853,977</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 GENERAL

The accompanying Schedules of Expenditures of Federal Awards presents the activity of all federal awards programs of City of Opa-locka, Florida, (the "City") for the year ended September 30, 2019. All federal awards expended from federal agencies are included in this Schedule

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards include the federal grant activities of the City and is presented on the accrual basis of accounting. The information in these Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 INDIRECT COST RATE

The City has elected to use the 10 percent de minimus cost rate. However, this has not been applied to any federal grants.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Opa-locka, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated, June 28, 2021.

Auditor's Responsibility

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, the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated, June 28, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report *except as noted in the Schedule of Findings and Questioned Costs*.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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. The name or official title and legal authority of the Primary government are disclosed in the notes to the financial statements.

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Miramar, FL 33027
(954) 874-1721



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info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 800
Miami, FL 33131
(305) 789-6673

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met.

On June 1, 2016, the City of Opa-locka City Commission adopted a Resolution to request a declaration that the City is in a state of financial emergency to seek the appointment of a financial emergency board and other assistance pursuant to section 218.503(1), Florida Statutes. The State of Florida, Office of the Governor, issued Executive Order 16-135, signed by Florida Governor Rick Scott.

The City submitted its Five-Year Recovery Plan in accordance with Florida Statute, 218.503 (3)(h) in August 2020.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2019, 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, 2019.

Additional Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. Findings are identified in the schedule of findings and questioned costs.

Purpose of this Letter

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, the members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida
June 28, 2021



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

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

We were engaged to examine the City of Opa-locka's (the City) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

The City failed to provide written investment policy that is consistent with the requirements of the applicable Florida Statutes; as such we were not able to test compliance with policy requirements. Additionally, the City's books and records were not adequately maintained, hence we were not able to perform sufficient procedures to determine the status of any surplus funds that the City may have.

Because of the limitation on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the City complied with the specified requirements of Section 218.415, Florida Statutes for the year ended September 30, 2019.



Miami, Florida
June 28, 2021

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DISCUSSION
Draft RFP for Independent Auditing
Services

City of Opa-locka



RFP NO: 21-XXXXXXX

REQUEST FOR PROPOSAL (RFP)

INDEPENDENT AUDITING SERVICES



CITY OF OPA-LOCKA
INDEPENDENT AUDITING SERVICES
RFP NO. 21-XXXXXXX

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CITY OF OPA-LOCKA

REQUEST FOR PROPOSALS
RFP NO: 21-XXXXXXX
Independent Auditing Services

Sealed Proposals for Financial Accounting Services will be received by the City of Opa-locka at the Office of the City Clerk, 780 Fisherman St, 4th Floor, Opa-locka, Florida 33054, **Monday, October 18, 2021 by 1:00 p.m.** Any RFP Package received after the designated closing time will be returned unopened. The City of Opa-locka will be accepting proposals by mail, however it is your responsibility to submit your proposal by the due date. In addition, proposals may be submitted via www.demandstar.com (e-bid). The address to submit sealed proposals is listed below:

CITY OF OPA-LOCKA
Office of the City Clerk
780 Fisherman Street, 4th Floor
Opa-locka, Florida 33054

An original and six (6) copies for a total of seven (7) plus 1 copy of the Proposal package on USB Flash Drive in PDF format shall be submitted in sealed envelopes/packages addressed to the City Clerk, City of Opa-locka, Florida, and marked **RFP for Independent Auditing Services**.

Proposers desiring information for use in preparing proposals may obtain a set of such documents by visiting the City's website at www.opalockafl.gov or www.demandstar.com.

The City reserves the right to accept or reject any and all proposals and to waive any technicalities or irregularities therein. The City further reserves the right to award the contract to that proposer whose proposal best complies with the **RFP NO: 21-XXXXXXX** requirements. Proposers may not withdraw their proposal for a period of ninety (90) days from the date set for the opening thereof.

A Mandatory pre-bid meeting will be held on **Tuesday, September 28, 2021 at 10:00 a.m.** at 780 Fisherman Street, Ste. 220, Opa-locka, FL 33054 and via Zoom. The purpose of this meeting is to provide an overview of this Solicitation and to answer any questions by participants.

City Clerk
Joanna Flores, CMC



CITY OF OPA-LOCKA

RFP NO. 21-XXXXXXX

INDEPENDENT AUDITING SERVICES

PART I

PROPOSAL GUIDELINES

1-1. Introduction: The City of Opa-locka is requesting proposals from qualified firms of Public Accountants and/or Accountants to perform general accounting services in accordance with the provisions set forth in this Request for Proposal.

1-2. Proposal Submission and Withdrawal: The City of Opa-locka will be accepting proposals by mail, however it is your responsibility to submit your proposal by the due date. In addition, proposals may be submitted via www.demandstar.com (e-bid). The City must receive all proposals by 1:00 pm on Monday, October 18, 2021. The address to submit sealed proposals is listed below:

CITY OF OPA-LOCKA
Office of the City Clerk
780 Fisherman Street, 4th Floor
Opa-locka, Florida 33054

To facilitate processing, please clearly mark the outside of the proposal package as follows: **RFP NO. 21-XXXXXXX – Independent Auditing Services**. This package shall also include the Proposer's return address.

Proposers may withdraw their proposals by notifying the City in writing at any time prior to the deadline for proposal submittal. After the deadline, the proposal will constitute an irrevocable offer, for a period of 90 days. Once opened, proposals become a record of the CITY and will not be returned to the Proposer.

The City cautions proposers to assure actual delivery of mailed or hand-delivered proposals directly to the City Clerk's Office at 780 Fisherman Street, 4th Floor, Opa-locka, Florida 33054 prior to the deadline set for receiving proposals. Telephone confirmation of timely receipt of the proposal may be made by calling (305) 688-4611 before proposal closing time. Any proposal received after the established deadline **will not** be considered and will be returned unopened to the Proposer(s).

1-3. Number of Copies: Proposers shall submit an **original and six (6) copies (a total of 7) plus one copy on CD in PDF format** of the proposal in a sealed, opaque package marked as noted above. The Proposer will be responsible for timely delivery, whether by personal delivery, US Mail or any other delivery medium.

1-4. Development Costs: Neither the City nor its representatives shall be liable for any expenses incurred in connection with preparation of a response to this Request for Proposal. Proposers

should prepare their proposals simply and economically, providing a straightforward and concise description of the Proposer's ability to meet the requirements of the RFP.

1-5. Inquiries: The City Clerk will receive written requests for clarification concerning the meaning or interpretations of the RFP, until eight (8) days prior to the submittal date. City personnel are authorized only to direct the attention of prospective Proposers to various portions of the RFP so that they may read and interpret such for themselves. No employee of the City is authorized to interpret any portion of this RFP or give information as to the requirements of the RFP in addition to what is contained in the written RFP document.

1-6. Addendum: The City may record its response to inquiries and any supplemental instructions in the form of written addenda. The CITY may mail written addenda up to three (3) calendar days before the date fixed for receiving the proposals. Proposers shall contact the City to ascertain whether any addenda have been issued. Failure to do so could result in an unresponsive proposal. Any oral explanation given before the RFP opening will not be binding.

All Proposers are expected to carefully examine the proposal documents. Any ambiguities or inconsistencies should be brought to the attention of the City's Purchasing Agent through written communication prior to the opening of the proposals.

1-7. Contract Awards: The City anticipates entering into an Agreement with the Proposer who submits the proposal judged by the City to be most advantageous.

The Proposer understands that this RFP does not constitute an offer or an Agreement with the Proposer. An offer or Agreement shall not be deemed to exist and is not binding until proposals are reviewed, accepted by appointed staff, the best proposal has been identified, approved by the appropriate level of authority within the City and executed by all parties. The City anticipates that the final Agreement will be in substantial conformance with this sample Agreement; nevertheless, Proposers are advised that any Agreement may result from the RFP may deviate from the Sample Agreement.

The City reserves the right to reject all proposals, to abandon the project and/or to solicit and re-advertise for other proposals.

1-8. Contractual Agreement: This RFP and Consultant/Contractor proposal shall be included and incorporated in the final award. The order of contractual precedence will be the Contract or Agreement document, original Terms and Conditions, and Proposer response. Any and all legal action necessary to enforce the award will be held in Miami-Dade County and the contractual obligations will be interpreted according to the laws of Florida. **Any additional contract or agreement requested for consideration by the Proposer must be attached and enclosed as part of the proposal.**

1-9. Selection Process: The proposals will be evaluated and assigned points. The firm with the highest number of points will be ranked first; however, nothing herein will prevent the City from assigning work to any firm deemed responsive and responsible. The City reserves the right to further negotiate any proposal, including price, with the highest rated Proposer. If an agreement cannot be reached with the highest rated Proposer, the City reserves the right to negotiate and recommend award to the next highest Proposer or subsequent Proposers until an agreement is reached.

1-10. Public Records: Please be advised that Proposals received by the City become "public records" and shall be subject to public disclosure consistent with Chapter 119, Florida Statutes. Respondents must invoke the exemptions to public records disclosure provided by law, if any, by citing the specific statutory authority for the claimed exemption, identifying the data or other materials to be protected, and stating the reasons why such exclusion from public disclosure is necessary. All Proposals shall be available for public inspection once the City posts notice of an intended decision or thirty (30) days after the opening of Proposals, whichever is earlier.

1-11. News Releases: The Proposer shall obtain the prior approval of the City Manager's Office of all news releases or other publicity pertaining to this RFP or the service, study or project to which it relates.

1-12. Insurance: The awarded Proposer(s) shall maintain insurance coverage reflecting at least the minimum amounts and conditions specified herein. In the event the Proposer is a governmental entity or a self-insured organization, different insurance requirements may apply. Misrepresentation of any material fact, whether intentional or not, regarding the Proposers' insurance coverage, policies or capabilities may be grounds for rejection of the proposal and rescission of any ensuing Agreement.

1. Evidence of General Liability coverage with limits not less than \$1,000,000 per Occurrence/ \$2,000,000 Aggregate (Including Policy Number and Policy Period);
2. Evidence of Auto Liability coverage with limits not less than \$1,000,000 per Occurrence/\$1,000,000 Aggregate (Including Policy Number and Policy Period);
3. Evidence of Workers' Compensation coverage with statutory limits and Employer's Liability coverage with limits not less than \$100,000 (Including Policy Number and Policy Period);
4. Professional Liability Insurance coverage with limits not less than \$1,000,000 per Occurrence/\$2,000,000 Aggregate (Including Policy Number and Policy Period);
4. The City listed as an additional insured (this may be specifically limited to the specific job(s) the contractor will be performing);
5. Minimum 30-day written notice of cancellation.

1-13. Licenses: Proposers, both corporate and individual, must be fully licensed and certified in the State of Florida at the time of RFP submittal. The proposal of any Proposer who is not fully licensed and certified shall be rejected.

1-14. Public Entity Crimes: Award will not be made to any person or affiliate identified on the Department of Management Services' "Convicted Vendor List". This list is defined as consisting of persons and affiliates who are disqualified from public contracting and purchasing process because they have been found guilty of a public entity crime. No public entity shall award any contract to, or transact any business in excess of the threshold amount provided in Section 287.017 Florida Statutes for Category Two (currently \$25,000) with any person or affiliated on the "Convicted Vendor List" for a period of thirty-six (36) months from the date that person or affiliate was placed

on the "Convicted Vendor List" unless that person or affiliate has been removed from the list. By signing and submitting the RFP proposal forms, Proposer attests that they have not been placed on the "Convicted Vendor List".

1-15. Code Of Ethics: If any Proposer violates or is a party to a violation of the code of ethics of the City of Opa-locka or the State of Florida with respect to this proposal, such Proposer may be disqualified from performing the work described in this proposal or from furnishing the goods or services for which the proposal is submitted and shall be further disqualified from submitting any future proposals for work, goods or services for the City of Opa-locka.

1-16. Drug-Free Workplace: Preference shall be given to businesses with Drug-Free Work Place (DFW) programs. Whenever two or more proposals which are equal with respect to price, quality, and service are received by the City for the procurement of commodities or contractual services, a proposal received from a business that completes the attached DFW form certifying that it is a DFW shall be given preference in the award process.

1-17. Permits and Taxes: The Proposer shall procure all permits, pay all charges, fees, and taxes, and give all notices necessary and incidental to the due and lawful prosecution of the work.

1-18. Protests: Protest of any city recommendation for an award in response to a request for proposals shall be filed with the city clerk and mailed by the protesting party to all responders to the bid proposal within seventy-two (72) hours of the city's recommendation for an award or the city's actual award, whichever comes first. Such protest shall be in writing, shall state the particular grounds on which it is based, and shall include all pertinent documents and evidence. The protest letter to the city clerk shall include proof of mailing/receipt to other responders to the bid and shall be accompanied by a cashier's check in the amount of five hundred dollars (\$500.00) representing the filing fee, plus a cost bond in the amount of two thousand five hundred dollars (\$2,500.00) to reimburse the city for all administrative costs associated with the appeal process. The two thousand five hundred dollars (\$2,500.00) bond shall be returned to the protester if the protester prevails in the hearing before the hearing examiner/special master. If the protester does not prevail the city shall keep the bond. Any grounds not stated shall be deemed waived.

1-19. Termination for Convenience: A contract may be terminated in whole or in part by the City at any time and for any reason in accordance with this clause whenever the City shall determine that such termination is in the best interest of the City. Any such termination shall be effected by the delivery to the contractor at least five (5) working days before the effective date of a Notice of Termination specifying the extent to which performance shall be terminated and the date upon which termination becomes effective. An equitable adjustment in the contract price shall be made for the completed service, but no amount shall be allowed for anticipated profit on unperformed services.

DESCRIPTION OF CITY

The City of Opa-locka, a home rule community as defined by the Florida Constitution, was incorporated in 1926. The City of Opa-locka was the vision of aviation pioneer, Glen Curtiss. Opa-locka is an urban community occupying 4.2 square miles in the North-Western area of Miami-Dade County, Florida. The city boundaries are as follows: on the North-NW 151st Street, on the South - N.W. 125th Street, on the East - NW 45th Avenue on the West. On May 14, 1926, Opa-locka was chartered as a town by twenty-eight registered voters.

Policy making and legislative authority are vested in the City Commission, which consists of the Mayor, Vice-Mayor and three Commissioners. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Clerk and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments.

The City provides a full range of services including police protection and public safety, the construction and maintenance of streets and other infrastructure, community development, general services administration and the operating of the water and sewer facilities.

PART II

NATURE OF SERVICES REQUIRED

2-1 PURPOSE AND SCOPE OF WORK

The City's Annual Financial Reports (CAFR) is available for review on the City's website. The City's Community Redevelopment Agency (CRA) CAFR is available upon request.

Proposers are encouraged to thoroughly review the information contained therein, in order to become familiar with the City and its operation.

A. Annual Examinations - The Firm selected as a result of this RFP shall provide independent auditing Services to the City and the City's CRA to examine the financial statements of the City, beginning with the financial statements for fiscal year ending September 30, 2020 and ending after the completion and submission of the audit report for the fiscal year ending September 30, 2021. The annual examinations by the Proposer shall include, but not be limited to, the following:

1. **Financial Audit** - The contracted CPA firm will perform a Financial Audit in accordance with generally accepted auditing standards, government auditing standards, Federal OMB Circular A-133 (including necessary filings) and Florida Statutes. The primary purpose of the audit is to express an opinion on the financial statements of the City. The examination and procedures related hereto contemplate the review of a Comprehensive Annual Financial Report (CAFR) if and when it is prepared by the City. The audit procedures used should be sufficient to enable the Proposer to express an opinion on the fairness with which the financial statements present the financial position of the City and the results of its operations and the cash flows of its proprietary fund types in accordance with generally accepted accounting principles. In addition, such procedures should be adequate to determine whether the operations of the City were properly conducted in accordance with legal and regulatory requirements, including Florida Statutes and the City of Opa-locka Ordinance.
2. **Review of Internal Controls** - An evaluation is to be made of the system of internal controls, including the control environment, accounting systems and specific control procedures, to assess the extent to which the controls can be relied upon to ensure accurate information, to ensure compliance with applicable laws and regulations, and to provide for efficient and effective operations. In order to assess the control risk, the Firm shall perform tests of controls and properly document its assessment.

Reportable conditions shall be communicated in writing in accordance with applicable Statements of Auditing Standards issued by the American Institute of Certified Public Accountants and generally accepted auditing standards.

3. **Management Letter** - A management letter will be issued in compliance with the City Ordinance that contains significant audit findings which, among other matters, shall include the following material items noted during the performance of the audit:
- a. A statement as to whether or not inaccuracies, shortages, defalcations, fraud and/or violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected.
 - b. Statement as to whether or not recommendations made in the preceding annual financial audit report have been followed.
 - c. A statement as to whether or not the City is in a state of financial emergency as a consequence of conditions described in Section 218.503(1), Florida Statutes. When there has been a determination that the City is technically in a state of financial emergency, but is not in financial difficulty or experiencing a financial crisis, the Management Letter shall explain the basis for that conclusion. (For example – the explanation should describe accounting practices that place the deficits in the proper perspective) When there has been a fund balance or retained earnings deficit for two consecutive years and a determination has been made that there is no financial emergency the Management Letter shall explain the circumstances that led to that conclusion. (For example – the explanation should identify specific resources of the City that are available to cover the deficits).
 - d. Recommendations to improve the City's present financial management, accounting procedures and internal controls. This shall include recommendations addressing deteriorating financial conditions disclosed pursuant to Section 218.39(5), Florida Statutes.
 - e. A statement as to whether or not the City complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
 - f. Violations of laws, rules, regulations and contractual provisions that:
 - (a) have occurred or are likely to have occurred;
 - (b) were discovered within the scope of the financial audit, and;
 - (c) may or may not have materially affected the financial statements
 - g. Illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
 - h. Other matters requiring correction which may or may not materially affect the financial statements reported on, including, but not limited to:
 - (a) Improper or inadequate accounting procedures (i.e. – the omission of required disclosures from annual financial statements)
 - (b) Failures to properly record financial transactions

(c) Other inaccuracies, shortages and instances of fraud representing reportable conditions discovered by, or that come to the attention of, the Auditor.

The Firm shall be required to make an immediate written and oral report to the designated City Representative(s) of all significant irregularities and any illegal acts as they become known to the Firm.

4. **Data Processing Review** – The Firm will perform a review of internal controls used in the computer environment to ensure (a) the proper development and implementation of applications, (b) the integrity of program and data files, (c) the completeness and accuracy of the accounting records, and (d) the integrity of computer operations. The Firm shall communicate periodically to staff if reportable conditions in data process review are identified during the engagement. As part of the Management Letter, the Firm shall report the following information it deems appropriate:

- a. Specific comments in the above areas for the City's major computer systems.
- b. Overall conditions of internal control in computer environment.
- c. Significant weakness in internal control in data processing.

- B. **Federal and State Single Audit** - The contracted CPA firm will perform a Single Audit in accordance with Federal and State Single Audit – The contracted CPA firm will perform a Single Audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act Amendments of 2007, the provisions of OMB Circular A-133, Audits of State and Local Governments; and Chapter 10.550 Rules of the Auditor General of the State of Florida in order to report on the Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance, on the compliance of the City with laws and regulations and on internal controls, as required by the Single Audit Act.

Information related to the Single Audit, including the schedule of Federal Financial Assistance, findings and recommendations, and auditor's report on the internal control structure and compliance with applicable laws and regulations will be included in a separate report, when completed.

- C. **Additional Services** - If, during the contractual period, additional Services are needed, the Firm may, at the option of the City Manager, be engaged to perform these Services. The Firm shall, upon receipt of a written request from the Finance Director or designee, perform such additional Services. Such Services, if offered by the Firm, may include, but not be limited to:

- (a) Management advisory services;
- (b) Tax consulting services;
- (c) Actuarial consulting services;
- (d) Assistance in the preparation of or performance of extended audit procedures;
- (e) Assistance in the preparation of or performance of procedures required by Bond Counsel in connection with the issuance of Official Statements;
- (f) Any additional "In Relation To" reports requested by the City.

The Firm will be compensated in accordance with the schedule of fees established as a result of the selection process. Any fee for additional services shall be separately negotiated at the time of the engagement for a not-to-exceed amount calculated in accordance with the rates agreed upon by negotiation. Notwithstanding the foregoing, the City Manager may elect, in their sole discretion to engage a third party to conduct such additional services.

E. Time Requirements

1. Commencement of the Audit - The City will have all records for the audit, as well as all appropriate personnel, available to meet with the audit team of the Firm upon acceptance of the proposal and approval by the City Council.

2. Schedule of the Fiscal Year Audit - Each of the following shall be completed no later than the date indicated:

a. Audit Plan - Within 15 days of a signed contract, a detailed plan will be provided to the Committee covering interim and year-end audit procedures for the fiscal year ending September 30, 2020 audit for the initial contract year. For the fiscal year ending September 30, 2021, a detailed plan is due within 20 days of the contractor issuing and releasing the September 30, 2020 audit. In each succeeding fiscal year for which audit services will be provided, a detailed plan will be provided to the Committee by July 31 of that year.

b. Fieldwork - For the fiscal year ending September 30 of the initial Contract year fieldwork should commence immediately after presentation of the audit plan. For each succeeding fiscal year, fieldwork should commence sufficiently before the end of the fiscal year to ensure that the reporting deadlines outlined below can be met.

c. Progress Conferences - Progress conferences will be held with the appropriate City personnel at least bimonthly during the course of the Agreement. Such conferences will be held at any time that it appears that: scheduled completion dates may be in jeopardy; the audit detects apparent violations of law or apparent instances of misfeasance, malfeasance or nonfeasance by an employee; information is discovered that indicates that defalcations may reasonably be anticipated; or material weaknesses in internal controls are detected.

d. Reporting Deadlines - The audit report, in its final form and including the management letter, shall be completed no later than June 15, 2022 for both the audit for fiscal year ended September 30, 2020 and the audit for fiscal year ended September 30, 2021 (or the prior business day as applicable). The report will be presented to the City Commission at its next regularly scheduled meeting, unless the City Commission requests such presentation at an earlier-scheduled Special Commission meeting. In each succeeding fiscal year for which audit services will be provided, the audit report, in its final form and including the management letter, shall be completed each year no later than March 31 of the following year (or the prior business day, as applicable). The report will be presented to the City Commission at its next regularly scheduled meeting, unless the City Commission requests such presentation at an earlier-scheduled Special Commission meeting. The contractor will be required to present at an audit workshop if scheduled by the City Commission.

e. Provide periodic reports to the City assessing the impact of any significant regulatory (Accounting Standards) changes and accounting or reporting developments proposed by

the Financial Accounting Standards Board / Governmental Accounting Standards Board or any other significant financial / accounting matters that may affect the City.

- F. **Working Papers** - In all cases, the Firm will retain all working papers for a period of seven (7) years and will provide the City and/or its assignees access, free of charge, to any or all work papers for a period of seven (7) years.
- G. **Support Personnel** - Support personnel will be made available by the City to provide assistance, such as identifying locations of required records, gathering needed documentation and supporting information and such other tasks that will serve to expedite the audit, with the understanding that support personnel must be given consideration to effectively perform the day-to-day requirements of their positions.
- H. **Inclusion** - If any Services, functions or responsibilities not specifically described in this RFP are necessary for the proper performance and provision of the Services, they shall be deemed to be implied by and included within the scope of the Services to the same extent and in the same manner as if specifically described herein. This section includes, but is not limited to, any additional expenses to be incurred by the Firm in relation to the Services (an example includes expenses incurred by the Firm if any state or federal agency requires any external review – such as quality control – of the Firm's Services conducted for the City).

2-2 PROPOSER QUALIFICATIONS

To be eligible to respond to this Solicitation, the Proposer must demonstrate sufficient capacity, resources and experience to provide Independent Auditing Services and must be licensed under Chapters 473, Florida Statutes. Any Proposer that fails to meet all the following minimum qualification requirements may be noted as "NON-RESPONSIVE" and will not be evaluated / scored.

At a minimum, the Respondent shall be licensed to do business in the State of Florida. Respondents must be properly registered to practice their profession and licensed to engage in contracting in the State of Florida at the time of Proposal submission. The Respondent shall submit copies of the following;

- **The firms Sunbiz registration**

Additional experience requirements:

- a) The Firm is a Certified Public Accounting firm;
- b) The Firm is independent and duly licensed under Florida Statute Chapter 473 to practice in the State of Florida. (Firms shall provide the current license number issued by the Florida Department of Business and Professional Regulation);
- c) The Firm has performed governmental financial audits and related services for a minimum of five (5) years, preferably as lead auditors;
- d) The Firm has conducted Federal and State Single Audits for at least three (3) governmental entities within the past five (5) years;
- e) The audit firm maintains a permanent office in Broward, Palm Beach and/or Miami-Dade County, Florida;
- f) The audit firm's professional personnel have received adequate continuing professional education within the preceding two years as defined by the U.S. General Accounting Office's (GAO)

Government Auditing Standards;

g) The firm has no conflict of interest with regard to any other work performed by the firm for the City of Opa-locka.

- At a minimum, Proposer must provide at least three (3) references of clients to which it has provided Services. If available, such references should be representatives of Florida jurisdictions to which the Proposer is currently providing, or has provided, Services within the last five (5) years.
- Relevant Experience. Respondents must have completed at least three (3) governmental auditing projects similar in size and nature within the past five (5) years.

2-3 TERM OF CONTRACT

The term of the contract is anticipated to be three fiscal years with a renewal of two one-year terms, subject to negotiation of terms with the contractor and the concurrence of the City of Opa-locka City Commission and availability of annual appropriation. Each renewal of this agreement is contingent upon approval by the City and continued satisfactory performance by the Vendor in accordance with the terms of the agreement. The City, at its sole discretion, reserves the right to extend this Contract for up to one hundred-eighty (180) days beyond the current Contract period to ensure continuity of Services.

PART III

PROPOSAL REQUIREMENTS

3-1 RULES FOR PROPOSALS

In order to maintain comparability and enhance the review process, proposals shall be organized in the manner specified below and include all information required herein. The proposal must name all persons or entities interested in the proposal as principals. The proposal must declare that it is made without collusion with any other person or entity submitting a proposal pursuant to this RFP.

1. Cover Letter / Executive Summary
2. Company Background /Qualifications
3. Scope & Methodology
4. Cost Proposal
5. Resumes and Certifications
6. Past Performance & Experience
7. Attachments

3-2 SUBMISSION OF PROPOSALS

The proposal shall be submitted on 8 ½ "x 11" paper, portrait orientation, with headings and sections numbered appropriately. Ensure that all information is written legibly or typed. The following should be submitted for a proposing firm to be considered:

3.2.1 Cover Page - Show the name of Proposer's agency/firm, address, telephone number, name of contact person, date, and the proposal number and description.

3.2.2 Tab 1 - Table of Contents

Include a clear identification of the material by section and by page number.

3.2.3 Tab 2 - Letter of Transmittal

3.2.3.1 Limit to one or two pages.

3.2.3.2 Briefly state the Proposers understanding of the work to be done and make a positive commitment to perform the work.

3.2.3.3 Give the names of the persons who will be authorized to make representations for the Proposer, their titles, addresses and telephone numbers.

3.2.3.4 Provide an official signature of a Corporate Officer certifying the contents of the Proposer's responses to the City's Request for Proposal.

3.2.4 Tab 3 - General Information

3.2.4.1 Name of Business.

3.2.4.2 Mailing Address and Phone Number.

3.2.4.3 Names and contact information of persons to be contacted for information or services if different from name of person in charge.

3.2.4.4 Normal business hours.

3.2.4.5 State if business is local, national, or international and indicate the business legal status (corporation, partnership, etc.).

3.2.4.6 Give the date business was organized and/or incorporated, and where.

- 3.2.4.7 Give the location of the office from which the work is to be done and the number of professional staff employees at that office.
- 3.2.4.8 Indicate whether the business is a parent or subsidiary in a group of firms/agencies. If it is, please state the name of the parent company.
- 3.2.4.9 State if the business is licensed, permitted and/or certified to do business in the State of Florida and attach copies of all such licenses issued to the business entity.

3.2.5 Tab 4 – Project Approach (Scope & Methodology)

Describe in detail your proposal to fulfill the requirements of the scope of services listed in section 2.2 of this RFP.

3.2.6 Tab 5 – Experience and Qualifications (Personnel History and Experience)

- 3.2.6.1 Specify the number of years the Proposer has been in business.
- 3.2.6.2 Identify the Proposer's qualifications to perform the services identified in this RFP as listed in section 2-2 of the Scope of Services.

Include resumes, not exceeding one page each, of all key personnel who will be assigned to the City.

3.2.7 Tab 6 – Schedule

- 3.2.7.1 Include a timetable that identifies the amount of time required to complete each component of the Program.
- 3.2.7.2 Indicate the earliest available start date for your project team.
- 3.2.7.3 Indicate the project completion date based on the date provided in 3.2.7.1.

3.2.8 Tab 7 – Pricing of Services (Cost Proposal)

3.2.9 Tab 8 – References (Past Performance and Experience)

- 3.2.9.1 List a minimum of three (3) references in Florida for which the proposer has provided Financial Accounting Services. Include the name of the organization, brief description of the project, name of contact person telephone number and email address.

3.2.10 Tab 9 – Additional Forms

Proposers must compete and submit as part of its Proposal all of the following forms and/or documents

- Proposer Qualifications
- Certification regarding debarment and suspension
- Drug Free workplace certification

FAILURE TO SUBMIT ALL OF THE ABOVE REQUIRED DOCUMENTATION MAY DISQUALIFY PROPOSER.

PART IV

EVALUATION OF PROPOSALS

4-1 SELECTION COMMITTEE

A Selection Committee, consisting of City personnel, will convene, review and discuss all proposals submitted.

The Selection Committee will use a point formula during the review process to score proposals and assign points in the evaluation process in accordance with the evaluation criteria. The Proposer shall satisfy and explicitly respond to all the requirements of the RFP including a detailed explanation of how the services shall be performed.

Each proposal will be reviewed to determine if the Proposal is responsive to the submission requirements outlines in the Solicitation. A responsive Proposal is one which follows the requirements of this Solicitation that includes all documents are submitted in the format outlined in this Solicitation, is of timely submission, and has the appropriate signatures as required on each document. Failure to comply with these requirements may result in the Proposal being deemed non-responsive. The Contract (s) will be awarded to the most responsive proposer whose Proposal best serves the interest of and represents the best values to the City of Opa-locka.

4-2 EVALUATION CRITERIA

The Committee may select and choose to invite any and/or or all firms to make a presentation and be interviewed by the Committee as part of the evaluation process for this Solicitation. The Committee's decision will be communicated by staff to all Respondents. The Respondent's presentation may clarify but may not modify their submitted proposal. Any discussion between the presenter (s) and Evaluation Committee during presentations are intended only for purposes of providing clarification in response to questions from the Committee.

Category	Points
Experience and Qualifications of the Firm Provide a brief introduction narrative letter highlighting the structure of the firm including component firms, legal nature of organization and number of years in existence and primary markets served; Give the location of the office from which the Work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office (the "Home Office") that will be assigned to the City's audit. Included in this narrative shall be a list of any exemptions or assumptions made by the Respondent. 1. Specifically address the areas listed in RFP – MINIMUM REQUIREMENTS/ QUALIFICATIONS: a. The Respondent must be a Certified Public Accounting Firm, duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing	40

standards as adopted by the Florida Board of Accountancy. Respondent shall submit copies of active license(s).

b. The Respondent must meet applicable independence criteria requirements including, but not limited to, Government Auditing Standards issued by the Comptroller General of the United States of America (The Yellow Book), Section 473.315, Florida Statutes (Independence) and 61H1-21.001, Florida Administrative Code, Independence. Each Respondent shall provide with their proposal a statement that they meet the appropriate criteria for independence.

c. The Respondent must submit proof that the personnel assigned to this Contract, from their own staff and any proposed sub-consultants, have received adequate continuing professional education within the preceding two years as defined by the U.S. General Accounting Office's (GAO) Government Auditing Standards.

d. Respondent submit a copy of the report on its most recent external quality control review, completed within the past three (3) years, with a statement whether that quality control review included a review of specific government engagements.

e. The Respondent must submit proof that it has performed governmental financial audits and related services for a minimum of five (5) years, preferably as lead auditors;

f. The Respondent must submit proof that it has conducted Federal and State Single Audits for at least three (3) governmental entities within the past seven (7) years;

g. The Respondent must satisfy City's minimum insurance requirements, including any requests to be named additional insured.

2. Provide information on whether any disciplinary action has been taken against the firm at the Federal or state level and, if such action has been undertaken, the current status of the action.

3. **References** - Provide a listing of comparable contracts the firm has performed for similar services as those required under this Solicitation for at least three (3) public entities over the last seven (7) years. The listing should identify the following:

- a. Client
- b. Description of work
- c. Total dollar value of the contract
- d. Dates covering the term of the contract
- e. Client contact person, phone number and email
- f. Statement of whether the Proposer was the prime or Sub-consultant
- g. Results of the project

If available, such references should be from public entities within the State of Florida for which the Respondent is currently providing, or has provided, said Services within the

<p>last seven (7) years. Only one reference may be used for services provided for the City of Opa-locka.</p> <p><u>Note: Please be advised that it is the sole responsibility of each Proposer to provide accurate and up to date information regarding references. In the event that the City is unable to either verify the information submitted or if the information is incorrect, the Proposer may be deemed NON-RESPONSIVE.</u></p> <p>4. Describe the experience and length of time the firm has provided services performing:</p> <ul style="list-style-type: none"> a. Audits of governmental entities, including preparing governmental financial statements in conformance with GASB Pronouncements, Statements and Interpretations. b. Federal Single Audit c. Florida Single Audit d. Special Audits <p>5. Describe current and projected workloads/contractual obligations and how these obligations will impact the firm's ability to provide the required Services during the required timeline described in Scope of Services</p> <p>6. Describe any prior experience with State and Federal grant programs.</p>	
<p>Key Personnel's Qualifications and Experience</p> <p>1. Provide an organization chart showing all key personnel, including their titles, to be assigned to this Project. The chart must clearly identify the Proposer's employees and those of any Sub-consultants and shall include the functions to be performed by the key personnel.</p> <p>2. Provide resumes and job and other detailed qualifications on all key personnel who will be assigned to this Project, including any key personnel of Sub-consultants. Include information on certification, licensure, and CPE training.</p> <p><u>Note:</u> It should be understood that it is the intent of the City to insist those indicated as the project team in this RFP Response actually execute the Project. After Proposal submission, but prior to the award of any Contract issued as a result of the Solicitation, the Proposer has a continuing obligation to advise the City of any changes, intended or otherwise, to the key personnel identified on its Proposal.</p> <p>3. Identify the firm's management support personnel to be available for technical consultation.</p> <p>4. Describe the experience, qualifications and other critical information, including relevant experience on pervious similar projects, of all key personnel, including those of the Subconsultant who will be assigned to the Project.</p>	<p>25</p>

<p>5. The Respondent must submit proof that its professional personnel have received adequate continuing professional education within the preceding two years as defined by the U.S. General Accounting Office's (GAO) Government Auditing Standards</p>	
<p>Understanding of Scope of Services and Proposed Approach</p> <p>1. Describe the firm's ability to fulfill all elements of the Scope of Services described in the RFP.</p> <p>2. Describe the firm's methodology including specific policies, procedures or techniques to be used in performing the Services. It is the objective of the City that the successful firm adequately staffs the audit with the appropriate number of experienced and trained personnel to adequately provide the required Services. A trained and experienced manager is required to be active on-site to properly manage and supervise the audit team and daily activities of the audit.</p> <p>3. Identify the specific individual who would serve the City as the primary on-site person in charge of the financial audit and the single audit (include individual's résumé setting forth qualifications and Government Accounting experience).</p> <p>4. Describe the manner in which the firm intends to segment the engagement and describe the hours of staff time at each level that will be devoted to each segment.</p> <p>5. Describe the procedures of the firm for ensuring quality control and the confidentiality of information obtained from clients.</p> <p>6. Describe the firm's approach to the scheduling of Work and prioritizing the City's requests.</p> <p>7. Estimate the hours of availability of the firm for the City's required Services, including the hours of availability of Proposers key personnel. If Sub-consultants are utilized, estimate the hours of availability of each Sub-consultant.</p> <p>8. Address the firm's ability and approach to complying with the reporting requirements in the Scope of Work.</p> <p>9. Describe the firm's ability and approach to providing the optional Services (refer to the RFP Document).</p> <p>10. Provide any information regarding the Proposer's general work plan which the Proposer deems relevant</p>	<p>25</p>
<p>Price Proposal</p> <p>Please include the fees and any other costs that will be charged to the City for providing the services requested under this Solicitation. Include the total cost of services for each audit year. The pricing information should be clear and unambiguous to allow the City the ability to correctly identify the costs associated with doing business with the Proposer. The top ranked Proposer(s) may be asked to provide a breakdown of their price proposal. The pricing should include the total cost to complete the Services</p>	<p>10</p>

requested in this Solicitation including, but not limited to materials, labor, equipment, bonds, insurance, etc., as necessary to ensure proper delivery of Services as requested in this RFP.	
Rates for Additional Professional Services: If it should become necessary for the City to request the Auditor to render any additional services to either supplement the services requested in this Request for Proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only upon approval by the City. Any such additional work agreed to between the City and the firm shall be performed at the same rates, set forth in the schedule of fees and expenses provided by the top ranked Proposer.	
TOTAL	100

4-3 ORAL PRESENTATIONS

Proposers may be required to make individual presentations to the City Selection Committee in order to clarify their proposals. Only those firms with the highest rated scores in accordance with the stated criteria and their weights will be invited to give oral presentations. However, the City has the right to accept the best proposal as submitted, without discussion or negotiation.

If the City determines that such presentations are needed, a time and place will be scheduled for oral presentations. Each Proposer shall be prepared to discuss and substantiate any of the areas of the proposal submitted, and its qualifications to perform the specified services. During the oral presentations, the Proposers should relate their discussion to the evaluation criteria, which will include (but not be limited to) their approach to the project. The proposed Lead CPA Auditor (Audit Partner and Audit Manager) must be in attendance.

The Evaluation Criteria may be changed for the oral presentations evaluation phase. References and site visits (if completed) shall be included in the final evaluation criteria, along with other criteria and weights as determined by the Selection Committee. Finalists will be informed as to the revised criteria, if any, prior to their oral presentation.

Additionally, prior to award of an Agreement pursuant to this RFP, the City may require Proposers to submit such additional information bearing upon the Proposer's ability to perform the services in the Agreement as the City deems appropriate.

4-4 FINAL SELECTION

The City of Opa-locka will select the firm that meets the best interests of the City. The City shall be the sole judge of its own best interests, the proposals, and the resulting negotiated agreement. The City's decisions will be final. Following the notification of the selected firm, it is expected that an Agreement will be executed between both parties. City staff will recommend award to the responsible Proposer whose Proposal is determined to provide overall best value to the City, considering the evaluation factors in this RFP.

4-5 AWARD AND CONTRACT EXECUTION

After review by the Selection Committee of the proposals and oral presentations a recommendation will be made to the City Manager for submission to the City Commission for final approval. Upon Commission authorization, contract negotiations will be initiated with the first ranked firm. If those negotiations are unsuccessful, the City will formally terminate negotiations with the first ranked firm and will commence contract negotiations with the next ranked firm, etc. Upon successful contract negotiations with the prevailing firm, the remaining firms will be notified that the process has been completed and that they were not selected.



RFP NO. 21-XXXXXXX

INDEPENDENT AUDITING SERVICES

PROPOSER QUALIFICATIONS

The Proposer, as a result of this proposal, **MUST** hold a County and/or Municipal Contractor's Occupational License in the area of their fixed business location. The following information **MUST** be completed and submitted with the proposal to be considered:

1. Legal Name and Address:

Name: _____

Address: _____

City, State, Zip: _____ Phone/Fax: _____

2. Check One: Corporation () Partnership () Individual ()

3. If Corporation, state:

Date of Incorporation: _____ State in which Incorporated: _____

4. If an out-of-state Corporation, currently authorized to do business in Florida, give date of such authorization: _____

5. Name and Title of Principal Officers

Date Elected:

6. The length of time in business: _____ years

7. The length of time (continuous) in business as a service organization in Florida:
_____ years

8. Provide a list of at least three commercial or government references that the bidder has supplied service/commodities meeting the requirements of the City of Opa-locka specification, during the last thirty-six months.

9. A copy of County and/or Municipal Occupational License(s)

Note: Information requested herein and submitted by the proposers will be analyzed by the City of Opa-locka and will be a factor considered in awarding any resulting contract. The purpose is to insure that the Contractors, in the sole opinion of the City of Opa-locka, can sufficiently and efficiently perform all the required services in a timely and satisfactory manner as will be required by the subject contract. If there are any terms and/or conditions that are in conflict, the most stringent requirement shall apply.



RFP NO: 21-XXXXXXX
PRICE PROPOSAL FORM

INDEPENDENT AUDITING SERVICES

PROPONENT understands and agrees that the Contract Price is the lump sum to furnish and install all of the Work complete in place. Vendor's price will not be adjusted unless the CITY changes the scope of the Project after the Contract Date.

As such, the Vendor shall furnish all labor, materials, equipment, tools, superintendence and services necessary to provide a complete, in place Project for the Proposed Price of:

LUMP SUM PRICE: \$_____ (PER FISCAL YEAR)

Additional Services - It is anticipated that the Proposer would use staff with a variety of skill and experience levels in providing any additional services contemplated in the RFP. Therefore, firms shall provide a comprehensive hourly rate for each type of staff, using the generic guide below. The firm may propose a separate schedule for each type of additional service offered by the Proposer. It is expected that the City would authorize additional services on an individual basis. The City would jointly determine with the Firm a not-to-exceed price for each project, using the contractually established rates.

ILLUSTRATIVE GUIDE FOR PROPOSING HOURLY PRICE FOR ADDITIONAL SERVICES				
LEVEL	EXPERIENCE	HOURLY BILLING RATE	QUALIFICATIONS	RESPONSIBILITIES/SPECIALTY
Paraprofessional				
Junior				
Senior				
Manager				
Partner				
Specialists				

SUBMITTED
THIS _____ DAY OF _____ 2021.

BID SUBMITTED BY:

Company

Telephone Number

Name of Person Authorized to Submit
Bid

Fax Number

Signature

Email Address

Title

CITY OF OPA-LOCKA



CERTIFICATION REGARDING DEBARMENT, SUSPENSION PROPOSED DEBARMENT AND OTHER MATTERS OF RESPONSIBILITY

1. The Proposer certifies, to the best of its knowledge and belief, that the Proposer and/or any of its Principals:

A. Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.

B. Have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

C. Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph 1-B of this provision.

2. The Proposer has not, within a three-year period preceding this offer, had one or more contracts terminated for default by any City, State or Federal agency.

A. "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., partner or principal). This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

B. The Proposer shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Proposer learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

C. A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Proposer's responsibility. Failure of the Proposer to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Proposer non-responsive.

D. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of a Proposer is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

E. The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Proposer knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

AS THE PERSON AUTHORIZED TO SIGN THE STATEMENT, I CERTIFY THAT THIS FIRM COMPLIES FULLY WITH THE ABOVE REQUIREMENTS.

Signature _____

Printed Name _____



**CITY OF OPA-LOCKA
RFP NO. 21-XXXXXXX**

DRUG-FREE WORKPLACE CERTIFICATION FORM

Whenever two (2) or more bids/proposals, which are equal with respect to price, quality, and service, are received by the CITY OF OPA-LOCKA for the procurement of commodities or contractual services, a bid/proposal received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. In order to have a drug-free workplace program, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of controlled substances is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in number (1).
4. In the statement specified in number (1), notify the employees that as a condition for working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction on or plea of guilty or no contest to any violation of Chapter 893, Florida Statutes or of any controlled substance law of the United States or any singular state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of Section 287.087, Florida Statutes.

This Certification is submitted by _____ the
(Name)
_____ of _____
(Title/Position) (Company)

who does hereby certify that said Company has implemented a drug-free workplace program, which meets the requirements of Section 287.087, Florida Statutes, which are identified in numbers (1) through (6) above.

Date

Signature



**CITY OF OPA-LOCKA
NON-COLLUSION AFFIDAVIT**

STATE OF FLORIDA - COUNTY OF MIAMI DADE

_____ being first duly sworn, deposes and says that: ✓

- (1) He/She/They is/are the _____
(Owner, Partner, Officer, Representative or Agent) of
_____ the PROPONENT that has submitted the attached proposal;
- (2) He/She/They is/are fully informed respecting the preparation and contents of the attached Proposal and of all pertinent circumstances respecting such Proposal;
- (3) Such Proposal is genuine and is not a collusive or sham Proposal;
- (4) Neither the said PROPONENT nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, have in any way colluded, conspired, connived or agreed, directly or indirectly, with any other PROPONENT, firm, or person to submit a collusive or sham Proposal in connection with the Work for which the attached Proposal has been submitted; or to refrain from Proposing in connection with such Work; or have in any manner, directly or indirectly, sought by agreement or collusion, or communication, or conference with any PROPONENT, firm, or person to fix any overhead, profit, or cost elements of the Proposal or of any other PROPONENT, or to fix any overhead, profit, or cost elements of the Proposed Price or the Proposed Price of any other PROPONENT, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against (Recipient), or any person interested in the proposed Work;
- (5) The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the PROPONENT or any other of its agents, representatives, owners, employees or parties of interest, including this affiant.

Signed, sealed and delivered in the presence of:

Witness

Witness

By: _____
Signature

Print Name and Title



NON-DISCRIMINATION AFFIDAVIT

I, the undersigned, hereby duly sworn, depose and say that the organization, business or entity represented herein shall not discriminate against any person in its operations, activities or delivery of services under any agreement it enters into with the City of Opa-locka. The same shall affirmatively comply with all applicable provisions of federal, state and local equal employment laws and shall not engage in or commit any discriminatory practice against any person based on race, age, religion, color, gender, sexual orientation, national origin, marital status, physical or mental disability, political affiliation or any other factor which cannot be lawfully used as a basis for service delivery.

By: _____

Title: _____

Sworn and subscribed before this

____ day of _____, 20____

Notary Public, State of Florida

(Printed Name)

My commission expires: _____



E-VERIFY

Effective January 1, 2021, public and private employers, contractors and subcontractors will be required to register with, and use of the E-verify system in order to verify the work authorization status of all newly hired employees. Vendor/Consultant/Contractor acknowledges and agrees to utilize the U.S. Department of Homeland Security's E-Verify System to verify the employment eligibility of:

- a) All persons employed by Vendor/Consultant/Contractor to perform employment duties within Florida during the term of the contract; and
- b) All persons (including sub-vendors/sub-consultants/sub-contractors) assigned by Vendor /Consultant/ Contractor to perform work pursuant to the contract with the Department. The Vendor /Consultant/ Contractor acknowledges and agrees that use of the U.S. Department of Homeland Security's E-Verify System during the term of the contract is a condition of the contract with the City; and

By entering into a Contract, the Contractor becomes obligated to comply with the provisions of Section 448.095, Fla. Stat., "Employment Eligibility," as amended from time to time. This includes but is not limited to utilization of the E-Verify System to verify the work authorization status of all newly hired employees, and requiring all subcontractors to provide an affidavit attesting that the subcontractor does not employ, contract with, or subcontract with, an unauthorized alien. The contractor shall maintain a copy of such affidavit for the duration of the contract. Failure to comply will lead to termination of this Contract, or if a subcontractor knowingly violates the statute, the subcontract must be terminated immediately. If t contract is terminated for a violation of the statute by the Contractor, the Contractor may not be awarded a public contract for a period of 1 year after the date of termination. The Contractor acknowledges it is liable to the City for any additional costs as a result of termination of the contract due to Contractor's failure to comply with the provisions herein.



E-VERIFY FORM

Definitions:

"Contractor" means a person or entity that has entered or is attempting to enter into a contract with a public employer to provide labor, supplies, or services to such employer in exchange for salary, wages, or other remuneration.

"Subcontractor" means a person or entity that provides labor, supplies, or services to or for a contractor or another subcontractor in exchange for salary, wages, or other remuneration.

Effective January 1, 2021, public and private employers, contractors and subcontractors will begin required registration with, and use of the E-verify system in order to verify the work authorization status of all newly hired employees. Vendor/Consultant/Contractor acknowledges and agrees to utilize the U.S. Department of Homeland Security's E-Verify System to verify the employment eligibility of:

- a) All persons employed by Vendor/Consultant/Contractor to perform employment duties within Florida during the term of the contract; and
- b) All persons (including sub-vendors/subconsultants/subcontractors) assigned by Vendor/Consultant/Contractor to perform work pursuant to the contract with the Department. The Vendor/Consultant/Contractor acknowledges and agrees that use of the U.S. Department of Homeland Security's E-Verify System during the term of the contract is a condition of the contract with the City of Opa-locka; and

Should vendor become successful Contractor awarded for the above-named project, by entering into this Contract, the Contractor becomes obligated to comply with the provisions of Section 448.095, Fla. Stat., "Employment Eligibility," as amended from time to time. This includes but is not limited to utilization of the E-Verify System to verify the work authorization status of all newly hired employees, and requiring all subcontractors to provide an affidavit attesting that the subcontractor does not employ, contract with, or subcontract with, an unauthorized alien. The contractor shall maintain a copy of such affidavit for the duration of the contract. Failure to comply will lead to termination of this Contract, or if a subcontractor knowingly violates the statute, the subcontract must be terminated immediately. If this contract is terminated for a violation of the statute by the Contractor, the Contractor may not be awarded a public contract for a period of 1 year after the date of termination.

Company Name: _____

Authorized Signature: _____

Print Name: _____

Title: _____

Date: _____