

ANNUAL FINANCIAL REPORT
CITY OF OPA-LOCKA, FLORIDA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



*The city of
bright opportunities*
   @opalockafl



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, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opa-locka, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Qualified
American Rescue Plan Act	Unmodified
Capital Projects Improvement Debt Service	Qualified
Water and Sewer Fund	Qualified
Stormwater Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on the Governmental Activities, Business-type Activities, the General Fund, the Capital Projects Improvement Debt Service Fund, Water and Sewer Fund, Stormwater Fund and Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the City, as of September 30, 2022, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the American Rescue Plan Act Fund

In our opinion, the financial statements of the American Rescue Plan Act Fund presents fairly, in all material respects, the respective financial position of the American Rescue Plan Act Fund of the City, as of September 30, 2022, and the respective changes in financial position of the American Rescue Plan Act Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Qualified Opinion on the Governmental Activities, Business-type Activities, the General Fund, the Capital Projects Improvement Debt Service Fund, Water and Sewer Fund, Stormwater Fund and Aggregate Remaining Fund Information

Management has not properly accounted for their Accounts Payable for the fiscal year ended September 30, 2022. Accounting principles generally accepted in the United States of America require accounts payable to be accrued and reconciled as of fiscal year end. The amounts by which this departure would affect the liabilities, fund balances, net position, and expenses/expenditures of the different opinion units has not been determined.

Management has not properly accounted for the Utility Billing Receivables and Revenue activity for the fiscal year ended September 30, 2022. Accounting principles generally accepted in the United States of America require accounts receivable to be accrued and reconciled as of fiscal year end. The amounts by which this departure would affect the assets, net position, and revenues of the Water and Sewer Fund and Stormwater Fund has not been determined.

Management has not properly accounted for the Governmental Due from Other Governments activity for the fiscal year ended September 30, 2022. Accounting principles generally accepted in the United States of America require Due from Other Governments to be accrued and reconciled as of year end. The amounts by which this departure would affect the asset, net position, and revenues of the aggregate remaining fund information has not been determined.

Management has not properly accounted for its Due To and Due From Other Funds and Advances to and Advances From activity for the fiscal year ended September 30, 2022. Accounting principles generally accepted in the United States of America require that interfund loans require repayment within a reasonable time. If these amounts are not expected to be repaid in a reasonable time, they should be reported as interfund transfers. The amounts by which this departure would affect the assets, liabilities, fund balances, net position, revenues, and expenditures/expenses of the different opinion units has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 21, and the budgetary comparison schedules, the schedules of city's proportionate share of net pension liability, the schedules of city's contributions, and the schedule of changes in the city's total OPEB liability on pages 64

through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules as listed in the table of contents, are presented for purposes of additional analysis and are 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 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, 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 City's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
February 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 \$52.3 million (net position).
2. The City's governmental activities reported net position of \$32.1 million (net position).
3. The City's business-type activities reported a net position of \$20.2 million (net position).

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 financial 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 combining financial 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 supplementary 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 it is a useful indicator of a government's financial position.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

The *Statement of 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.

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, culture and recreational. The business-type activities include water and sewer, stormwater, and solid waste, 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 22-23 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 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 is presented as a major fund. The American Rescue Plan Act Fund is used to account for the funds received from the Federal Government and the expenditures of those funds. It is also 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 required supplementary information to demonstrate compliance with the funds' budgets.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

PROPRIETARY FUNDS

Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in 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 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: Water and Sewer Fund, Stormwater Fund, and Solid Waste Fund. A statement of cash flows is presented at the fund financial statement level for the proprietary funds.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

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.

NOTES TO THE BASIC 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 basic financial statements can be found on pages 31-63 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 adopted General Fund 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. Major governmental funds are presented as required supplementary information.

Combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources, and net position.
2. **Borrowing 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, unrestricted Net Position, net investment in capital assets, and will increase capital assets.
5. **Principal payment on debt** will reduce current assets, long-term debt, unrestricted Net Position, and will 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 2022 Statement of Net Position with comparative information for fiscal year 2021.

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 35,330,673	\$ 27,293,153	\$ 8,800,879	\$ 6,406,424	\$ 44,131,552	\$ 33,699,577
Capital assets, net	<u>32,911,671</u>	<u>31,378,345</u>	<u>26,342,511</u>	<u>27,381,699</u>	<u>59,254,182</u>	<u>58,760,044</u>
Total assets	<u>68,242,344</u>	<u>58,671,498</u>	<u>35,143,390</u>	<u>33,788,123</u>	<u>103,385,734</u>	<u>92,459,621</u>
Deferred outflow of resources	2,498,549	2,291,765	274,550	312,309	2,773,099	2,604,074
Current and other liabilities	17,327,145	12,798,226	4,766,416	5,960,517	22,093,561	18,758,743
Long-term liabilities	<u>19,235,680</u>	<u>13,945,842</u>	<u>10,300,536</u>	<u>11,302,753</u>	<u>29,536,216</u>	<u>25,248,595</u>
Total liabilities	<u>36,562,825</u>	<u>26,744,068</u>	<u>15,066,952</u>	<u>17,263,270</u>	<u>51,629,777</u>	<u>44,007,338</u>
Deferred inflow of resources	2,062,615	6,702,538	164,989	911,820	2,227,604	7,614,358
Net position:						
Net investment in capital assets	25,028,209	23,354,707	18,102,389	23,037,786	43,130,598	46,392,493
Restricted	7,582,152	3,826,516	-	-	7,582,152	3,826,516
Unrestricted	<u>(494,908)</u>	<u>335,434</u>	<u>2,083,610</u>	<u>(7,112,444)</u>	<u>1,588,702</u>	<u>(6,777,010)</u>
Total net assets	<u>\$ 32,115,453</u>	<u>\$ 27,516,657</u>	<u>\$ 20,185,999</u>	<u>\$ 15,925,342</u>	<u>\$ 52,301,452</u>	<u>\$ 43,441,999</u>

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

STATEMENT OF NET POSITION

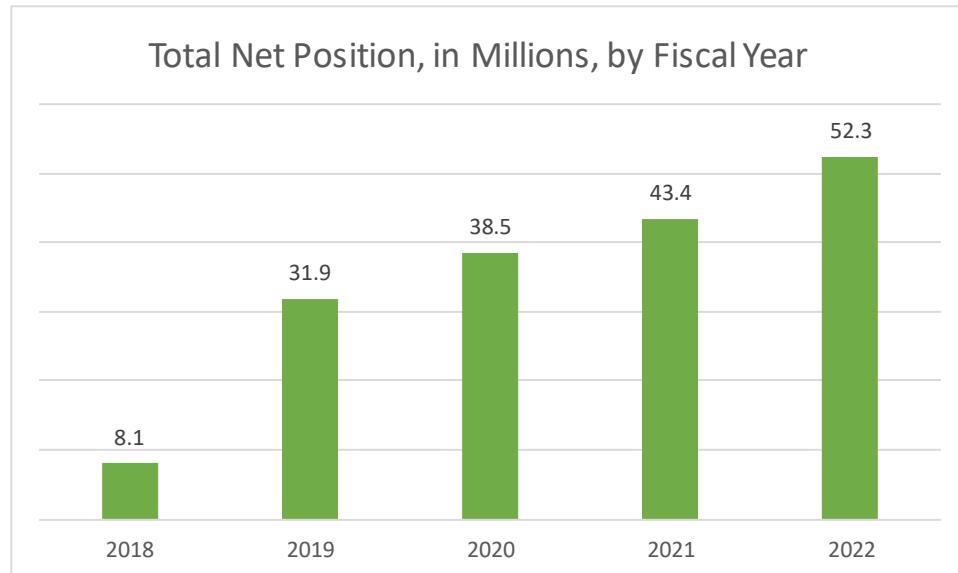
The overall net position of the City of \$52.3 million increased in fiscal year 2022, from the prior year net position, by \$8.9 million or 21%. The net position was \$43.4 million in FY2021. The changes in net position over time can be one of the best and most useful indicators of financial health. The increase is mostly attributable to an overall decrease of expenses in governmental and business type activities. Governmental activities incurred less expenditures for road improvements and rehabilitation. In business type activities, revenues increased significantly due to improved water meters installed throughout the City.

The governmental activities of the City's current and other assets increased by \$8.0 million, while the current and other liabilities increased \$4.5 million. The increase in assets is mostly due to American Rescue Plan Act (ARPA) funds received during fiscal year 2022 of approximately \$4 million and approximately \$2.6 million in restricted cash for debt service. Current and other liabilities increased due to unearned revenue for ARPA funds received in advance.

Meanwhile, the business-type activities of the City's current and other assets experienced an increase of \$2.4 million and the current liabilities of those activities decreased by \$1.2 million. This was due to increases in cash during the year and reductions in accounts payable.

The governmental activities net investment in capital assets, was \$23.3 million in the previous year and right over \$25.0 million in the current year. Meanwhile, the previous year's unrestricted net position was \$335k and is currently a deficit of \$495k. The change was due to an increase in restricted net position for CRA and debt service due to increases in restricted cash.

The business-type activities net investment in capital assets was a little less than \$23.1 million in the previous year and now \$18.1 million in the current year. Meanwhile, the previous year's unrestricted net position was at a deficit of \$7.1 million and is now a surplus of \$2.1 million.



CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 are 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.

The City has an unrestricted net position of \$1,588,702, which is an increase of \$8,365,712 over the prior year deficit of \$(6,777,010). Restricted net position also realized growth as the current year \$7,582,152 is an increase of \$3,755,636 over the prior year restricted net position of \$3,826,516. This is due to the increase of current and other assets of over \$10 million over the small increase of \$7.6 million in total liabilities.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 3,556,009	\$ 3,556,009	\$ 14,762	\$ 14,762	\$ 3,570,771	\$ 3,570,771
Construction in progress	4,010,432	2,968,398	4,957,310	5,378,891	8,967,742	8,347,289
Buildings and improvements	14,548,111	14,425,233	3,220,138	3,435,082	17,768,249	17,860,315
Vehicles, furniture and equipment	1,183,083	379,428	2,779,354	3,279,583	3,962,437	3,659,011
Infrastructure	9,614,036	10,049,277	15,370,947	15,273,381	24,984,983	25,322,658
Total	\$ 32,911,671	\$ 31,378,345	\$ 26,342,511	\$ 27,381,699	\$ 59,254,182	\$ 58,760,044

Additional information on the City's capital assets can be found in Note 8 of the note disclosures accompanying this report.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

STATEMENT OF ACTIVITIES

The following schedule is a summary of the fiscal year 2022 Statement of Activities with comparative information for fiscal year 2021:

	Governmental			Business-type			Total	
	Activities		Change	Activities		Change		
	2022	2021		2022	2021		2022	2021
Revenues:								
Program revenues:								
Charges for services	\$ 4,662,514	\$ 3,727,872	\$ 934,642	\$ 12,527,126	\$ 10,290,178	\$ 2,236,948	\$ 17,189,640	\$ 14,018,050
Operating/capital grants and cont.	531,942	2,625,361	(2,093,419)	-	-	-	531,942	2,625,361
General revenues:								
Property taxes	12,831,247	12,126,361	704,886	-	-	-	12,831,247	12,126,361
Other taxes	2,695,398	2,510,633	184,765	-	-	-	2,695,398	2,510,633
Franchise fees	2,216,304	1,778,413	437,891	-	-	-	2,216,304	1,778,413
Intergovernmental, unrestricted	2,386,717	2,475,515	(88,798)	-	-	-	2,386,717	2,475,515
Interest	25,211	148	25,063	-	-	-	25,211	148
Other	607,469	518,568	88,901	119,993	7,592	112,401	727,462	526,160
Total revenues	25,956,802	25,762,871	193,931	12,647,119	10,297,770	2,349,349	38,603,921	36,060,641
Expenses and transfers:								
General government	12,361,513	13,580,514	(1,219,001)	-	-	-	12,361,513	13,580,514
Public safety	5,731,538	5,205,648	525,890	-	-	-	5,731,538	5,205,648
Transportation	2,390,268	3,364,504	(974,236)	-	-	-	2,390,268	3,364,504
Culture and recreation	748,500	692,624	55,876	-	-	-	748,500	692,624
Interest and fiscal charges	323,095	294,254	28,841	-	-	-	323,095	294,254
Water and sewer	-	-	-	7,361,941	8,074,007	(712,066)	7,361,941	8,074,007
Stormwater	-	-	-	919,314	770,749	148,565	919,314	770,749
Total expenses	21,554,914	23,137,544	(1,582,630)	8,281,255	8,844,756	(563,501)	29,836,169	31,982,300
Increase (decrease) in net position	4,401,888	2,625,327	1,776,561	4,365,864	1,453,014	2,912,850	8,767,752	4,078,341
Net position, beginning	27,516,657	24,428,296	3,088,361	15,925,342	14,060,186	1,865,156	43,441,999	38,488,482
Prior period adjustment	196,908	463,034	(266,126)	(105,207)	412,142	(517,349)	91,701	875,176
Net position, beginning, as restated	27,713,565	24,891,330	2,822,235	15,820,135	14,472,328	1,347,807	43,533,700	39,363,658
Net position, ending	\$ 32,115,453	\$ 27,516,657	\$ 4,598,796	\$ 20,185,999	\$ 15,925,342	\$ 4,260,657	\$ 52,301,452	\$ 43,441,999

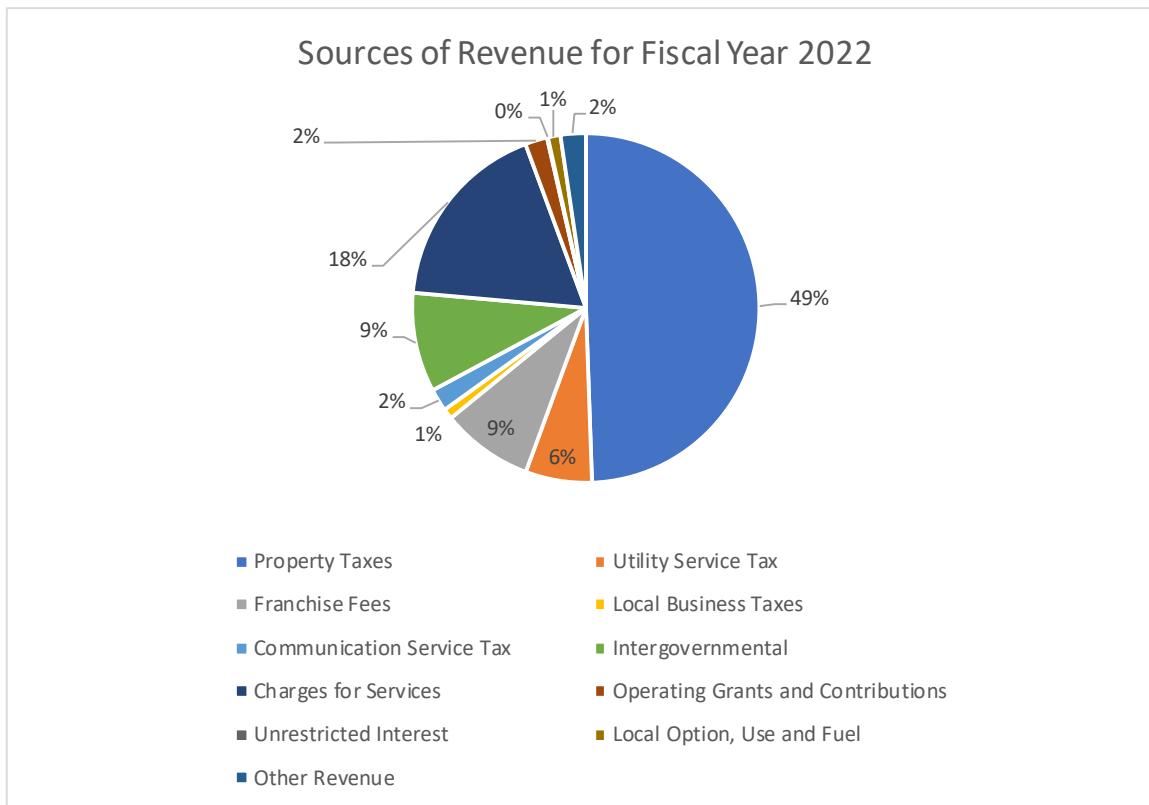
The governmental activities account for the most significant activities within the City, with total revenues of \$25.9 million. The overall governmental revenues increased by \$194k over the prior year. This was primarily attributed to an overall increase in various revenue sources.

Operating and capital grants and contributions decreased approximately \$2.1 million from the prior year. Grant projects were being finalized and additional awards were not received during fiscal year 2022. Transportation decreased \$974k due to a reduction in contractor services for sidewalk and repaving projects.

The business-type activities represent water and sewer, solid waste and stormwater operations which reflected \$12.6 million in total revenues. This is an increase of \$2.3 million over the prior year. The installation of new water meters allowed for more accurate consumption assessments, resulting in the increase of charges for services.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Sources of Revenue for Fiscal Year 2022



BUSINESS-TYPE ACTIVITIES

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

- Total revenues for the Proprietary or Enterprise Funds are \$12.6 million.
- Solid Waste Fund activity is outsourced and managed by 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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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.

On September 30, 2022, the City's governmental funds reported combined ending fund balance of \$17.3 million compared to \$14.5 in the prior year. This increase of almost \$3 million in total government fund balance is net result of an increase in receipts from various revenue sources and conservative disbursement practices.

All other Fund Balances are restricted or committed for use such as debt service, transportation, capital projects, public safety, American Rescue Plan Act or other non-major governmental activities. Additionally, there are restrictions of cash on hand associated with the Series 2015 A&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 this total fund balance equals \$13.0 million as compared to \$13.2 million in the prior fiscal year, representing a slight decrease in revenues and a small increase in expenditures.

General Fund Revenues	2022	Percent of Total	2021	Percent of Total	Increase (Decrease) of Total	Percent of Increase (Decrease) From 2021
	Amount		Amount			
Property taxes	\$11,527,785	61%	\$11,079,451	56%	\$ 448,334	4%
Utility service taxes	79,617	0%	71,991	0%	7,626	11%
Franchise fees	2,216,304	12%	1,778,413	9%	437,891	25%
Local business taxes	250,487	1%	200,241	1%	50,246	25%
Permits and fees	1,722,914	9%	2,000,594	10%	(277,680)	-14%
Intergovernmental	47,431	0%	2,486,827	12%	(2,439,396)	-98%
Charges for services	706,042	4%	223,367	1%	482,675	216%
Fines and forfeitures	2,181,183	12%	1,503,911	8%	677,272	45%
Other revenue	158,231	1%	575,568	3%	(417,337)	-73%
Interest	24,037	0%	-	0%	24,037	
Total Revenues	\$18,914,031	100%	\$19,920,363	100%	\$ (1,006,332)	-5.05%

Total revenues for the general fund realized a decrease of \$1.0 million. Intergovernmental revenues demonstrated the largest variances in receipts from the prior year with a 98% reduction. This reduction is mostly due to a reduction in CARES Act funding during fiscal year 2022 of approximately \$2.4 million as compared to 2021. Revenues in the general fund are shown in the following schedule. Charges for services increased 216% or \$482k from 2021 mostly due to an increase in rental income including Town Center One and other services.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Total expenditures for the general fund increased by \$256K. This increase was overall due to activity in the operating scopes of general government and transportation. Expenditures in the general fund are shown in the following schedule.

General Fund Expenditures	2022	Percent of Total	2021	Percent of Total	Increase (Decrease) of Total	Percent of Increase (Decrease) From 2021
	Amount		Amount			
General government	\$ 9,780,208	49%	\$11,476,370	58%	\$ (1,696,162)	-15%
Public safety	5,185,560	26%	5,716,129	29%	(530,569)	-9%
Transportation	2,429,991	12%	1,337,970	7%	1,092,021	82%
Culture and recreation	664,471	3%	716,714	4%	(52,243)	-7%
Capital outlay	1,535,307	8%	391,840	2%	1,143,467	292%
Debt Service	232,232	1%	27,640	0%	204,592	740%
Interest and other fiscal charges	32,973	0%	-	0%	32,973	
Total Revenues	<u>\$19,860,742</u>	<u>100%</u>	<u>\$19,666,663</u>	<u>100%</u>	<u>\$ 194,079</u>	<u>0.99%</u>

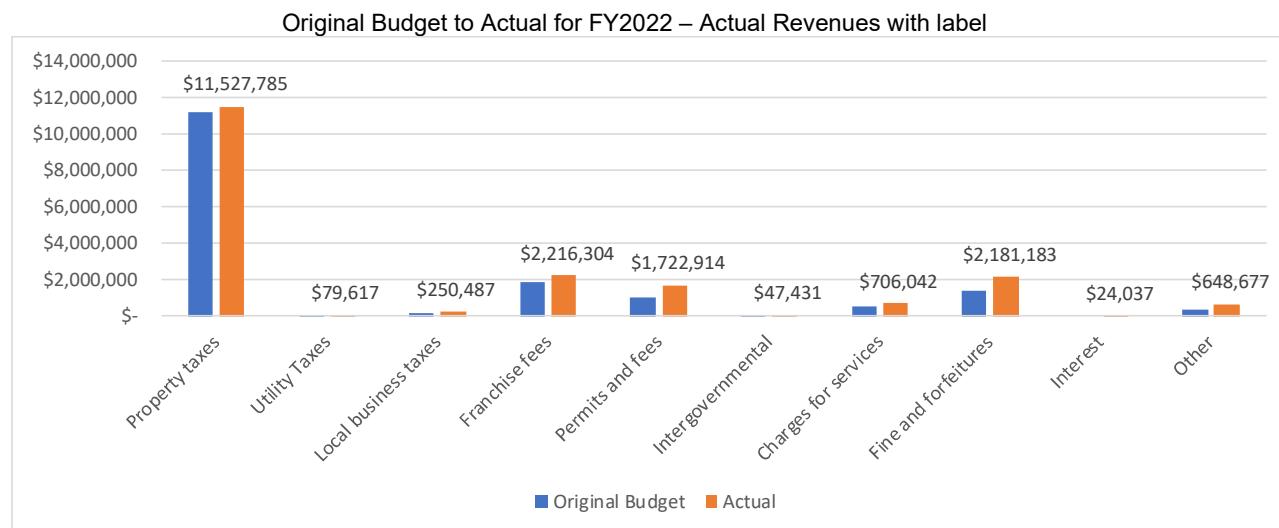
Debt service expenditures increased \$204k. The increase was due to the implementation of GASB Statement No. 87, Leases, which reclassified operating lease expenditures to principal expenditures for vehicle leases during fiscal year 2022. Capital outlay increased \$1.1 million mostly due to rehabilitation projects, drainage improvements, and road repaving.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the water and sewer, stormwater, and solid waste funds at the end of the prior year was a deficit of \$7.1 million. The total net position for the enterprise funds improved by over \$4.6 million in fiscal year 2022 when compared to 2021, \$20.2 million over \$15.9 million respectively. The increase is due to water meter upgrades and reduction in expenses for fiscal year 2022.

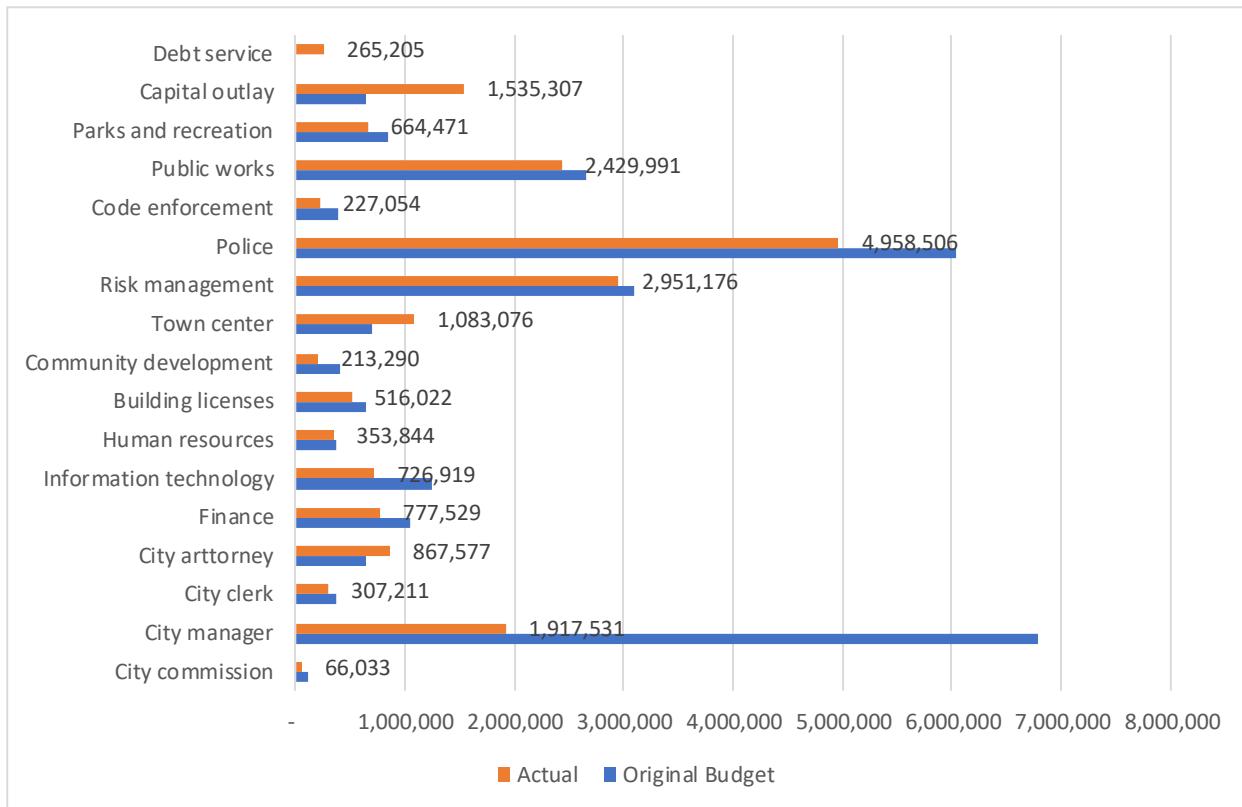
GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were adjustments to the appropriations between the original and final amended budget. Overall, the City's actual total revenues were \$213k over the original appropriation. Intergovernmental was the only revenue source where receipts fell short of projections. Likewise, expenditures were under allocations by \$12.2 million. There is an array of variances between departmental costs this fiscal year with some exceeding expectations and others underspending by \$4.7 million below the original budget.



CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Original Budget to Actual for FY2022 – Actual Expenditures with label



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As part of the City of Opa-locka strategic plan to prioritize and improve the business & and economic development, public safety, the City image and the quality of life of the residents of Opa-locka have adopted several legislations to perform capital improvement projects to be completed during the fiscal year 2022.

Major capital asset additions during the fiscal year 2022 included the following:

- Sherbondy Park Fence Upgrades
- Milling and Resurfacing Phase V- 2 miles
- Sidewalk Installation Phase III- 2.7 miles of new sidewalk
- NW 30th Avenue Drainage Improvements
- NW 133rd Street Drainage Improvements

Sherbondy Village Park Fence Upgrades Project.

Sherbondy Village Park is located at 380 Bahman St. in Opa-locka. The Park has a football field, a baseball field, basketball courts and a playground. In September 2020 the City received funding from the Department of Commerce to replace the existing 6-foot chain link fence with 8-foot wrought iron picket fence to increase the security and aesthetics of the park.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

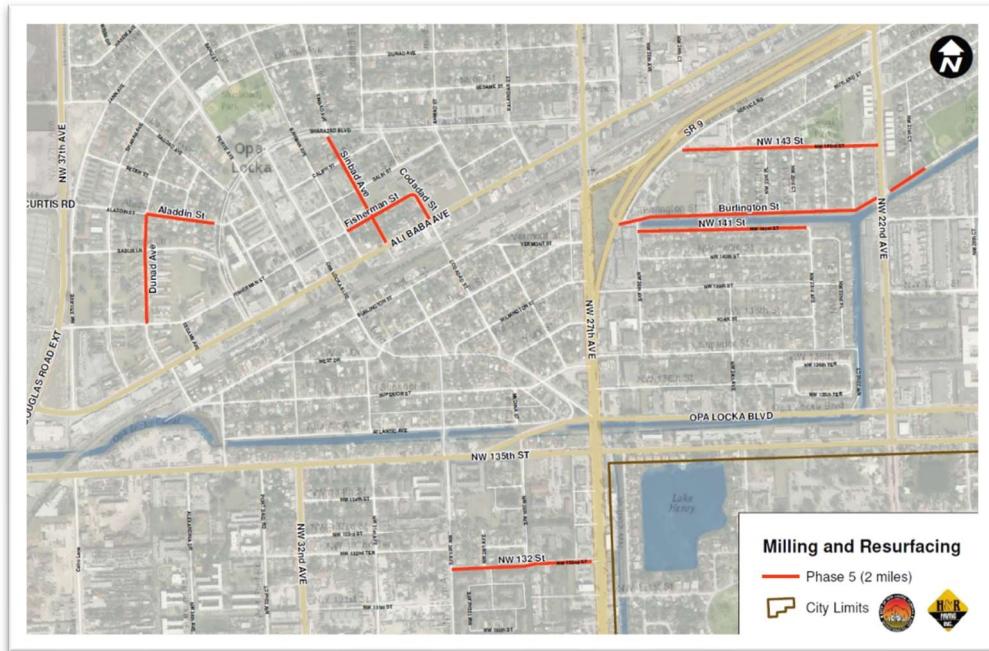
City of Opa-locka's Capital Assets



CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Milling and Resurfacing Phase V

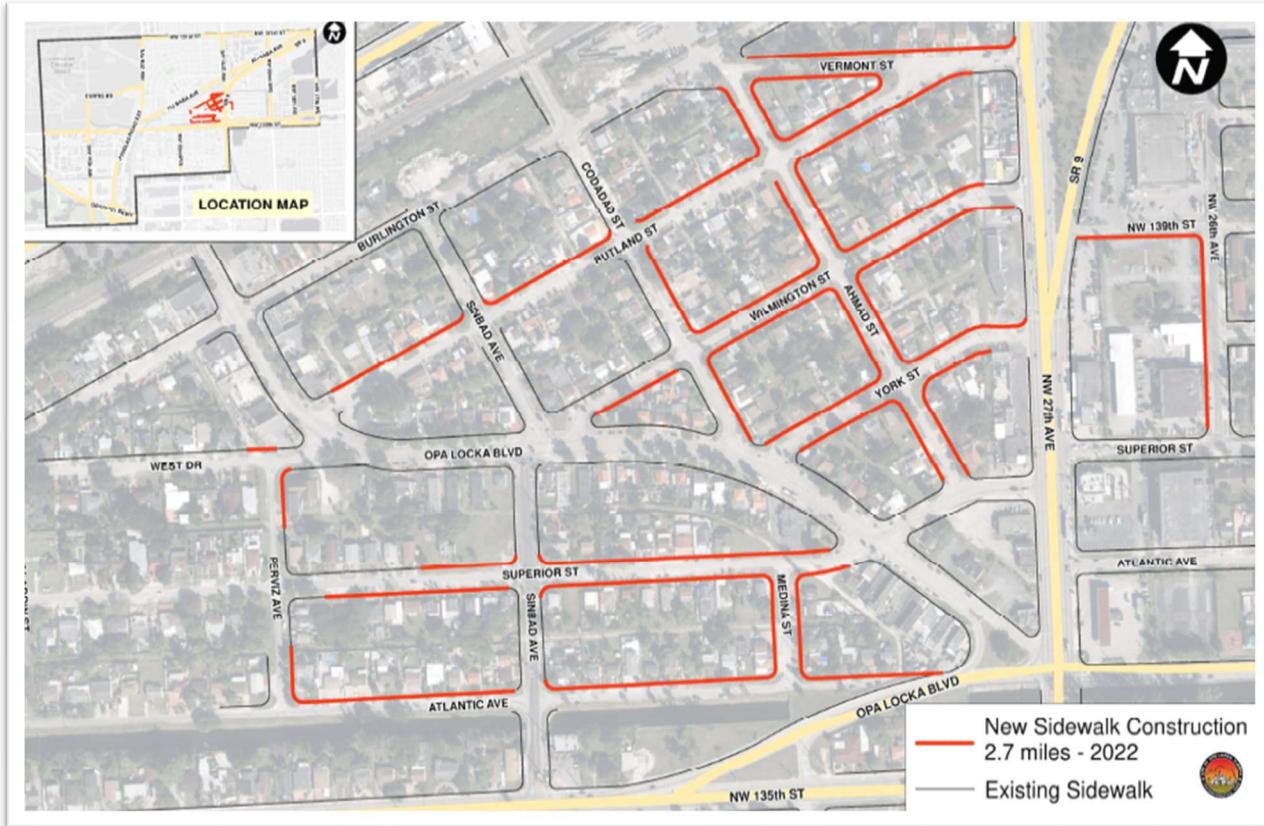
To enhance the City's image and ensure the safety of residents and business owners as well as visitors to the City an ongoing Milling and Resurfacing project started in 2020 has been divided into phases due to financial constraints; in this opportunity, the sections highlighted in the following map were completed:



CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Sidewalk Installation Phase III

As part of the City compromise to enhance walkability and pedestrian safety in FY 2022, the City initiated phase III of the sidewalk installation project that will be performed citywide. This is a continuing project to address the transportation smart plan for pedestrian access to mass transit. This project has been divided into different phases so that it can be more affordable. This phase addressed 2.7 miles of new sidewalk in the residential areas.

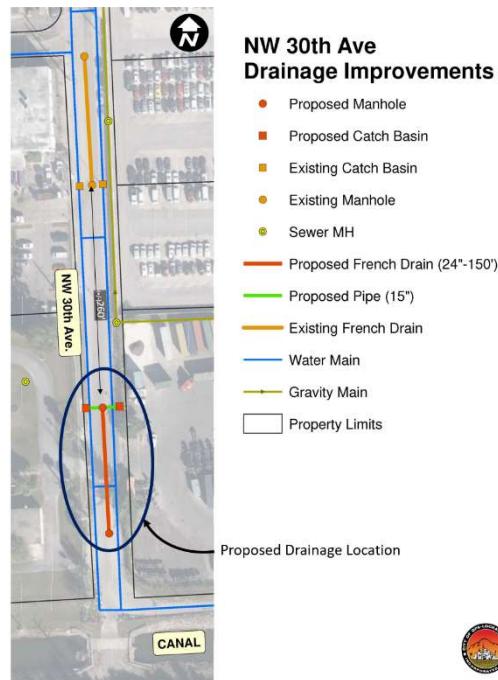


CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Drainage Improvements– NW 30th Avenue and NW 133rd Street

As part of the efforts of flood mitigation, the City completed the installation of 800 feet of French Drain and 7 catch basins between these two locations, the installed systems have proven capable of managing the stormwater runoff which has had a major impact on the businesses and residents in these areas.

NW 133rd Street Drainage Improvements



CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Long-Term Liabilities

At the end of the current fiscal year, the City had outstanding liabilities, both current and long-term of \$29.5 million, exclusive of deferred inflows of resources. Refer to Note 9 for details on long-term liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue bonds	\$ 6,725,527	\$ 7,647,946	\$ -	\$ -	\$ 6,725,527	\$ 7,647,946
Leases	910,226	61,001	143,320	143,320	1,053,546	204,321
Loans, State Revolving	-	-	3,721,004	4,162,079	3,721,004	4,162,079
Net pension liability	9,311,522	3,869,808	1,023,181	527,701	10,334,703	4,397,509
Liability to Miami-Dade	78,009	122,978	1,872,212	2,951,475	1,950,221	3,074,453
Liability to Miami-Dade (Meters)	-	-	2,461,097	2,372,917	2,461,097	2,372,917
Total OPEB liability	169,276	280,235	18,601	37,879	187,877.00	318,114
Compensated absences	1,788,245	1,710,997	123,171	107,382	1,911,416.00	1,818,379
Legal	252,875	252,875	1,000,000	1,000,000	1,252,875	1,252,875
Total	\$ 19,235,680	\$ 13,945,840	\$ 10,362,586	\$ 11,302,753	\$ 29,598,266	\$ 25,248,593

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Downtown/TownCenter Master Plan - expand and redefine development opportunities recommended from the 2015 Downtown Concept Plan. A Master Plan has been developed to demonstrate the future development opportunities for the Downtown/TownCenter for Opa-locka. Stantec is the Consultant for this project. This is a \$95,000 investment from the OCRA. Master plan was completed this Fall 2021. As a result, a new zoning designation was created for the Historic Downtown Opa-locka District. Four to five sites are slated for mixed use multifamily development.

Proposed Redevelopment Projects in Downtown Opa-locka

- **Wellspring Medical Facility and Elderly Apartments Redevelopment** – 14701 NW 27th Avenue. The former Jackson Birthing Center is being redeveloped into a comprehensive medical facility with a 94-unit, 5-story elderly assisted living apartment and community service facility. The existing 48,000 sf building will be rehab while the new apartment and community service facility is to be developed. The site is owned by Miami-Dade County with WellSpring Group as the operator of the medical facility and the Integral Group as the residential developer. Site plans and DA were presented to the PZAB and CC on June 23rd, 2021, and approved. Estimated time of completion – Fall 2024/Spring 2025.
- **Ten North Group**, formerly OLCDC, has also developed plans for the development of four-to-five mixed use projects in the Historic Downtown Opa-locka District.
- **Florida Residential Solutions** is seeking to develop a 90-unit mixed use development as a JVP with the City of Opa-locka.

Proposed Redevelopment Projects in Barracks Area west of Downtown Opa-locka

- **Right Angle, LLC** has been meeting with developers to propose a redevelopment of the 11 acres they own of the western portion of the Barracks Area. The Barracks was used as military housing when Opa-locka Airport served as a naval air station during WWII. While this site can accommodate up to 825 units of residential development, the maximum density of the entire Barrack area is approximately 2000 units. The FAA regulates the height of development near the airport which limits the height and impacts the density.
- **Opa-Property Management** has been approached to investigate redeveloping on the 10+ acre they presently have 100-unit of barrack style housing. They have expressed that they wish to stay "as is" for now.
- **Ten North Group, formerly OLCDC**, has acquired a 1 ac parcel located at 201 Sharazad Boulevard which was used as the officer's hall of the Barracks. The previous owners [Mikon Financial Services] considered redevelopment for a 5-7 story 70-unit multifamily mixed used project.

Innovation and Technology Overlay District – This is overlay to the Opa-locka North Commerce District to promote technological and innovation businesses to relocate and/or expand into this industrial district and add e-commerce business opportunities in the City of Opa-locka.

CITY OF OPA-LOCKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Infill Housing in the Magnolia North area - Infill Housing is proposed built on Miami-Dade County properties in Magnolia North.

- A 6-unit, two story live-work townhouse project is planned to be built by **Palmetto Homes** at the corner of Duval, Ali Baba Avenue over the next 2 years.
- 2145-2171 Lincoln – **Miami-Dade County** has regained ownership of this project and will be demolishing the partially built shell. A new development team is being assigned and a new project is planned for this site. The plans have yet to be determined.
- **Ali Baba Apartments - Sean Atkins** Development Team will be constructing a 5-6-story multifamily mixed-use development with tandem parking system.
- **Ecotech** will be constructing **Amstrong Apartments**, an 8-story multifamily mixed-use development with an automated parking system.
- **Infill Housing has been proposed on Miami-Dade County** properties in Magnolia North. Four Twin Homes are planned to be built by **Caso Construction Group** on the corner of Duval and Lincoln over the next 2 years.
- **Infill Housing was proposed built on Miami-Dade County** properties in Magnolia North. Two 21-unit Senior Apartment towers are planned to be built **Cazo Construction Group** west of Duval, between Washington and Lincoln over the next 2 years.

Challenges for 2023-2024

With interest in development in Opa-locka on the rise, we are in a good and bad situation. The City needs development to stabilize the tax base, but the infrastructure issues make development opportunities in Opa-locka an economic challenge for investors and the development community. The Affordable Housing Initiative needs to reflect the quality of life for today's family. This will be key to the growth and redevelopment of the City of Opa-locka.

From the water we drink to the way we travel to work, to school or just running errands, Infrastructure touches every aspect of human life. It has the power to change the natural environment for good or for ill. As the population of the City of Opa-locka increases, resident will demand more services and the need for Infrastructure will rise rapidly. Meanwhile increasingly severe weather events, like the seasonal hurricane season, and the rising sea level pose direct threat to Infrastructure and the critical services they provide. With lack of precise knowledge about the future of climate change, making long term planning increasingly difficult.

The City Administration should adopt a forward-looking approach to address the issue of Infrastructure. Infrastructure should be resilience to the shock and stress it would encounter to pass the capacity test.

Defining Statement:

The City of Opa-locka recognizes that economic development is essential to ensure the community achieves its vision for the future. Sustainability principles identify economic development and quality of life as part of the same equation. Beneficial economic activities, including the creation of long-term employment opportunities, will help sustain and improve the quality of life in Opa-locka. Increased employment stimulates the local economy by increasing overall spending, increased buying power, and leading to increased tax revenue, which means better social, educational, cultural and community services and facilities.

The City Administration considers a safe and livable community with affordable housing as one of their most important priorities. The prevention of crime, dealing with youth issues and maintaining personal safety and security are high priorities for the City. Residents also expect effective and efficient emergency service response, safe and clean public areas, well-maintained and secured public buildings and access to health and social services.

For the fiscal year 2023, the City's millage and utility billing rates have not changed.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Opa-locka's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Darvin Williams, Interim City Manager, 780 Fisherman Street Fourth Floor, City of Opa-locka Florida, 33054.

BASIC FINANCIAL STATEMENTS

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 17,966,690	\$ 6,354,343	\$ 24,321,033
Accounts receivable, net	2,188,658	1,746,705	3,935,363
Leases receivable	649,670	-	649,670
Internal balances	2,853,529	(2,853,529)	-
Due from other governments	264,666	-	264,666
Prepays	4,059	2,586	6,645
Restricted cash	<u>11,403,401</u>	<u>3,550,774</u>	<u>14,954,175</u>
Total current assets	35,330,673	8,800,879	44,131,552
Non-Current assets:			
Capital assets, non-depreciable	7,566,441	4,972,072	12,538,513
Capital assets, net of accumulated depreciation	<u>25,345,230</u>	<u>21,370,439</u>	<u>46,715,669</u>
Total non-current assets	32,911,671	26,342,511	59,254,182
Total assets	<u>68,242,344</u>	<u>35,143,390</u>	<u>103,385,734</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension (See Note 11)	2,491,516	273,776	2,765,292
Deferred outflows related to OPEB (See Note 14)	<u>7,033</u>	<u>774</u>	<u>7,807</u>
Total deferred outflows of resources	<u>2,498,549</u>	<u>274,550</u>	<u>2,773,099</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	70,740,893	35,417,940	106,158,833
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	6,361,021	1,201,109	7,562,130
Due to other governments	2,959,225	-	2,959,225
Customer deposits	49,837	3,503,257	3,553,094
Unearned revenue	<u>7,957,062</u>	<u>-</u>	<u>7,957,062</u>
Total current liabilities	17,327,145	4,704,366	22,031,511
Non-Current liabilities:			
Due within one year:			
Compensated absences	404,043	55,656	459,699
Debt related to capital acquisitions	1,177,280	551,490	1,728,770
Other long term debt	46,337	1,112,090	1,158,427
Due in more than one year:			
Compensated absences	1,384,202	67,515	1,451,717
Contingencies - accrual legal	252,875	1,000,000	1,252,875
Total OPEB liability	169,276	18,601	187,877
Debt related to capital acquisitions	6,458,473	3,312,834	9,771,307
Net pension liability (See Note 11)	9,311,522	1,023,181	10,334,703
Other long term debt	<u>31,672</u>	<u>3,221,219</u>	<u>3,252,891</u>
Total non-current liabilities	<u>19,235,680</u>	<u>10,362,586</u>	<u>29,598,266</u>
Total liabilities	36,562,825	15,066,952	51,629,777
DEFERRED INFLOWS OF RESOURCES			
Leases	561,121	-	561,121
Deferred inflows related to pension (see Note 11)	1,305,771	143,482	1,449,253
Deferred inflows related to OPEB (see Note 14)	<u>195,723</u>	<u>21,507</u>	<u>217,230</u>
Total deferred inflows of resources	<u>2,062,615</u>	<u>164,989</u>	<u>2,227,604</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	38,625,440	15,231,941	53,857,381
NET POSITION			
Net investment in capital assets	25,028,209	18,102,389	43,130,598
Restricted for:			
CRA	3,388,318	-	3,388,318
Public safety	94,421	-	94,421
Debt service	4,099,413	-	4,099,413
Unrestricted	<u>(494,908)</u>	<u>2,083,610</u>	<u>1,588,702</u>
Total net position	<u>\$ 32,115,453</u>	<u>\$ 20,185,999</u>	<u>\$ 52,301,452</u>

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 12,361,513	\$ 2,323,124	\$ 493,562	\$ -	\$ (9,544,827)	\$ -	\$ (9,544,827)
Public safety	5,731,538	2,317,654	38,380	-	(3,375,504)	-	(3,375,504)
Transportation	2,390,268	-	-	-	(2,390,268)	-	(2,390,268)
Culture and recreation	748,500	21,736	-	-	(726,764)	-	(726,764)
Interest on long-term debt	323,095	-	-	-	(323,095)	-	(323,095)
Total governmental activities	<u>21,554,914</u>	<u>4,662,514</u>	<u>531,942</u>	<u>-</u>	<u>(16,360,458)</u>	<u>-</u>	<u>(16,360,458)</u>
Business-type activities:							
Water and sewer	7,361,941	10,412,698	-	-	-	3,050,757	3,050,757
Stormwater	919,314	2,114,428	-	-	-	1,195,114	1,195,114
Total business-type activities	<u>8,281,255</u>	<u>12,527,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,245,871</u>	<u>4,245,871</u>
Total	<u>\$ 29,836,169</u>	<u>\$ 17,189,640</u>	<u>\$ 531,942</u>	<u>\$ -</u>	<u>(16,360,458)</u>	<u>4,245,871</u>	<u>(12,114,587)</u>

General revenues:			
Property taxes	12,831,247	-	12,831,247
Franchise fees	2,216,304	-	2,216,304
Utility taxes	1,602,984	-	1,602,984
Communication services tax	538,423	-	538,423
Local option, use and fuel taxes	303,504	-	303,504
Local business tax	250,487	-	250,487
Intergovernmental, unrestricted	2,386,717	-	2,386,717
Gain on disposition of capital assets	490,446	-	490,446
Unrestricted interest earnings	25,211	-	25,211
Other	117,023	119,993	237,016
Total general revenues and transfers	<u>20,762,346</u>	<u>119,993</u>	<u>20,882,339</u>
Change in net position	4,401,888	4,365,864	8,767,752
Net position beginning, as previously reported	<u>27,516,657</u>	<u>15,925,342</u>	<u>43,441,999</u>
Prior period adjustment (Note 18)	<u>196,908</u>	<u>(105,207)</u>	<u>91,701</u>
Net position beginning, as restated	<u>27,713,565</u>	<u>15,820,135</u>	<u>43,533,700</u>
Net position, ending	<u>\$ 32,115,453</u>	<u>\$ 20,185,999</u>	<u>\$ 52,301,452</u>

See notes to basic financial statements

CITY OF OPA-LOCKA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	American Rescue Plan Act Fund	Capital Projects Improvement Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 14,228,609	\$ -	\$ -	\$ 3,738,081	\$ 17,966,690
Accounts receivable, net	456,054	-	382,661	1,349,943	2,188,658
Leases receivable	649,670	-	-	-	649,670
Due from other governments	88,716	-	-	175,950	264,666
Due from other funds	8,005,290	-	1,896,375	1,386,467	11,288,132
Prepays	4,059	-	-	-	4,059
Restricted cash	759,355	7,957,572	2,614,523	71,951	11,403,401
Advances to other funds	<u>15,024,621</u>	<u>-</u>	<u>4,893,559</u>	<u>2,690,193</u>	<u>17,714,814</u>
TOTAL ASSETS	\$ 39,216,374	\$ 7,957,572	\$ 4,893,559	\$ 9,412,585	\$ 61,480,090
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,657,326	\$ -	\$ -	\$ 1,703,695	\$ 6,361,021
Due to other funds	9,311,335	-	794,146	1,881,112	11,986,593
Due to other governments	2,959,225	-	-	-	2,959,225
Customer deposits	49,837	-	-	-	49,837
Unearned revenue	-	7,957,062	-	-	7,957,062
Advances from other funds	<u>8,670,852</u>	<u>-</u>	<u>-</u>	<u>5,491,972</u>	<u>14,162,824</u>
TOTAL LIABILITIES	25,648,575	7,957,062	794,146	9,076,779	43,476,562
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>561,121</u>	<u>-</u>	<u>-</u>	<u>150,407</u>	<u>711,528</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	561,121	-	-	150,407	711,528
FUND BALANCES					
Nonspendable:					
Prepays	4,059	-	-	-	4,059
Advances to other funds	<u>15,024,621</u>	<u>-</u>	<u>-</u>	<u>2,690,193</u>	<u>17,714,814</u>
Restricted:					
CRA	-	-	-	2,804,849	2,804,849
Public safety	-	510	-	93,911	94,421
Debt service	-	-	4,099,413	-	4,099,413
Unassigned (deficit)	<u>(2,022,002)</u>	<u>-</u>	<u>-</u>	<u>(5,403,554)</u>	<u>(7,425,556)</u>
Total fund balances	<u>13,006,678</u>	<u>510</u>	<u>4,099,413</u>	<u>185,399</u>	<u>17,292,000</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 39,216,374	\$ 7,957,572	\$ 4,893,559	\$ 9,412,585	\$ 61,480,090

CITY OF OPA-LOCKA, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Total governmental fund balances (page 25) \$ 17,292,000

Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 32,911,671

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

Long-term debt	(7,635,753)
Net pension liability	(9,311,522)
Compensated absences	(1,788,245)
Total other post-employment benefits	(169,276)
Accrued legal settlement	(252,875)
Other long-term debt	<u>(78,009)</u>
Net adjustment	(19,235,680)

Net deferred outflows(inflows) for pensions and OPEB which are not recognized under the modified accrual basis of accounting 997,055

Some receivables are not available to pay for current-period expenditures and, therefore are reported as unavailable revenue in the funds 150,407

Net position of governmental activities (page 23) \$ 32,115,453

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General Fund	American Rescue Plan Act Fund	Capital Projects Improvement Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 11,527,785	\$ -	\$ -	\$ 1,303,462	\$ 12,831,247
Franchise fees	2,216,304	-	-	-	2,216,304
Utility taxes	79,617	-	1,523,367	-	1,602,984
Communication service taxes	-	-	538,423	-	538,423
Local option, use and fuel taxes	-	-	1,520,591	303,504	1,824,095
Local business taxes	250,487	-	-	-	250,487
Permits and fees	1,722,914	-	-	-	1,722,914
Intergovernmental revenue	47,431	-	866,126	345,271	1,258,828
Charges for services	706,042	-	-	-	706,042
Fines and forfeitures	2,181,183	-	-	-	2,181,183
Interest	24,037	510	68	596	25,211
Other	158,231	-	-	-	158,231
Total revenues	18,914,031	510	4,448,575	1,952,833	25,315,949
Expenditures:					
Current operating:					
General government	9,780,208	-	-	390,989	10,171,197
Public safety	5,185,560	-	-	-	5,185,560
Transportation	2,429,991	-	-	204,013	2,634,004
Culture and recreation	664,471	-	-	-	664,471
Capital outlay	1,535,307	-	-	1,776,883	3,312,190
Debt service:					
Principal	232,232	-	967,388	-	1,199,620
Interest and other fiscal charges	32,973	-	290,122	-	323,095
Total expenditures	19,860,742	-	1,257,510	2,371,885	23,490,137
Excess (deficiency) of revenues over expenditures	(946,711)	510	3,191,065	(419,052)	1,825,812
Other financing sources (uses)					
Issuance of debt - lease	283,907	-	-	-	283,907
Proceeds from sale of capital assets	490,446	-	-	-	490,446
Total other financing sources (uses)	774,353	-	-	-	774,353
Net change in fund balances	(172,358)	510	3,191,065	(419,052)	2,600,165
Fund balances, beginning - as previously reported	13,179,036	-	908,348	407,543	14,494,927
Prior period adjustment	-	-	-	196,908	196,908
Fund balances, beginning - as restated	13,179,036	-	908,348	604,451	14,691,835
Fund balances, ending	\$ 13,006,678	\$ 510	\$ 4,099,413	\$ 185,399	\$ 17,292,000

CITY OF OPA-LOCKA, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds (page 26) \$ 2,600,165

Amounts reported for governmental activities in the Government-wide Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which capital outlays exceeded depreciation in the current period. The details of the difference (excluding the internal service fund) are as follows:

Capital outlay	2,247,354
Depreciation expense	<u>(1,504,623)</u>
Net adjustment	742,731

The net effect of miscellaneous transactions related to capital assets (6,954)

The issuance of long-term debt provides current financial resources to governmental funds. Repayment of the principal consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of the difference (excluding the internal service fund) are as follows:

Issuance of debt - leases	(283,907)
Principal payments	<u>1,199,620</u>
Net adjustment	915,713

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

Changes in:	
Compensated absences	(77,247)
Deferred inflows and outflows relating to pensions, and the net pension liability	77,221
Deferred inflows and outflows relating to OPEB, and the OPEB liability	<u>(148)</u>
Net adjustment	(174)

Revenue collected outside of the period of availability is not available to pay for current period expenditures. However, it is available to pay long term obligations of the City. 150,407

Change in net position of governmental activities (page 23) \$ 4,401,888

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities				
	Enterprise Funds				
	Major Funds				
	Water and Sewer Fund	Stormwater Fund	Non-Major Solid Waste	Total	
ASSETS					
Current assets:					
Cash	\$ 4,456,501	\$ 1,833,768	\$ 64,074	\$ 6,354,343	
Accounts receivable, net	1,525,341	221,364	-	1,746,705	
Due from other funds	936,788	2,239,370	-	3,176,158	
Prepays and other	2,586	-	-	2,586	
Restricted cash	3,490,919	59,855	-	3,550,774	
Total current assets	<u>10,412,135</u>	<u>4,354,357</u>	<u>64,074</u>	<u>14,830,566</u>	
Non-current assets					
Advances to other funds	5,784,914	2,384,718	1,690,114	9,859,746	
Capital assets, non-depreciable	4,674,370	297,702	-	4,972,072	
Capital assets, net of accumulated depreciation	21,158,140	193,361	18,938	21,370,439	
Total non-current assets	<u>31,617,424</u>	<u>2,875,781</u>	<u>1,709,052</u>	<u>36,202,257</u>	
Total assets	<u>42,029,559</u>	<u>7,230,138</u>	<u>1,773,126</u>	<u>51,032,823</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	217,268	56,508	-	273,776	
Deferred outflows related to OPEB	613	161	-	774	
Total deferred outflows of resources	<u>217,881</u>	<u>56,669</u>	<u>-</u>	<u>274,550</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
OF RESOURCES	<u>42,247,440</u>	<u>7,286,807</u>	<u>1,773,126</u>	<u>51,307,373</u>	
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	793,762	407,347	-	1,201,109	
Due to other funds	1,670,249	743,373	64,075	2,477,697	
Customer deposits	3,439,183	-	64,074	3,503,257	
Total current liabilities	<u>5,903,194</u>	<u>1,150,720</u>	<u>128,149</u>	<u>7,182,063</u>	
Non-current liabilities:					
Due within one year:					
Compensated absences	53,822	1,834	-	55,656	
Debt related to capital acquisitions	408,170	143,320	-	551,490	
Other long term debt	1,112,090	-	-	1,112,090	
Due in more than one year:					
Advances from other funds	9,608,271	2,154,328	1,649,137	13,411,736	
Compensated absences	65,290	2,225	-	67,515	
Contingencies	1,000,000	-	-	1,000,000	
Total OPEB liability	14,762	3,839	-	18,601	
Debt related to capital acquisitions	3,312,834	-	-	3,312,834	
Net pension liability (See Note 10)	811,994	211,187	-	1,023,181	
Other long term debt	3,026,197	195,022	-	3,221,219	
Total non-current liabilities	<u>19,413,430</u>	<u>2,711,755</u>	<u>1,649,137</u>	<u>23,774,322</u>	
Total liabilities	<u>25,316,624</u>	<u>3,862,475</u>	<u>1,777,286</u>	<u>30,956,385</u>	
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	113,867	29,615	-	143,482	
Deferred inflows related to OPEB	17,068	4,439	-	21,507	
Total deferred inflows of resources	<u>130,935</u>	<u>34,054</u>	<u>-</u>	<u>164,989</u>	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
OF RESOURCES	<u>25,447,559</u>	<u>3,896,529</u>	<u>1,777,286</u>	<u>31,121,374</u>	
NET POSITION					
Net investment in capital assets	17,973,219	110,232	18,938	18,102,389	
Unrestricted	(1,173,338)	3,280,046	(23,098)	2,083,610	
Total net position	<u>\$ 16,799,881</u>	<u>\$ 3,390,278</u>	<u>\$ (4,160)</u>	<u>\$ 20,185,999</u>	

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Business-type Activities					
Enterprise Funds					
Major Funds					
	Water and Sewer Fund	Stormwater Fund	Non-Major Solid Waste		Total
Operating revenues:					
Charges for services	\$ 10,412,698	\$ 2,114,428	\$ -	\$ 12,527,126	
Other	103,028	16,965	-	119,993	
Total operating revenues	10,515,726	2,131,393	-	12,647,119	
Operating expenses:					
Operating, administrative and maintenance	6,206,837	828,847	-	7,035,684	
Depreciation	1,055,451	75,894	-	1,131,345	
Total operating expenses	7,262,288	904,741	-	8,167,029	
Operating income (loss)	3,253,438	1,226,652	-	4,480,090	
Non-operating revenue (expense):					
Interest	(99,653)	(14,573)	-	(114,226)	
Total non-operating revenue (loss)	(99,653)	(14,573)	-	(114,226)	
Change in net position	3,153,785	1,212,079	-	4,365,864	
Net position, beginning - as previously reported	13,972,667	1,956,835	(4,160)	15,925,342	
Prior period adjustment	(326,571)	221,364	-	(105,207)	
Net position, beginning - as restated	13,646,096	2,178,199	(4,160)	15,820,135	
Net position, ending	\$ 16,799,881	\$ 3,390,278	\$ (4,160)	\$ 20,185,999	

CITY OF OPA-LOCKA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Business-type Activities				
Enterprise Funds				
Major Funds				
	Water and Sewer Fund	Stormwater Fund	Non-Major Solid Waste	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers and users	\$ 10,539,415	\$ 2,332,247	\$ -	\$ 12,871,662
Cash paid to vendors and suppliers	(7,274,969)	(515,601)	- -	(7,790,570)
Cash paid to employees	(460,483)	(188,761)	- -	(649,244)
Cash provided (paid) from (to) other funds	<u>799,483</u>	<u>(1,495,998)</u>	<u>- -</u>	<u>(696,515)</u>
Net cash provided by (used in) operating activities	<u>3,603,446</u>	<u>131,887</u>	<u>- -</u>	<u>3,735,333</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(88,181)	(3,975)	- -	(92,156)
Principal paid on long-term debt	(1,319,736)	(112,423)	- -	(1,432,159)
Interest paid on long-term debt	<u>(99,653)</u>	<u>(14,573)</u>	<u>- -</u>	<u>(114,226)</u>
Net cash used in capital and related financing activities	<u>(1,507,570)</u>	<u>(130,971)</u>	<u>- -</u>	<u>(1,638,541)</u>
Net increase (decrease) in cash	2,095,876	916	- -	2,096,792
Cash, beginning	<u>5,871,509</u>	<u>1,892,707</u>	<u>64,074</u>	<u>7,828,290</u>
Cash, ending	<u>7,967,385</u>	<u>1,893,623</u>	<u>64,074</u>	<u>9,925,082</u>
Cash per statement of net position:				
Unrestricted	4,456,501	1,833,768	64,074	6,354,343
Restricted	<u>3,490,919</u>	<u>59,855</u>	<u>- -</u>	<u>3,550,774</u>
Total	<u>7,947,420</u>	<u>1,893,623</u>	<u>64,074</u>	<u>9,905,117</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	3,253,438	1,226,652	- -	4,480,090
Adjustments to reconcile operating income to net cash provided (used in) by operating activities:				
Depreciation expenses	1,055,451	75,894	- -	1,131,345
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	75,411	162,340	- -	237,751
Due from other governments	- -	38,514	- -	38,514
Due from other funds	4,914,149	145,348	- -	5,059,497
Advances to other funds	<u>(5,784,914)</u>	<u>2,154,328</u>	<u>- -</u>	<u>(3,630,586)</u>
Prepaid expenses	(2,586)	- -	- -	(2,586)
Deferred outflows of resources	68,406	(30,647)	- -	37,759
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued liabilities	(1,218,243)	26,273	- -	(1,191,970)
Due to other funds	<u>(7,938,023)</u>	<u>(1,410,956)</u>	<u>- -</u>	<u>(9,348,979)</u>
Advances from other funds	9,608,271	(2,384,718)	- -	7,223,553
Due to other governments	(12,459)	- -	- -	(12,459)
Compensated absences	12,930	2,860	- -	15,790
Customer deposits	(51,722)	- -	- -	(51,722)
Deferred inflows of resources	<u>(704,931)</u>	<u>(41,900)</u>	<u>- -</u>	<u>(746,831)</u>
OPEB and pension	308,303	167,899	- -	476,202
Total adjustments	<u>330,043</u>	<u>(1,094,765)</u>	<u>- -</u>	<u>(764,722)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,583,481</u>	<u>\$ 131,887</u>	<u>\$ - -</u>	<u>\$ 3,715,368</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 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, solid waste, and stormwater enterprises.

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

A. Reporting Entity

The financial 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 has been included in the City's reporting entity as a blended component unit.

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. The financial balances and activities of the blended component unit are as of and for the fiscal year ended September 30, 2022.

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 entity 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, 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 assistance for redevelopment within the CRA area.

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 2022, there was approximately \$1.3 million in revenues. 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. As required by Section 163.387, Florida Statutes, a set of financial statements are also issued separately for the CRA.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Special Districts

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 typically included in the non-major governmental fund financial statements: the East-West Neighborhood Improvement District, Ali-Baba Neighborhood Improvement District, and the Niles Garden Neighborhood Improvement District. As of September 30, 2022 no amounts are reported for the three neighborhood improvement districts and the districts had no activity during the fiscal year ended September 30, 2022. No separate financial statements are issued. The districts were dissolved by resolution on December 8, 2021.

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 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 service.

The statement of net position presents the financial position of the City. This statement is required to present all financial and capital resources using an economic resources measurement focus and the accrual basis of accounting. GASB Statement 34, as amended by GASB Statement 63, encourages the use of a net position format (which subtracts liabilities plus deferred inflows of resources from assets plus deferred outflows of resources to reflect the net position), rather than the standard balance sheet format (which presents a total for assets plus deferred outflows of resources equal to a total of liabilities plus deferred inflows of resources and net position). However, either presentation is acceptable.

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, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds 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, respectively.

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

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

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

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

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 compliance 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 operating 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 **American Rescue Plan Act Fund** is used to account for restricted funds received by the Federal Government and spent in accordance with applicable laws and guidelines.

The **Capital Improvement Debt Service Fund** is used to account for the Series 2011 A&B Capital Improvement Revenue Bonds and the 2015 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.

The **Stormwater Fund** is used to account for the operation and maintenance of the City's stormwater 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, stormwater, and solid waste 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.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 an original maturity of (90) ninety days or less to be cash.

For purposes of the statement of cash flows for proprietary fund types of fund; all highly liquid investments (including restricted assets) with maturity of three months or less when purchased are considered to be cash equivalents. The City does not have any cash equivalents or investments as of September 30, 2022.

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 receivables using historical collection data, specific account analysis, and management's judgment. Receivable balances for the governmental activities include franchise fees, utility taxes, Town Center rent, and amounts due from other governments. Business-type activities report utility billings as receivables.

4. Restricted Assets

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

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 \$5,000 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 acquisition 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 extend 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 expensed accordingly.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

Assets	Years
Buildings and Building Improvements	10-50
Infrastructure Systems	30
Equipment	3-10
Vehicles	3-10

6. Leases (Right-of-use Assets)

The leases (right-of-use assets) are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The leases (right of use assets) are amortized on a straight-line basis over the life of the related lease agreement.

7. Interfund 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.”

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

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 as transfers in and out.

8. 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 consumption of net assets 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 pensions and OPEB on the Government-wide Statement of Net Position.

9. 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 consumption of net assets 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 may include unavailable revenue, whereas in the government-wide and the proprietary fund statements unavailable revenue is recognized for the current period. It includes resources related to pensions and OPEB, which will be recognized as inflows of resources in the period that the amounts become available.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Unearned Revenue

Unearned revenue is recorded for governmental fund receipts that are measurable and available, but have not met the criteria for revenue recognition, such as donations or grants received for specific projects as well as monies received in advance of services yet to be rendered. These are recorded as unearned revenue in the government-wide and fund statements.

11. 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.

12. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, where applicable, during the current period. The face amount of debt issued is reported as other financing sources. Payments on debt are recorded as reductions of the debt. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expenditure in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expenditure over the duration of the related debt.

13. 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 BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Net Position and Fund Balance (Continued)

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 is the residual classification only for the general fund. It is also used to report negative/deficit fund balance in other governmental funds.

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.

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. Actual results may differ.

F. Implementation of New Accounting Standard

GASB Statement No. 87, Leases ("GASB 87"), addresses accounting and financial reporting for leases by governments. The statement requires 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. This Statement was implemented by the City for the fiscal year ended September 30, 2022.

NOTE 2 – DEFICIT FUND BALANCES

The City reported deficit fund balances in the People's Transportation Tax Fund of (\$2,581,855) and in the Safe Neighborhood Capital Improvement Fund of (\$976,510). These are considered nonmajor governmental funds. The deficit balances were rectified following a revision of the budget in FY2023.

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 discount 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 City's gross taxable property value as of January 1, 2021, as provided by the Miami-Dade Property Appraiser, was \$1.55 billion. For the fiscal year of October 1, 2021 to September 30, 2022, the City Commission adopted a millage rate of \$9.8 per \$1,000 of taxable value, which resulted in approximately \$14.89 million of property tax revenue, of which \$884,270 was provided to the Opa-locka Community Redevelopment Agency (CRA) as Tax Increment Financing (TIF) revenue, while Miami-Dade County provided an additional \$419,192 to the CRA.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – PROPERTY TAXES (CONTINUED)

No accrual for the property tax levy becoming due in November 2021 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2021, and such taxes are collected to finance expenditures of the fiscal year ended September 30, 2022.

NOTE 4 – DEPOSITS AND INVESTMENTS

As of September 30, 2022, the City's cash is 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. Therefore, all deposits are insured or collateralized.

Investments

The City's investment policy follows the requirements of Florida Statutes Chapter 218.415, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. The City's investment policy authorizes investments in direct obligations of the U.S. Government, U.S. government agencies, or federal instrumentalities. The City is also authorized to invest in SEC registered money market mutual funds, insured or fully collateralized deposits, repurchase agreements secured by direct obligations of the U.S. Government, commercial paper, corporate obligations that are fully insured by the FDIC, and authorized intergovernmental investment pools. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

As of September 30, 2022, the City had no investments.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivable balances and the allowance for uncollectible accounts as of September 30, 2022, were as follows:

	Accounts	Due from Other	Allowance for	Net
	Receivable	Agencies	Uncollectibles	
Governmental activities				
General Fund	\$ 1,077,197	\$ 88,716	\$ (621,143)	\$ 544,770
Peoples Transportation	-	175,950	-	175,950
Capital Projects and Debt Service	382,661	-	-	382,661
Safe Neighborhood Capital Projects	1,349,943	176,499	(176,499)	1,349,943
Total governmental activities	\$ 2,809,801	\$ 441,165	\$ (797,642)	\$ 2,453,324
Business-type activities				
Water and sewer	5,241,593	5,667,375	(9,383,627)	1,525,341
Stormwater	1,236,485	83,165	(1,098,286)	221,364
Total business-type activities	\$ 6,478,078	\$ 5,750,540	\$ (10,481,913)	\$ 1,746,705

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 – ACCOUNTS RECEIVABLE (CONTINUED)

As of September 30, 2022, the allowance for uncollectible accounts was \$621,143 for governmental activities, while the allowance for uncollectible accounts was \$10,481,913 for the business-type activities. An allowance for uncollectible accounts is a contra account that nets against the total receivables presented on the statement of net position/balance sheet to reflect only the amounts expected to be paid and estimated accounts receivable that are expected to be uncollectible.

NOTE 6 – LEASES RECEIVABLE

City as Lessor

The City leases office space to a Kindergarten through 12th grade school located at the 780 Fisherman Street building. The date of the most recent renewal was August 1, 2021 for a two year lease term. The agreements allow for a 3.0% annual increase to the lease payments on the anniversary of the agreement. During the fiscal year, the City recognized \$241,056 in lease revenue and \$19,969 in interest income related to these agreements. Also, the City has a deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. The lease receivable is reported in the General Fund.

The City leases office space to a non-profit youth organization for afterschool learning and community social services located at the 780 Fisherman Street building. The term is for a three year lease term with expiration on June 30, 2024. The agreements allow for a 3.0% annual increase to the lease payments on the anniversary of the agreement. During the fiscal year, the City recognized \$46,894 in lease revenue and \$4,068 in interest income related to these agreements. Also, the City has a deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. The lease receivable is reported in the General Fund. As of September 30, 2022, the total balance of deferred inflows of resources was \$561,121.

A summary of leases receivable and deferred inflows of resources for the fiscal year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Lease receivables				
School of Excellence	\$ 723,167	\$ -	\$ (158,861)	\$ 564,306
Teen Upward Bound	124,159	-	(38,795)	85,364
Total lease receivable	\$ 847,326	\$ -	\$ (197,656)	\$ 649,670
 Deferred Inflows				
School of Excellence	\$ 723,167	\$ -	\$ (241,056)	\$ 482,111
Teen Upward Bound	124,159	-	(45,149)	79,010
Total Deferred Inflows	\$ 847,326	\$ -	\$ (286,205)	\$ 561,121

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – INTERFUND BALANCES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Interfund balances as of September 30, 2022, consisted of the following:

	Due from Other Funds	Due to Other Funds	Net
Major governmental funds			
General Fund	\$ 8,005,290	\$ 9,311,335	\$ (1,306,045)
Capital Projects Improvement Debt Service Fund	1,896,375	794,146	1,102,229
Non-major governmental funds	1,386,467	1,881,112	(494,645)
Major enterprise funds			
Water and sewer	936,788	1,670,249	(733,461)
Stormwater	2,239,370	743,373	1,495,997
Non-major enterprise fund	-	64,075	(64,075)
Total	<u>\$ 14,464,290</u>	<u>\$ 14,464,290</u>	<u>\$ -</u>

Interfund advances as of September 30, 2022, consisted of the following:

	Advances to	Advances from	Net
Major governmental funds			
General Fund	\$ 15,024,621	\$ 8,670,852	\$ 6,353,769
Non-major governmental funds	2,690,193	5,491,972	(2,801,779)
Major enterprise funds			
Water and sewer	5,784,914	9,608,271	(3,823,357)
Stormwater	2,384,718	2,154,328	230,390
Non-major enterprise fund	1,690,114	1,649,137	40,977
Total	<u>\$ 27,574,560</u>	<u>\$ 27,574,560</u>	<u>\$ -</u>

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 3,556,009	\$ -	\$ -	\$ 3,556,009
Construction in progress	2,968,398	1,582,423	(540,389)	4,010,432
Total capital assets not being depreciated/amortized	<u>6,524,407</u>	<u>1,582,423</u>	<u>(540,389)</u>	<u>7,566,441</u>
Capital assets being depreciated/amortized				
Buildings and improvements	20,120,907	566,668	-	20,687,575
Vehicles, furniture, and equipment	4,446,686	32,876	(490,446)	3,989,116
Vehicles (Right of Use) *	871,954	283,907	-	1,155,861
Infrastructure	22,900,149	321,869	-	23,222,018
Total capital assets being depreciated/amortized	<u>48,339,696</u>	<u>1,205,320</u>	<u>(490,446)</u>	<u>49,054,570</u>
Less accumulated depreciation/amortization				
Buildings and improvements	(5,695,674)	(443,790)	-	(6,139,464)
Vehicles, furniture, and equipment	(4,067,259)	(116,003)	490,446	(3,692,816)
Vehicles (Right of Use) *	(81,359)	(187,719)	-	(269,078)
Infrastructure	(12,850,871)	(757,111)	-	(13,607,982)
Total accumulated depreciation/amortization	<u>(22,695,163)</u>	<u>(1,504,623)</u>	<u>490,446</u>	<u>(23,709,340)</u>
Total capital assets being depreciated/amortized, net	<u>25,644,533</u>	<u>(299,303)</u>	<u>-</u>	<u>25,345,230</u>
Governmental activities capital assets, net	<u>\$ 32,168,940</u>	<u>\$ 1,283,120</u>	<u>\$ (540,389)</u>	<u>\$ 32,911,671</u>

* Note: Beginning balance was adjusted to consider proper amounts related to the implementation of GASB 87.

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 14,762	\$ -	\$ -	\$ 14,762
Construction in progress	5,378,891	92,154	(513,735)	4,957,310
Total capital assets not being depreciated	<u>5,393,653</u>	<u>92,154</u>	<u>(513,735)</u>	<u>4,972,072</u>
Capital assets being depreciated				
Building and improvements	6,198,269	-	-	6,198,269
Vehicles, furniture, and equipment	7,100,783	-	-	7,100,783
Infrastructure	20,908,975	513,735	-	21,422,710
Total capital assets being depreciated	<u>34,208,027</u>	<u>513,735</u>	<u>-</u>	<u>34,721,762</u>
Less accumulated depreciation				
Building and improvements	(2,763,187)	(214,944)	-	(2,978,131)
Vehicles, furniture, and equipment	(3,821,198)	(500,231)	-	(4,321,429)
Infrastructure	(5,635,593)	(416,170)	-	(6,051,763)
Total accumulated depreciation	<u>(12,219,978)</u>	<u>(1,131,345)</u>	<u>-</u>	<u>(13,351,323)</u>
Total capital assets being depreciated, net	<u>21,988,049</u>	<u>(617,610)</u>	<u>-</u>	<u>21,370,439</u>
Business-type activities capital assets, net	<u>\$ 27,381,702</u>	<u>\$ (525,456)</u>	<u>\$ (513,735)</u>	<u>\$ 26,342,511</u>

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General government	\$ 885,207
Public safety	222,272
Transportation	335,553
Culture and recreation	61,591
Total depreciation/amortization expense -	
governmental activities	<u>\$ 1,504,623</u>

Business-type activities:	
Water and sewer	\$ 1,055,451
Stormwater	75,894
Total depreciation expense - business-type activities	<u>\$ 1,131,345</u>

NOTE 9 – 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 purposes.

These leases have been recorded at the present value of the future minimum lease payments as of the inception date.

The capital assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities	Total
Vehicles, furniture, and equipment	\$ 161,034	\$ 379,469	\$ 540,503
Less: accumulated depreciation	(91,253)	(360,496)	(451,749)
Total, net	<u>\$ 69,781</u>	<u>\$ 18,973</u>	<u>\$ 88,754</u>

The governmental activities minimum lease payment amounted to \$57,994 in 2022. In the business-type activities, no minimum lease payments were made in 2022.

The future lease payments under the capital leases on September 30, 2022, are as follows for both the Governmental and Business-type Activities.

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
September 30,				
2023	\$ 4,814	\$ 20	\$ 81,270	\$ 3,906
Total	<u>\$ 4,814</u>	<u>\$ 20</u>	<u>\$ 81,270</u>	<u>\$ 3,906</u>

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – LEASES (CONTINUED)

Right-of-Use Assets

The City entered into 22 lease agreements as a Lessee with various maturities. The lease agreements qualify as other than a short-term lease under GASB 87 and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. An initial lease liability was recorded in the amount of \$797,550. During the fiscal year ended September 30, 2022, the City leased an additional 7 vehicles totaling \$283,907. The value of the leases (right-to-use assets) as of September 30, 2022 is \$871,954 with accumulated amortization of \$81,359. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022, are as follows:

Fiscal year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 220,741	\$ 38,285	\$ 259,026
2024	230,891	28,139	259,030
2025	241,547	17,482	259,029
2026	162,189	7,085	169,274
2027	50,044	1,776	51,820
Total	\$ 905,412	\$ 92,767	\$ 998,179

NOTE 10 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the fiscal year ended September 30, 2022.

	<u>Beginning Balance*</u>			<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:		<u>Additions</u>	<u>Reductions</u>		
Capital Improvement Revenue Bond Series					
2011 A&B	\$ 3,125,000	\$ -	\$ (583,000)	\$ 2,542,000	\$ 603,000
City National Bank, Series 2015 A&B	4,522,946	-	(339,419)	4,183,527	348,725
Capital Lease Obligation	61,002	-	(56,188)	4,814	4,814
Enterprise Leases	797,549	283,907	(176,044)	905,412	220,741
Total	8,506,497	283,907	(1,154,651)	7,635,753	1,177,280
Compensated absences	1,710,998	578,413	(501,166)	1,788,245	404,043
Miami-Dade County Debt	122,978	-	(44,969)	78,009	46,337
Long Term Liability Legal	252,875	-	-	252,875	-
Governmental activities					
long-term liabilities	\$ 10,593,348	\$ 862,320	\$ (1,700,786)	\$ 9,754,882	\$ 1,627,660

Note: Beginning balance was adjusted to consider proper amounts related to the implementation of GASB 87.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
State Revolving Loan CS12080003P	\$ 144,328	\$ -	\$ (102,660)	\$ 41,668	\$ 41,668
State Revolving Loan WW800050	795,342	-	-	795,342	-
State Revolving Loan SW130320	138,944	-	(8,247)	130,697	8,383
State Revolving Loan WW130300	384,331	28,712	(25,790)	387,253	25,029
State Revolving Loan WW130301	2,699,134	-	(333,090)	2,366,044	333,090
Total State Revolving Loans	4,162,079	28,712	(469,787)	3,721,004	408,170
Other debt:					
Capital Lease Obligation	143,320	-	-	143,320	143,320
Total Leases	143,320	-	-	143,320	143,320
Compensated absences	107,382	84,185	(68,396)	123,171	55,656
Long-term debt - MDC	2,951,475	-	(1,079,263)	1,872,212	1,112,090
Long-term debt - MDC, Meters	2,372,917	88,180	-	2,461,097	-
Legal Settlement Liability	1,000,000	-	-	1,000,000	-
Total Other Long-term Debt	6,431,774	172,365	(1,147,659)	5,456,480	1,167,746
Total Business-type Activities	\$ 10,737,173	\$ 201,077	\$ (1,617,446)	\$ 9,320,804	\$ 1,719,236

Definition of Debt for Purposes of Disclosures

For purposes of disclosures in notes to financial statements, debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as a financed purchase of the underlying capital leases, or accounts payable. For governmental activities, compensated absences are generally liquidated by the General Fund. Long-term debt of the City's governmental activities, excluding compensated absences and capital leases, include Series 2011A&B Capital Improvement Revenue bonds, Series 2015 A&B Capital Improvement Revenue Note, State Revolving Loans (SRL) and Debt to the Miami Dade County.

Long-Term Debt – Governmental Activities

Series 2011A&B Capital Improvement Revenue Bond

The series 2011 A&B bear an annual interest rate ranging from approximately 3.31% to 3.89%. The series are payable from a pledge of Grantee Entitlement Revenues which must be shared by the State of Florida, in annual principal installments ranging from \$564,000 in 2021 to \$670,000 through 2026. The bond ordinance for Series 2011 A & B stipulates that the Bonds and the obligations evidenced within it shall not constitute a lien upon property of or in the City but shall constitute a lien only on the Pledged Funds.

With a balance of 2.5 million dollars, the Capital Improvement Revenue Bond Series 2011 A & B are secured by collateral of Pledged Guaranteed Entitlement Revenues, (State Revenue Sharing proceeds) and its Half Cent Sales Tax Revenues under the Bond Ordinance (collectively, the "Pledged Funds"), all in the manner and only to the extent provided in the Bond Ordinance. The City is not obligated to pay this Bond or interest thereon except from the Pledged Funds pledged thereto, and the full faith and credit of the City are not pledged for the payment of this Bond.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

Long-Term Debt – Governmental Activities (Continued)

Series 2015 A&B Capital Improvement Revenue Note (“2015 Note”)

For an initial amount of \$8.6 million dollars, the 2015 Note bear interest at a rate of 2.65% to 4.25%, with a maturity date of June 1, 2025, and are payable by a lien on Pledged Revenues as defined by the terms of the Series 2015 Note agreement. The Series 2015 Capital Improvement Revenue Note has a balance of \$4.2 million dollars as of FY2022.

As a result of the City's financial emergency declaration in prior years, City National Bank restricted the use of excess pledged funds available after debt service payments were made. During FY2020, 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 Series 2015A bond, legal fees and the remaining portion transferred to the general fund for operations after being released from restriction. As a result of the available funds being released from restriction, Series 2015 A Bond is expected to be paid off before maturity date of June 1, 2025.

The Capital Improvement Revenue Bond Series 2015 A & B are secured by the Tax Revenues Fund established under the 2015 Ordinance. The Finance Director shall ensure deposits of Communications Services Tax Revenues and Public Service Tax Revenues, (FPL Utility Taxes), as the same are collected, to the Tax Revenue Fund, in addition to all investment income in the funds and accounts established under the 2015 Ordinance.

Long-Term Liability-Legal

Governmental Activities for long-term liability-legal has a balance of \$252,875 as of FY2022. This amount represents claims against the City by various Plaintiffs, with most of the exposure (in case of default) to be paid by the City's insurance deductible of \$25,000.

Defaults and Remedies – Series 2011 and 2015 Bond Agreements

According to the City's loan Agreements for Series 2011 and 2015 Bonds an "Event of Default" shall be deemed to have occurred if (among other things): (a) the city fails to make any payment of the principal or interest of the series 2011 or 2015 Bonds when it is due and payable, or (b) the city fails to comply with the provisions of the agreement or failure in the performance or observance of any other covenants, conditions, agreements and provisions contained in the Series 2011 and 2015 or actions required by the agreement and such failure shall continue for a period of 60 days after written notice thereof to the local borrower (the city), by the Department of Environmental Protection ("Department"), (d) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the local borrower under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the local borrower, is not dismissed within 60 days after filing, (d) the city fails to reimburse a Credit Bank following a drawing for the payment of interest on Obligations, (e) Any warranty, material representation or other statement by, or on behalf of, the local borrower contained in the agreement or in any document, certificate or information furnished in compliance with, or in reference to, the agreement, is false or misleading. Upon occurring of any of these events the Lender may proceed to protect and enforce its rights under the laws of the State of Florida and under the agreement.

Acceleration of Maturities – Series 2011 and 2015 Bond Agreements

The Series 2011 and 2015 also contain an Acceleration of Debt Maturities clause that allows the lender by a notice in writing to the City to accelerate payment of the entire principal amount to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable. Moneys shall have accumulated in the Debt Service Fund sufficient to pay the principal of all matured Obligations and all arrears of interest upon all the Obligations then Outstanding as legally due, in addition to other related charges as documented by the Holder.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

Long-Term Debt – Business Activities

The business-type activities debt consists mostly of State Revolving Loans (SRL) that were initiated to fund various capital improvement projects throughout the City, in addition to a local five-year loan agreement with Miami-Dade County ("the County") for the repayment of charges for water and sewer fees and department services.

State Revolving Loans

The State Revolving Loan notes generally should be repaid in 40 semi-annual payments. These loans are secured by a collateral lien on Pledged Revenues as defined by the State Revolving Fund loan agreements.

The 5 State Revolving Loans had a balance of \$3.7 million dollars as of FY2022. The following table details the different State Revolving Loan Project:

Project No	Initial Amount (\$ million)	Interest Rate (%)	Amounts to be paid semi- annually (\$)	Balance September 30, 2022
CS12080003P	1.83	3.08	53,240	41,668
WW800050	2.38	1.53	69,620	795,342
WW130300	0.51	1.63	15,644	387,253
SW130320	0.2	1.63	5,239	130,697
WW 130301	6.53	0	166,545	2,366,044
			Total	\$ 3,721,004

Events of Default – State Revolving Loan Agreements

According to the State Revolving Fund Loan Agreements, the following events are declared an "event of default." (1) Failure to fund the Loan Repayment Reserve Account or to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due (2) failure to comply with the provisions of the Agreement or failure in the performance or observance of any of the covenants or actions required by the Agreement and such failure shall continue for a period of sixty (60) days after written notice is given to the Local Government "the City" by the Florida Department of Environmental Protection (DEP). (3) Any warranty, representation, or other statement by, or on behalf of the City contained in the Agreement is false or misleading. (4) An order or decree entered appointing a receiver of any part of the Water or Sewer System or Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the City, shall not be vacated, or discharged or stayed on appeal within sixty (60) days after the entry thereof. (5) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the City under federal or state bankruptcy or insolvency is not dismissed within 60 days after filing. (6) Failure of the City to give immediate written notice of default to the DEP and such failure shall continue for a period of thirty (30) days.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

Long-Term Debt – Business Activities (Continued)

Remedies of Default – State Revolving Loan Agreements

Upon an event of default and subject to the rights of others having prior liens on the Pledged Revenues, the DEP may pursue any available remedy by notifying financial market credit rating agencies, applying to a court of competent jurisdiction action or suit in equity, writ of mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water and Sewer Systems, to require the City to fulfill this Agreement, to require the City to account for all moneys received from the DEP or from the ownership of the Water and Sewer Systems and to account for the receipt, use, application, or disposition of the Pledged Revenues, to appoint a receiver to manage the Water and Sewer systems, to establish and collect fees and charges, and apply the Revenues to the reduction of the obligations under the Loan Agreement, and to require payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

Acceleration Clause – State Revolving Loan Agreement

Per the State Revolving Loan Agreements, acceleration of amounts due upon default of the loan will occur by accelerating the repayment schedule or increasing the interest rate by as much as three percent per annum on the unpaid principal of the Loan for a default under Subsection 6.01(1).

Per the State Revolving Loan Agreements, acceleration of amounts due upon default of the loan will occur by accelerating the repayment schedule or increasing the interest rate by as much as three percent per annum on the unpaid principal of the Loan for a default under Subsection 6.01(1).

Debt to Miami-Dade County

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, 2022, the total debt outstanding was \$1,950,221. Debt service payments, which include principal and interest, are made monthly in the amount of \$100,090. For the fiscal year ended September 30, 2022, debt service payments totaled \$1,201,091.

For the fiscal year ended September 30, 2022, the County and the City exercised the option to have additional 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 \$2,461,097 liability for water meters purchased and installed on behalf of the City. The meters have been capitalized; see Note 7. No payments were due in fiscal years 2019-2022. The City and the County finalized terms to begin debt service payments in fiscal year 2023.

Interlocal Agreement with Miami-Dade County

The debt due to the County for water and sewer charges is secured by collateral of Pledged Revenues received from the County's direct collections of the City's water, sanitary sewage, and stormwater utility service charges. The Agreement with the County stipulates that the County shall handle the meter reading, billing and collection of water, sanitary sewage and stormwater charges for the City's utility customers and residents.

The City and the County acknowledge that the County is not assuming any obligation or being transferred any obligation under the Miami-Dade County Home Rule Charter, to provide water, sewer, or stormwater services within the Service Area of the City by entering into the Agreement, which is deemed solely an interlocal agreement by which the County will assist the City in billing and collecting for services as described in the Agreement.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

Acceleration Clause – Miami-Dade County

Section 25 of the City's Agreement with the County stipulates that in the event the City chooses to terminate the Agreement before the end of the ten (10) year term it will pay the County, in one lump sum/balloon payment, all outstanding amounts due to the County, including but not limited to, charges for water service, sanitary sewer service, stormwater fees, billing costs (and related expenses), utility permit fees, solid waste charges, and transit-related charges. Within thirty (30) days of receipt of the termination notice from the City, the County will provide the City with documentation that identifies all outstanding amounts owed by the City to the County. All amounts owed by the City to the County must be paid in full by the end of the first ten (10) year term, regardless of the Parties' desire to exercise the first five-year option to renew.

Governmental Activities Direct Borrowings

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

Fiscal Year Ending	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		
September 30,	Principal	Interest	Principal	Interest	
2023	\$ 951,725	\$ 321,309	\$ 46,337	\$ 1,707	
2024	988,710	220,335	31,672	357	
2025	4,115,092	146,393	-	-	
2026	670,000	13,032	-	-	
Total	\$ 6,725,527	\$ 701,069	\$ 78,009	\$ 2,064	

The City's outstanding liabilities from direct borrowings related to governmental activities were \$78,009 as of September 30, 2022, and no direct placements were incurred as of this report date. The City had no lines of credit as of September 30, 2022.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

Business Activities Direct Borrowings

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

Fiscal Year Ending September 30,	Business-type Activities		
	Notes from Direct Borrowings		
	Principal	Interest	
2023	\$ 1,520,260	\$ 103,584	
2024	1,321,483	64,608	
2025	564,901	51,520	
2026	568,496	44,896	
2027	572,148	38,156	
2028-2032	887,806	121,690	
2033-2037	158,122	5,964	
2038-2041	2,461,097	-	
Total	\$ 8,054,313	\$ 430,418	

The City's outstanding liabilities from direct borrowings related to business-type activities were \$8.0 million dollars as of September 30, 2022, and no direct placements were incurred as of this report date.

The business-type activities debt consists of five remaining State Revolving Loans (SRL) that were initiated to fund various capital improvement projects throughout the City, in addition to a local five-year loan agreement with Miami-Dade County ("the County") for the repayment of charges for water and sewer fees and department services. The State Revolving Loan notes are secured by a collateral lien on Pledged Revenues as defined by the State Revolving Fund loan agreements.

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. On September 30, 2021, 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 existing Series 2015 A&B 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, 2022, the City follows 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 bonds 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, 2022, 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, 2022.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – LONG TERM OBLIGATIONS (CONTINUED)

Bonds payable exclusively from the revenue of a municipal project may be issued and outstanding without regard to the 15% limitation; however, such an issue would be subject to the limitations imposed by the City's charter with respect to restrictions on bonds parity with or junior to the Series 2011A and Series 2011B Capital Improvement Revenue Bonds.

NOTE 11 – RETIREMENT PLANS

All City 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 annual comprehensive 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 BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

A. Pension Plan – Florida Retirement System (FRS) (Continued)

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.

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.

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 2021-2022 are as follows:

Class	Employee Contribution Rate	Employer Contribution Rate*	Total Contribution Rate
Regular	3.00%	9.10%	12.10%
Senior Management	3.00%	27.29%	30.29%
Special Risk	3.00%	24.17%	27.17%
DROP	N/A	16.68%	16.68%
EOC – County	3.00%	49.70%	52.70%

**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 ended September 30, 2022, contributions, including employee contributions, to the Pension Plan for the City totaled \$879,411.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

A. Pension Plan – Florida Retirement System (FRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On September 30, 2022, the City reported a liability of \$8,244,333 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on its share of the City's 2021-2022 fiscal year contributions relative to the 2020-2021 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 6.70 percent return assumption used in the June 30, 2022, calculations were determined by Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$143,687. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 391,558	\$ -
Change of assumptions	1,015,324	-
Net difference between projected and actual earnings on FRS pension plan investments	544,372	-
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	175,179	774,501
City FRS contributions subsequent to measurement date	263,083	-
Total	\$ 2,389,516	\$ 774,501

The deferred outflows of resources related to the Pension Plan, totaling \$263,083 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, 2022. 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:

Fiscal Year Ending September 30	Deferred outflows/(inflows), net
2023	\$ 250,986
2024	25,242
2025	(256,165)
2026	1,304,670
2027	27,199
Total	\$ 1,351,932

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

A. Pension Plan – Florida Retirement System (FRS) (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022, and valuations 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 assumption of 6.70 percent consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20 percent, which is consistent with the 4.38 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes. For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation ¹	Compound Annual		
		Annual Arithmetic	(Geometric)	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	<hr/> <hr/> 100%			
Assumed inflation-Mean			2.4%	1.3%

Note: (1) As outlined in the Plan's investment policy

**As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.*

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. 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.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

A. Pension Plan – Florida Retirement System (FRS) (Continued)

Sensitivity of the Proportionate Share of the Net Pension (Asset) 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 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	\$ 14,258,007	\$ 8,244,333	\$ 3,216,186

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan – On September 30, 2022, 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, 2022.

B. Retiree Health Insurance Subsidy Program (HIS)

Plan Description – The HIS Plan is a non-qualified cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and it may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries 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, 2022, 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, 2022, the HIS contribution rate for the period October 1, 2021, through September 30, 2022, 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 ended September 30, 2022, contributions to the HIS Plan for the City totaled \$119,420.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On September 30, 2022, the City reported a liability of \$2,090,370 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based its share of the City's 2021-2022 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

B. Retiree Health Insurance Subsidy Program (HIS) (Continued)

For the fiscal year ended September 30, 2022, the City recognized pension income of \$159,239. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,448	\$ 9,198
Change of assumptions	119,821	323,379
Net difference between projected and actual earnings on HIS pension plan investments	3,026	-
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	155,984	342,175
City HIS contributions subsequent to measurement date	33,497	-
Total	\$ 375,776	\$ 674,752

The deferred outflows of resources related to the HIS Plan, totaling \$33,497 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, 2022. 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:

Fiscal Year Ending September 30	Deferred outflows/(inflows), net
2023	\$ (146,661)
2024	(38,210)
2025	(30,908)
2026	(26,532)
2027	(60,610)
Thereafter	(29,552)
Total	\$ (332,473)

Actuarial Assumptions – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2022, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2022.

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.

The total pension liability as of June 30, 2022 was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates	3.54%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

B. Retiree Health Insurance Subsidy Program (HIS) (Continued)

The actuarial assumptions that determine the total pension liability as of June 30, 2022, were based on the results of an actuarial experience study of the FRS for the period July 1, 2013 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability on June 30, 2022, was 3.54%. 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 FRS Actuarial Assumption Conference. The discount rate used in the 2022 valuation was updated from 2.16% to 3.54% reflecting the change in the Bond Buyer general obligation 20-bond municipal bond index as of June 30, 2022.

Sensitivity of the Proportionate Share of the Net Pension (Asset) 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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
City's proportionate share of the net pension liability	\$ 2,391,555	\$ 2,090,370	\$ 1,841,146

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.

	FRS	HIS	Total
Net pension liability	\$ 8,244,333	\$ 2,090,370	\$ 10,334,703
Deferred outflows of resources	2,389,516	375,776	2,765,292
Deferred inflows of resources	774,501	674,752	1,449,253
Pension expense (income)	(143,687)	(159,239)	(302,926)

C. Investment Plan

The State Board of Administration (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 Annual Comprehensive 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.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – RETIREMENT PLANS (CONTINUED)

C. Investment Plan (Continued)

Allocations to the investment member's accounts during the 2021-2022 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%
FRS Elected Officers' Class (County)	11.34%

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, 2022, the information for the number of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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 \$91,786 for the fiscal year ended September 30, 2022. On September 30, 2022, the City has no outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2022.

NOTE 12 – 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 BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12 – 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 almost 6,000 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, 2021, approximately \$2.2 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 the Miami-Dade County bills and now having the ability to visit the Miami-Dade County Customer Services Center located in the City Hall at 780 Fisherman Street in Opa-Locka.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Water Supply and Sewer Services Contract

In February 1985, the City entered into an agreement with Miami-Dade Water and Sewer Department (WASD) 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 WASD. For the fiscal year ended September 30, 2022, and 2021, the City purchased water and sewer services totaling \$4,434,391 and \$4,116,290 respectively, from the WASD under the terms of this agreement.

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. 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 statements of net position and results of operations of the City for those cases where an unfavorable 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.

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS

Pursuant to Section 112.081, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which the coverage is available for active employees. The City does not provide retirees with any subsidy for this benefit, however because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$225 for each of the retiree and his spouse has been assumed at age 60 for the 2021/22 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The healthcare cost trend rates: costs are assumed to be 8.00% for the 2021/22 fiscal year graded down by 0.50% per year to 5.00% for the 2025/26 and late fiscal years.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The City has a single-employer defined benefit health care plan where all of its employees can participate except part-time employees and full-time employees who either resign or are terminated. They 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 (pay as you go basis.)

Plan Membership

On October 1, 2021, the date of the latest actuarial valuation, plan participation consisted of the following:

Active plan members	93
Inactive plan members	3
	<hr/> 96

Total OPEB Liability

The City's total OPEB liability of \$187,877 was measured as of September 30, 2022 and was determined by an actuarial valuation as of October 1, 2021.

Actuarial Assumptions and Other Inputs

Valuation Date:	October 1, 2021
Measurement Date:	September 30, 2022
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 Discount Rate	4.77%
Salary Increases	3% per annum
Cost-of-living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 8.00% for the 2021/22 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied health subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$200.00 for each of the retiree and his spouse has been assumed at age 60 for the 2021/22 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality basis	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-2020
Retirement	With respect to public safety employees hired prior to July 1, 2011, retirement is assumed to occur at the earlier of any age with 25 years of service or age 55 with six years of service; with respect to public safety employees hired after June 30, 2011, retirement is assumed to occur at the earlier of any age with 30 years of service or age 60 with eight years of service; with respect to general employees hired prior to July 1, 2011, retirement is assumed to occur at the earlier of any age with 30 years of service or at age 62 with six years of service; with respect to general employees hired after June 30, 2011, retirement is assumed to occur at the earlier of any age with 33 years of service or at age 65 with eight years of service
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for public safety employees and Class 1 rates were used for general employees).
Health coverage election	25% of eligible employees are assumed to elect medical coverage in accordance with their current coverage election upon retirement or disability; coverage is assumed to end upon the attainment of age 65.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes	Since the prior measurement date, the discount rate was increased from 2.43% per annum to 4.77% per annum; the healthcare cost trend rates were increased from 6.50% for the 2021/22 fiscal year graded down to 5.00% for the 2024/25 and later fiscal years to 8.00% for the 2021/22 fiscal year graded down to 5.00% for the 2027/28 and later fiscal years; and the implied subsidy at age 60 for the 2021/22 fiscal year was decreased from \$258.81 per individual to \$200.00 per individual.

Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rate.

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 4.77% per annum.

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

Changes in the total OPEB liability for the fiscal year ended September 30, 2022, were as follows:

Balance at September 30, 2021	\$ 318,114
<i>Changes for the year</i>	
Service cost	12,426
Expected interest growth	15,584
Differences between expected and actual experience	(49,860)
Benefit payments and refunds	<u>(7,754)</u>
Total actual changes	(29,604)
Less estimated employer contributions/benefits payments	(100,633)
Total Ending OPEB Liability – September 30, 2022	<u>\$ 187,877</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 4.77%, 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:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	3.77%	4.77%	5.77%
Total OPEB Liability	\$ 206,131	\$ 187,877	\$ 171,622

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 Total OPEB Liability for fiscal year ended September 30, 2022.

	Medical Trend		
	1%	7.50% graded	1%
	Decrease	down to 5.00%	Increase
Total OPEB Liability	\$ 166,239	\$ 187,877	\$ 213,330

For the year ended September 30, 2022, the City recognized OPEB income of \$7,018. On September 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Demographic experience	\$ -	\$ 108,423
Assumption changes	7,807	108,807
Total	<u>\$ 7,807</u>	<u>\$ 217,230</u>

CITY OF OPA LOCKA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended		
September 30,		
2023	\$	27,273
2024	\$	27,273
2025	\$	27,273
2026	\$	27,273
2027	\$	27,273
Thereafter	\$	<u>73,058</u>
	\$	<u>209,423</u>

NOTE 15 – 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, 2022. The City is not required to make employer contributions.

NOTE 16 – 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 17 – 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 then 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 BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 18 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended September 30, 2022, the net positions of the Government-Wide Governmental Activities and Business-type Activities were restated due to a correction of the opening balances of retainage payable and accounts payable. A summary of the changes is as follows:

	Government-Wide Financial		
	Governmental Activities	Business-type Activities	
Net position, beginning, as previously reported	\$ 27,516,657	\$ 15,925,342	
To adjust the opening balances of retainage payable	196,908	-	
To correct retainage and accounts payable balances	-	(105,207)	
Net position, beginning, as restated	\$ 27,713,565	\$ 15,820,135	
Fund Financial Statements			
	Safe		
	Neighborhood		
	Capital		
	Improvement	Water and Sewer	Stormwater
	Fund	Fund	Fund
Fund balance/net position - beginning, as previously reported	\$ (116,035)	\$ 13,972,667	\$ 1,956,835
To adjust the opening balances of retainage payable	196,908	-	-
To correct retainage and accounts payable balances	-	(326,571)	221,364
Fund balance/net position - beginning, as restated	\$ 80,873	\$ 13,646,096	\$ 2,178,199

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OPA-LOCKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive/(Negative)</u>	
Revenues:					
Property taxes	\$ 11,197,758	\$ 11,197,758	\$ 11,527,785	\$ 330,027	
Utility taxes	50,000	50,000	79,617	29,617	
Local business taxes	173,500	173,500	250,487	76,987	
Franchise fees	1,875,000	1,875,000	2,216,304	341,304	
Permits and fees	1,004,100	1,104,100	1,722,914	618,814	
Intergovernmental	55,500	1,703,653	47,431	(1,656,222)	
Charges for services	555,950	630,950	706,042	75,092	
Fines and forfeitures	1,387,700	1,687,700	2,181,183	493,483	
Interest	-	-	24,037	24,037	
Other	339,942	278,052	158,231	(119,821)	
Total revenues	16,639,450	18,700,713	18,914,031	213,318	
Expenditures:					
General government:					
City commission	121,708	132,108	66,033	66,075	
City manager	6,788,775	6,704,033	1,917,531	4,786,502	
City clerk	377,561	425,561	307,211	118,350	
City attorney	645,000	645,000	867,577	(222,577)	
Finance	1,050,717	1,050,717	777,529	273,188	
Information technology	1,249,173	971,130	726,919	244,211	
Human resources	370,660	423,660	353,844	69,816	
Building licenses	637,786	670,786	516,022	154,764	
Community development	412,771	384,611	213,290	171,321	
Town center	703,282	880,927	1,083,076	(202,149)	
Risk management	3,088,545	3,046,940	2,951,176	95,764	
Total general government	15,445,978	15,335,473	9,780,208	5,555,265	
Public safety:					
Police	6,041,275	6,151,775	4,958,506	1,193,269	
Code enforcement	389,286	340,286	227,054	113,232	
Total public safety	6,430,561	6,492,061	5,185,560	1,306,501	
Public works:					
Administration	416,081	428,081	407,328	20,753	
Sanitation	215,832	185,832	103,880	81,952	
Street maintenance	966,799	1,106,299	866,718	239,581	
Building maintenance	413,250	593,750	391,425	202,325	
Vehicle maintenance	653,228	749,728	660,640	89,088	
Total public works	2,665,190	3,063,690	2,429,991	633,699	
Parks and recreation	846,068	940,266	664,471	275,795	
Capital outlay	653,800	6,280,937	1,535,307	4,745,630	
Debt service					
Principal	-	-	232,232	(232,232)	
Interest	-	-	32,973	(32,973)	
Total expenditures	26,041,597	32,112,427	19,860,742	12,251,685	
Excess (deficiency) of revenues over expenditures	(9,402,147)	(13,411,714)	(946,711)	12,465,003	

CITY OF OPA-LOCKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Issuance of long term debt	-	935,000	-	935,000
Issuance of debt - lease	-	-	283,907	(283,907)
Proceeds from sale of capital assets	-	-	490,446	(490,446)
Transfers in	8,102,289	11,132,768	-	11,132,768
Transfers out	<u>(902,745)</u>	<u>(3,175,584)</u>	<u>-</u>	<u>(3,175,584)</u>
Total other financing sources (uses)	<u>7,199,544</u>	<u>8,892,184</u>	<u>774,353</u>	<u>8,117,831</u>
 Net change in fund balance	 <u>\$ 7,199,544</u>	 <u>\$ 8,892,184</u>	 <u>(172,358)</u>	 <u>\$ 8,117,831</u>
 Fund balance - beginning			 <u>13,179,036</u>	
 Fund balance - ending			 <u>\$ 13,006,678</u>	

CITY OF OPA-LOCKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - AMERICAN RESCUE PLAN ACT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			
Revenues:					
Intergovernmental	\$ -	\$ 3,978,531		\$ -	\$ (3,978,531)
Interest	<u>-</u>	<u>-</u>		510	510
Total revenues	<u>-</u>	<u>3,978,531</u>		510	(3,978,021)
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,978,531</u>		510	(3,978,021)
Net changes in fund balance	\$ <u>-</u>	\$ <u>3,978,531</u>		510	\$ (3,978,021)
Fund balance, beginning					<u>-</u>
Fund balance, ending				\$ <u>510</u>	

CITY OF OPA-LOCKA, FLORIDA
NOTES TO BUDGETARY SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 the finance department providing support to departments in the administration of their budgets. In accordance with the City's budget transfer policy, the City Manager is authorized to transfer budgeted amounts within any fund or functions; however, any supplemental appropriations or revisions that amend the total expenditure of any fund must be approved by the City Commission. The City had supplemental appropriations for the general fund. 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 and Capital Improvements Debt Service 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 for the general fund. 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, 2022, expenditures exceeded appropriations in the following:

City attorney	\$ 222,577
Town center	202,149

These unfavorable variances were caused by unbudgeted costs related to unforeseen circumstances and occurrences during the year and were covered by revenues in excess of budget and unassigned fund balance.

CITY OF OPA-LOCKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)

<u>June 30,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the FRS net pension liability	0.0222%	0.0240%	0.0237%	0.0231%	0.0266%	0.0259%	0.0343%
City's proportionate share of the FRS net pension liability	\$ 8,244,333	\$ 1,815,871	\$ 10,282,978	\$ 7,949,247	\$ 8,031,493	\$ 7,654,405	\$ 8,653,259
City's covered payroll	\$ 8,089,202	\$ 7,450,828	\$ 7,046,100	\$ 6,672,105	\$ 7,215,167	\$ 6,227,058	\$ 8,360,620
City's proportionate share of the FRS net pension liability as a percentage of its covered payroll	101.92%	24.37%	145.94%	119.14%	111.31%	122.92%	103.50%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.69%	84.88%

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.

Village OF OPA-LOCKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)

<u>September 30,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 842,243	\$ 1,125,873	\$ 1,012,564	\$ 896,903	\$ 926,137	\$ 852,437	\$ 983,512
FRS contribution in relation to the contractually required contribution	<u>(842,243)</u>	<u>(1,125,873)</u>	<u>(1,012,564)</u>	<u>(896,903)</u>	<u>(926,137)</u>	<u>(852,437)</u>	<u>(983,512)</u>
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,328,793	\$ 8,364,656	\$ 7,392,538	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338
FRS contribution as a percentage of covered payroll	10.11%	13.46%	13.70%	13.35%	12.98%	13.33%	13.30%

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 NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)

<u>June 30,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the HIS net pension liability	0.0197%	0.0210%	0.0198%	0.0198%	0.0216%	0.0195%	0.0270%
City's proportionate share of the HIS net pension liability	\$ 2,090,370	\$ 2,581,639	\$ 2,468,863	\$ 2,211,518	\$ 2,282,255	\$ 208,262	\$ 3,144,569
City's covered payroll	\$ 8,089,202	\$ 7,450,828	\$ 7,046,100	\$ 6,672,105	\$ 7,215,167	\$ 6,227,058	\$ 8,360,620
City's proportionate share of the HIS net pension liability as a percentage of its covered payroll	25.84%	34.65%	35.04%	33.15%	31.63%	3.34%	37.61%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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 (HIS)

<u>September 30,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 119,420	\$ 81,974	\$ 85,279	\$ 73,366	\$ 80,233	\$ 70,631	\$ 69,591	\$ 47,877	\$ 39,483
HIS contribution in relation to the contractually required contribution	<u>(119,420)</u>	<u>(81,974)</u>	<u>(85,279)</u>	<u>(73,366)</u>	<u>(80,233)</u>	<u>(70,631)</u>	<u>(69,591)</u>	<u>(47,877)</u>	<u>(39,483)</u>
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,328,793	\$ 8,364,656	\$ 7,392,538	\$ 6,716,687	\$ 5,276,247	\$ 4,275,799	\$ 4,088,434	\$ 3,807,189	\$ 3,554,672
HIS contribution as a percentage of covered payroll	1.43%	0.98%	1.15%	1.09%	1.52%	1.65%	1.70%	1.26%	1.11%

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CITY OF OPA-LOCKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Fiscal Year:	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability:					
Service cost	\$ 12,426	\$ 23,112	\$ 24,367	\$ 28,827	\$ 28,528
Interest	15,584	7,849	8,521	13,113	12,155
Differences between expected and actual experience	(49,860)	-	(109,357)	-	-
Assumption changes	(100,633)	(9,223)	9,388	2,184	-
Benefit payments	(7,754)	(6,995)	(6,655)	(8,887)	(8,331)
Net change in total OPEB liability	(130,237)	14,743	(73,736)	35,237	32,352
Total OPEB liability-beginning	<u>318,114</u>	<u>303,371</u>	<u>377,107</u>	<u>341,870</u>	<u>309,518</u>
Total OPEB liability-ending	<u>\$ 187,877</u>	<u>\$ 318,114</u>	<u>\$ 303,371</u>	<u>\$ 377,107</u>	<u>\$ 341,870</u>
Covered-employee payroll	\$ 8,328,792	\$ 8,364,656	\$ 7,392,538	\$ 6,716,687	\$ 7,134,236
Total OPEB liability as a percentage of covered-employee payroll	2.26%	3.80%	4.10%	5.61%	4.79%

Notes to schedule

1. Changes of assumptions - Discount rate was changed as follows:

<u>Discount Rate</u>	
9/30/2018	3.64%
9/30/2019	3.58%
9/30/2020	2.14%
9/30/2021	2.43%
9/30/2022	4.77%

2. 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.

COMBINING FINANCIAL STATEMENTS

CITY OF OPA-LOCKA, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Law Enforcement	Peoples Transportation Tax Fund	Community Redevelopment Agency	Safe Neighborhood Capital Improvement Fund	Total Non-major Governmental Funds
ASSETS					
Cash	\$ 264,734	\$ 105,100	\$ 3,368,247	\$ -	\$ 3,738,081
Accounts receivable, net	-	-	-	1,349,943	1,349,943
Due from other governments	-	175,950	-	-	175,950
Due from other funds	2,249	922,891	-	461,327	1,386,467
Restricted cash	-	-	-	71,951	71,951
Advances to other funds	261,535	521,956	583,469	1,323,233	2,690,193
Total assets	\$ 528,518	\$ 1,725,897	\$ 3,951,716	\$ 3,206,454	\$ 9,412,585
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 1,262,468	\$ 35,263	\$ 405,964	\$ 1,703,695
Due to other funds	53,962	399,099	197,812	1,230,239	1,881,112
Advances from other funds	119,110	2,615,133	330,323	2,427,406	5,491,972
Total liabilities	173,072	4,276,700	563,398	4,063,609	9,076,779
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	31,052	-	119,355	150,407
Total deferred inflows of resources	-	31,052	-	119,355	150,407
FUND BALANCES					
Nonspendable:					
Advances to other funds	261,535	521,956	583,469	1,323,233	2,690,193
Restricted:					
CRA	-	-	2,804,849	-	2,804,849
Public safety	93,911	-	-	-	93,911
Unassigned	-	(3,103,811)	-	(2,299,743)	(5,403,554)
Total fund balances	355,446	(2,581,855)	3,388,318	(976,510)	185,399
Total liabilities, deferred inflows of resources and fund balances	\$ 528,518	\$ 1,725,897	\$ 3,951,716	\$ 3,206,454	\$ 9,412,585

CITY OF OPA-LOCKA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Law Enforcement	Peoples Transportation Tax Fund	Community Redevelopment Agency	Safe Neighborhood Capital Improvement Fund	Total Non-major Governmental Funds
Revenues:					
Property taxes	\$ -	\$ -	\$ 1,303,462	\$ -	\$ 1,303,462
Local option, use and fuel taxes	-	-	-	303,504	303,504
Intergovernmental	2,116	243,155	-	100,000	345,271
Interest	-	-	-	596	596
Total revenues	2,116	243,155	1,303,462	404,100	1,952,833
Expenditures:					
Operating expenditures:					
General government	23,045	-	191,445	176,499	390,989
Transportation		204,013	-	-	204,013
Capital outlay	-	491,899	-	1,284,984	1,776,883
Total expenditures	23,045	695,912	191,445	1,461,483	2,371,885
Excess (deficiency) of revenues over expenditures	(20,929)	(452,757)	1,112,017	(1,057,383)	(419,052)
Net change in fund balances	(20,929)	(452,757)	1,112,017	(1,057,383)	(419,052)
Fund balances, beginning - as reported previously	376,375	(2,129,098)	2,276,301	(116,035)	407,543
Prior period adjustment	-	-	-	196,908	196,908
Fund balances, beginning - as restated	376,375	(2,129,098)	2,276,301	80,873	604,451
Fund balances, ending	\$ 355,446	\$ (2,581,855)	\$ 3,388,318	\$ (976,510)	\$ 185,399

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			
Revenues:					
Intergovernmental	\$ -	\$ -		\$ 2,116	\$ 2,116
Other	<u>-</u>	<u>45,000</u>		<u>-</u>	<u>(45,000)</u>
Total revenues	<u>-</u>	<u>45,000</u>		<u>2,116</u>	<u>(42,884)</u>
Expenditures:					
Current:					
Public safety	<u>110,000</u>	<u>55,000</u>		<u>23,045</u>	<u>31,955</u>
Total expenditures	<u>110,000</u>	<u>55,000</u>		<u>23,045</u>	<u>31,955</u>
Excess (deficiency) of revenues over expenditures	<u>(110,000)</u>	<u>(10,000)</u>		<u>(20,929)</u>	<u>(10,929)</u>
Net changes in fund balance	<u>\$ (110,000)</u>	<u>\$ (10,000)</u>		<u>(20,929)</u>	<u>\$ (10,929)</u>
Fund balance, beginning				<u>376,375</u>	
Fund balance, ending				<u>\$ 355,446</u>	

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
PEOPLES TRANSPORTATION TAX FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 950,000	\$ 950,000	\$ 243,155	\$ (706,845)
Total revenues	<u>950,000</u>	<u>950,000</u>	<u>243,155</u>	<u>(706,845)</u>
Expenditures:				
Current:				
Transportation	750,000	750,000	204,013	545,987
Capital outlay	<u>200,000</u>	<u>614,850</u>	<u>491,899</u>	<u>122,951</u>
Total expenditures	<u>950,000</u>	<u>1,364,850</u>	<u>695,912</u>	<u>668,938</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(414,850)</u>	<u>(452,757)</u>	<u>(37,907)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ (414,850)</u>	<u>(452,757)</u>	<u>\$ (37,907)</u>
Fund balance, beginning				<u>(2,129,098)</u>
Fund balance, ending				<u>\$ (2,581,855)</u>

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,303,462	\$ 1,303,462	\$ 1,303,462	\$ -
Total revenues	<u>1,303,462</u>	<u>1,303,462</u>	<u>1,303,462</u>	<u>-</u>
Expenditures:				
Current:				
General government	1,243,462	1,243,462	191,445	1,052,017
Total expenditures	<u>1,243,462</u>	<u>1,243,462</u>	<u>191,445</u>	<u>1,052,017</u>
Excess (deficiency) of revenues over expenditures	<u>60,000</u>	<u>60,000</u>	<u>1,112,017</u>	<u>1,052,017</u>
Net changes in fund balance	\$ <u>60,000</u>	\$ <u>60,000</u>	1,112,017	\$ <u>1,052,017</u>
Fund balance, beginning				2,276,301
Fund balance, ending				\$ <u>3,388,318</u>

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			
Revenues:					
Taxes	\$ 1,872,000	\$ 1,872,000		\$ 2,061,790	\$ 189,790
Intergovernmental	2,054,911	2,054,911		2,386,717	331,806
Interest	-	-		68	68
Total revenues	3,926,911	3,926,911		4,448,575	521,664
Expenditures:					
Debt service:					
Principal	926,775	967,388		967,388	-
Interest and other fiscal charges	282,524	289,957		290,122	(165)
Total expenditures	1,209,299	1,257,345		1,257,510	(165)
Excess (deficiency) of revenues over expenditures	2,717,612	2,669,566		3,191,065	521,499
Net changes in fund balance	\$ 2,717,612	\$ 2,669,566		3,191,065	\$ 521,499
Fund balance, beginning				908,348	
Fund balance, ending				\$ 4,099,413	

CITY OF OPA-LOCKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SAFE NEIGHBORHOOD CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Local option, use and fuel taxes	\$ 297,042	\$ 297,042	\$ 303,504	\$ 6,462
Intergovernmental	1,975,000	1,859,729	100,000	(1,759,729)
Interest	-	-	596	596
Total revenues	2,272,042	2,156,771	404,100	(1,752,671)
Expenditures:				
Current:				
General government	-	-	176,499	(176,499)
Capital outlay	3,537,500	4,565,146	1,284,984	3,280,162
Total expenditures	3,537,500	4,565,146	1,461,483	3,103,663
Excess (deficiency) of revenues over expenditures	(1,265,458)	(2,408,375)	(1,057,383)	1,350,992
Other financing sources (uses):				
Issuance of debt	800,000	800,000	-	(800,000)
Transfers in	465,458	1,608,375	-	(1,608,375)
Total other financing sources (uses)	1,265,458	2,408,375	-	(2,408,375)
Net changes in fund balance	\$ -	\$ -	(1,057,383)	\$ (1,057,383)
Fund balance, beginning			80,873	
Fund balance, ending			\$ (976,510)	

COMPLIANCE SECTION

**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, City Commission, and City Manager
City of Opa-locka, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items MW2020-02, MW2017-01, MW2017-02, MW2017-04 and MW2015-01 to be material weaknesses.

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 responses as items SD2020-02, SD2020-03, SD2017-06, SD2015-02 and SD2015-03 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item SD2020-02.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Marcum LLP

Miami, FL
February 29, 2024

CITY OF OPA-LOCKA, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SUMMARY OF FINDINGS

Finding No.	Title
MW2020-02	Support For Building Permit Charges
MW2017-01	Florida Auditor General Report Findings
MW2017-02	Strengthen Staff Resources in the Finance and Accounting Department
MW2017-04	Reconciliation of Cash Accounts
MW2015-01	Timeliness of Recording Individual Transactions
SD2020-02	Non-Compliance with Florida Statutes
SD2020-03	Support for Stormwater Utility Charge
SD2017-06	Pension Plan Remittance
SD2015-02	Upgrade the Accounting System
SD2015-03	Financial Reporting Policies and Procedures Manual and Reconciliation of General Ledger Accounts to Supporting Documents

Note: "MW" identifies a Material Weakness and "SD" a Significant Deficiency.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MW2020-02 SUPPORT FOR BUILDING PERMIT CHARGES (REPEAT FINDING)

Criteria

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

Condition

During the building permit billings and collections testing, the auditor noted the City was not able to locate support for eight (8) out of a sample of twenty-five (25) selections tested. For these eight (8) selections, no information or supporting documentation was maintained regarding permit application or invoice. As such, Marcum could not recalculate total permit revenue for these eight selections.

Cause

Inadequate internal controls over recordkeeping of building permit related documents.

Effect

Building permit revenue recorded by the City for the fiscal year could not be accurately recalculated, and the revenue balance may be misstated.

Recommendation

The City should establish adequate internal controls to ensure that all relevant supporting documentation and records that support their account activity and balances for financial reporting and pursuant to Florida statutes record retention policy are maintained.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MATERIAL WEAKNESSES (CONTINUED)

MW2020-02 SUPPORT FOR BUILDING PERMIT CHARGES (REPEAT FINDING) (CONTINUED)

Current Year Status

The City was not able to locate support for the sample of twenty-five (25) selections tested during fiscal year 2022. The City was only able to provide a copy of the related building permit invoice. For these twenty-five (25) selections, no information or supporting documentation was provided to the auditor regarding permit fee calculations or proof of cash receipt. As such, Marcum could not conclude on the performed audit test.

Views of Responsible Official and Planned Corrective Action

See accompanying Corrective Action Plan.

MW2017-01 FLORIDA AUDITOR GENERAL REPORT FINDINGS (REPEAT FINDING)

Criteria

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

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.

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.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MATERIAL WEAKNESSES (CONTINUED)

MW2017-01 FLORIDA AUDITOR GENERAL REPORT FINDINGS (REPEAT FINDING) (CONTINUED)

Current Year Status

The Auditor General report dated May 23, 2019, contained 99 findings and related recommendations. During fiscal year 2023, the Auditor General performed an audit follow up and it was noted certain items prescribed in the proposed corrective action plan were addressed; however, as of February 29, 2024, several items remain open.

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

MW2017-02 STRENGTHEN STAFF RESOURCES IN THE FINANCE AND ACCOUNTING DEPARTMENT (REPEAT FINDING)

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.

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.

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.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MATERIAL WEAKNESSES (CONTINUED)

MW2017-02 STRENGTHEN STAFF RESOURCES IN THE FINANCE AND ACCOUNTING DEPARTMENT (REPEAT FINDING) (CONTINUED)

Current Year Status

An initial working trial balance (“WTB”) was received from the City's Finance and Accounting department on December 16, 2023, for the fiscal year ended September 30, 2022. During field work for this audit engagement, twenty-one (21) auditor adjustments inclusive of corrections and reclassifications, aggregating to approximately \$66,131,000, 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 Official and Planned Corrective Action

See accompanying corrective action plan.

MW2017-04 RECONCILIATION OF CASH ACCOUNTS (REPEAT FINDING)

Criteria

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

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.

Cause

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

Effect

Material journal entries were proposed to correct errors and misstatements.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MATERIAL WEAKNESSES (CONTINUED)

MW2017-04 RECONCILIATION OF CASH ACCOUNTS (REPEAT FINDING) (CONTINUED)

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

During the completion of our audit procedure, the auditor noted that the City had not prepared and reviewed all bank reconciliations for the fiscal year 2022 on a timely basis. As such, Marcum noted the bank reconciliations were not being prepared and reviewed in a timely manner in accordance with the City's policy.

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

MW2015-01 TIMELINESS OF RECORDING INDIVIDUAL TRANSACTIONS (REPEAT FINDING)

Criteria

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

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MATERIAL WEAKNESSES (CONTINUED)

MW2015-01 TIMELINESS OF RECORDING INDIVIDUAL TRANSACTIONS (REPEAT FINDING) (CONTINUED)

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 for the fiscal year ended September 30, 2022. During field work for this audit engagement, twenty-one (21) auditor adjustments inclusive of corrections and reclassifications, aggregating to approximately \$66,131,000, were required to correct the original working trial balance provided by management. Ultimately this led to a delay in the completion of the audit procedures, multiple changes to the amounts and disclosures presented in the draft financial statements provided to the auditor and further delaying the financial statements completion and issuance date.

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

SIGNIFICANT DEFICIENCIES

SD2020-02 NON-COMPLIANCE WITH FLORIDA STATUTES (REPEAT FINDING)

Criteria

Section 218.39(1), Florida Statutes, requires that a local government shall have an annual financial audit of its accounts and records completed within nine (9) months after the end of its fiscal year.

Condition

The City did not issue and file the September 30, 2020 financial statements with the Auditor General by June 30, 2021 or the Annual Financial Report (“AFR”) to the Florida Department of Financial Services by June 30, 2021, as required by Florida Statutes.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2020-02 NON-COMPLIANCE WITH FLORIDA STATUTES (REPEAT FINDING)

Cause

The City does not have an established financial statements review preparation policy to ensure all year-end amounts and disclosures as required by the Governmental Accounting Standards Board (“GASB”), are properly and accurately captured and reported in the Financial Statements in a timely manner.

Effect

A lack of completing required closing procedures led to preliminary misstatements to the financial statements and a significant number of adjusting journal entries and reversal entries had to be posted after the commencement of the audit.

Recommendation

The City should ensure that adequate procedures and internal controls are in place to ensure that the Financial Statements are submitted in a timely manner. These controls should include controls requiring the reconciliation of account balances to the appropriate supporting documentation (e.g., general ledger, internal reports, note disclosures, etc.), the use of a disclosure checklist, and adequate training of staff with required accounting and financial reporting standards.

Current Year Status

This condition still exists for the fiscal year ended September 30, 2022. The City did not issue and file the September 30, 2022 financial statements with the Auditor General by June 30, 2023 or the Annual Financial Report (“AFR”) to the Florida Department of Financial Services by June 30, 2023, as required by Florida Statutes.

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2020-03 SUPPORT FOR STORMWATER UTILITY CHARGE (REPEAT FINDING)

Criteria

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

Condition

Currently, the City outsources a portion of the water/sewer billing process to Miami-Dade County. There were thirty-four (34) water/sewer accounts which continue to be billed and processed by the City as of September 30, 2020. For these City accounts, the City could not provide the support regarding the equivalent residential unit (“ERU”) calculation used to charge customers the storm water utility rates.

Cause

The City could not provide the 2008 study or any other rate study performed by the City that supports the equivalent residential unit (“ERU”) calculation used to charge customers the storm water utility rates for specific accounts billed and processed by the City.

Effect

Water and sewer revenues recorded related to account billed and processed by the City for the fiscal year cannot be recalculated, and the revenue balance may be misstated related to the ERU charge.

Recommendation

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

Current Year Status

This condition still exists in fiscal year ended September 30, 2022. The City was unable to provide the studies performed that supports the ERU calculation used to charge customers the storm water utility rates for specific accounts billed and processed by the City.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2020-03 SUPPORT FOR STORMWATER UTILITY CHARGE (REPEAT FINDING) (CONTINUED)

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

SD2017-06 PENSION PLAN REMITTANCE (REPEAT FINDING)

Criteria

The City participates in a deferred compensation plan as described in Internal Revenue Code section 457. Pursuant to federal 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.

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 employee funds in a timely manner as outlined in federal regulations.

Cause

Failure of the City design and implement adequate controls for timely remittance of employee contribution to the Plan.

Effect

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 and federal regulations.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2017-06 PENSION PLAN REMITTANCE (REPEAT FINDING) (CONTINUED)

Current Year Status

This comment remains relevant as of September 30, 2022. The City failed to remit employee funds in a timely manner as outlined in federal regulations for all 12 months during the fiscal year ended September 30, 2022.

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

SD2015-02 UPGRADE THE ACCOUNTING SYSTEM (REPEAT FINDING)

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.

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.

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.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2015-02 UPGRADE THE ACCOUNTING SYSTEM (REPEAT FINDING) (CONTINUED)

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

SD2015-03 FINANCIAL REPORTING POLICIES AND PROCEDURES MANUAL AND RECONCILIATION OF GENERAL LEDGER ACCOUNTS TO SUPPORTING DOCUMENTS (REPEAT FINDING)

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.

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.

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

This condition still exists for the fiscal year ended September 30, 2022. During field work for this audit engagement, twenty-one (21) auditor adjustments inclusive of corrections and reclassifications, aggregating to approximately \$66,131,000, were required to correct the original working trial balance provided by management.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2015-03 FINANCIAL REPORTING POLICIES AND PROCEDURES MANUAL AND RECONCILIATION OF GENERAL LEDGER ACCOUNTS TO SUPPORTING DOCUMENTS (REPEAT FINDING) (CONTINUED)

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

CITY OF OPA-LOCKA, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

MATERIAL WEAKNESSES

MW 2020-02 - was not addressed and the finding is repeated.

MW 2017-01 - was not addressed and the finding is repeated.

MW 2017-02 - was not addressed and the finding is repeated.

MW 2017-04 - was not addressed and the finding is repeated.

MW 2015-01 - was not addressed and the finding is repeated.

SIGNIFICANT DEFICIENCIES

SD 2020-01 – was addressed in the current year.

SD 2020-02 - was not addressed and the finding is repeated.

SD 2020-03 - was not addressed and the finding is repeated.

SD 2017-06 - was not addressed and the finding is repeated.

SD 2015-02 - was not addressed and the finding is repeated.

SD 2015-03 - was not addressed and the finding is repeated.

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Opa-locka, Florida (the “City”), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated February 29, 2024.

Auditors’ 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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; Summary Schedule of Prior Audit Findings and Independent Accountants’ 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 Auditor General. Disclosures in those reports and schedules, which are dated February 29, 2024, 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 annual financial audit report. The status of recommendations made in the preceding annual financial audit report have been addressed except as noted in the summary schedule of prior audit findings.

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 information regarding the specific legal authority for the City and its component units is discussed in Note 1 to the financial statements.

Financial Condition and Management

Section 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. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes. For the fiscal year ended September 30, 2022, the City remains in a declared state of financial emergency. Refer to MLC 2020-002 which is included in Appendix A.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have two recommendations identified as MLC 2020-001 and MLC 2020-002 which are included in Appendix A.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, except for failure of the Opa-locka Community Redevelopment Agency to meet the 9 months due date of its audited financial statements for the year ended September 30, 2022, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., 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 which warrants the attention of those charged with governance. In connection with our audit, see accompanying Schedule of Findings and Responses.

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, state and other granting agencies, the Mayor and the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
February 29, 2024

CITY OF OPA-LOCKA, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

No.	Current Year's Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
None			
No.	Prior Year's Observations		
MLC 2020-001	Solid Waste Fund Deficit Net Position	X	
MLC 2020-002	Financial Emergency	X	

CITY OF OPA-LOCKA, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MLC 2020-001 – SOLID WASTE DEFICIT NET POSITION (REPEAT COMMENT)

Criteria, Condition and Cause

Per Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements- and Management’s Discussion and Analysis—for State and Local Governments*, paragraph 67, Enterprise funds should establish pricing policies that are designed to recover its costs, including capital costs (such as depreciation or debt service). During the fiscal year ended September 30, 2020, it was noted that the Solid Waste fund had a deficit net position of (\$23,097). This was due to solid waste utility rates not being sufficient to meet the increased personnel and contractual service costs incurred by the solid waste fund during the fiscal year and prior fiscal years.

Effect

This could impact the City’s bond ratings as well as other financial indicators. Enterprise funds distinguish between current and non-current assets and liabilities. It is possible to take advantage of this distinction to calculate working capital (i.e., current assets less current liabilities). The measure of working capital indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations and considerations of future debt payments. It is essential that a government maintain adequate levels of working capital in its enterprise funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees.

Recommendation

Marcum recommends that the City consider reviewing the solid waste rate charges to ensure future solid waste utility rates/revenues are sufficient in order to continue funding annual operating and maintenance costs, debt service, meet debt service coverage ratio requirements, eliminate the deficit and build/maintain a positive net position.

Current Year Status

This condition still exists for the fiscal year ended September 30, 2022. As of September 30, 2022, the Solid-Waste fund had a deficit net position of (\$4,160).

CITY OF OPA-LOCKA, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MLC 2020-001 – SOLID WASTE DEFICIT NET POSITION (CONTINUED)

Management's Response

The City is currently working on implementing adequate internal controls necessary to promote and encourage compliance with applicable State laws, City ordinances and regulations. Management is taking measures to ensure: (1) the ongoing economic and efficient operation of the City, (2) reliability of records and reports, and (3) safeguarding of City's assets. This includes considering the auditors recommendation above.

MLC 2020-002 DECLARED STATE OF FINANCIAL EMERGENCY (REPEAT COMMENT)

Criteria, Condition and Cause

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.

Effect

The City is currently under the oversight of a financial emergency board.

Recommendation

After consideration of the above criteria, condition and cause, and several other factors, not limited to; a) deficits unrestricted net position/fund balances for the water and sewer fund, and solid waste fund, b) lack of support for repayment or collection of due to/due from other funds account balances, and c) the withholding of State Revenue Sharing as of the auditors' report date. We advised the City work closely with financial emergency board and continue to follow/adhere to the Five-Year Recovery Plan in order to alleviate the state of financial emergency.

CITY OF OPA-LOCKA, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MLC 2020-002 DECLARED STATE OF FINANCIAL EMERGENCY (CONTINUED)

Current Year Status

This condition still exists for the fiscal year ended September 30, 2022. The City is still under oversight of a financial emergency board established by the State of Florida.

Management's Response

Since the declaration of the state of financial emergency was adopted on June 1, 2016, the City has made substantial progress addressing the conditions defined within section 218.503(1), Florida Statutes. A financial emergency board was created to provide technical assistance and to oversee the activities of the City. The City has been current on submitting its budget to the Governor's designee for approval.

One element of exiting from a state of financial emergency is the development of a Five-Year Recovery Plan by the City, to demonstrate the City's ability to satisfy the requirements necessary to restore the City's financial stability and integrity. The City submitted a proposed Five-Year Recovery Plan to the State of Florida, which was approved in August 2020 without modifications. In addition, for the fiscal year ended, September 30, 2022, both the City's change in net position and overall net position improved. The City is currently working on implementing adequate controls necessary to promote and encourage compliance with applicable State laws, City ordinances and regulations. Management is taking measures to ensure: (1) the ongoing economic and efficient operation of the City, (2) reliability of records and reports, and (3) safeguarding of City's assets.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

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

We have examined the City of Opa-locka, Florida's (the "City") compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2022.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
February 29, 2024



IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Interim City Manager, Darvin E. Williams who being duly sworn, deposes and says on oath that:

1. I am the Interim City Manager of City of Opa-locka which is a local government entity of the State of Florida;
2. City of Opa-locka adopted Ordinance No. 15-21 (Road Drainage), Ordinance 15-22 (Public Safety), Ordinance 15-23 (Park), and Ordinance 15-24 (Water and Sewer) implementing an impact fee; and
3. City of Opa-locka has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

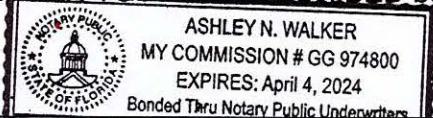
FURTHER AFFIANT SAYETH NAUGHT.



Interim City Manager, Darvin E. Williams

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

SWORN TO AND SUBSCRIBED before me this 21st day of February, 2024.



NOTARY PUBLIC

Print Name Ashley Walker

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

April 4, 2024

John H. Taylor
Mayor

Natasha L. Ervin
Vice Mayor

Dr. Sherelean Bass
Commissioner

Joseph L. Kelley
Commissioner

Veronica J. Williams
Commissioner

Darvin E. Williams
Interim City Manager

Joanna Flores
City Clerk

Burnadette
Norris-Weeks
City Attorney



Corrective Action Plan

FOR THE YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS

MATERIAL WEAKNESS (MW)

MW2020-02: SUPPORT FOR BUILDING PERMIT CHARGES (REPEAT)

Management concurs that the City should retain all pertinent documentation and records in order that the auditor be able to confirm the validity of all items tested to gain reasonable assurance on the accuracy and reliability of revenue reported by the City.

A promotion from within the City's staff placed a new Manager in the Building and License department as of July 2023. She will work with her staff to ensure the accuracy and reliability of building permit billings and collection activity.

This activity is ongoing.

Responsible Party: Ms. Marilyn Petit-Frere, Building & License Manager

MW2017-01: FLORIDA AUDITOR GENERAL REPORT FINDINGS (REPEAT)

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, more than half of the identified findings have been deemed as satisfactorily completed, with work underway on the remainder. As of a letter dated March 8, 2023, from the State of Florida Auditor General it details the status of the 99 preliminary and tentative audit findings. A total of which 84 is related to various functions and activities within the City of Opa-locka while 15 are related to Opa-locka Community Redevelopment Agency (CRA). Out of the 84 findings for the City of Opa-locka, 18 were corrected and 44 were partially corrected, leaving 22 findings. Out of the 22 Findings they were either not corrected or addressed. The City is vigorously working on addressing and resolving all of the findings.

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).

In review of the City's Five-Year Financial Recovery Plan produced by the City in FY 2019-2020, approved and forecasted budgets, 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. However, it is considering the assignment of the 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.

As per City of Opa-locka Commission resolution 20-9778, passed and adopted on July 8, 2020, this established the Audit Committee consisting of a five-person committee, with three voting members. Resolution 20-9784, passed and adopted on July 8, 2020, these appointed members of the committee including the Mayor, former City Manager in an advisory capacity, and the remaining members and alternate member with various experience.

There have been no updates to this activity.

Responsible Party: Mr. Darvin Williams, Interim City Manager and Mr. Robert Anathan, Budget Administrator

MW2017-02: STRENGTHEN STAFF RESOURCES IN THE FINANCE AND ACCOUNTING DEPARTMENT (REPEAT)

The City has reviewed and identified areas of weakness in the accounting system and financial structure of the Finance Department. Corrective action and additional resources are required to strengthen the department. The City engaged a new accounting consultant subsequent to FY 2022 to provide audit preparatory services in tandem with the provision of guidance in management of government accounting items. The City is continually recruiting staff with experience in accounting.

To enhance the accuracy and reliability of these events and transactions being recorded, management has implemented the following procedures:

- a.) The City is working on the development of a policies and accounting procedures manual for the Finance Department to address this finding and other risk related matters.
- b.) The City provides group and/or individual training sessions to Finance Department staff in various areas such as, but not limited to; proposing journal entries, verification of support for all accounting transactions, timely transfer of funds to remedy due to/due from balances and fulfilling tasks leading up to monthly close out.

This activity is ongoing.

Responsible Party: Ms. Niema Gantt, Finance Director

MW2017-04: RECONCILIATION OF CASH ACCOUNTS (REPEAT)

Prior to FY 2022, 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 and review cash activity on a timelier basis and has created policies and procedures to improve the preparation and monitoring controls over the bank reconciliation process.

Additionally, the city has hired Accountants to be responsible for completing the bank reconciliations and applicable journal entries on a monthly basis and a Finance Director who ensures that bank reconciliations and journal entries are accurately recorded, documented, and reconciled.

The standard procedures for bank reconciliations will be improved to reduce the risk of misstatement, omission, reporting errors, and assist the onboarding of new employees by leveraging the cloud features where the accountants will have clear and up to date overview of the current reconciliation status and overall close process.

To strengthen the timeliness of these reconciliations, the City's Finance director began holding as needed meetings with Accountants to ensure that the bank reconciliation process is being properly completed as outlined in the policies. These meetings provide structure and enhance the Finance Department's ability to produce bank reconciliation of cash on a timely basis and create a plan to become current on producing bank reconciliations in the future.

This activity is ongoing.

Responsible Party: Ms. Niema Gantt, Finance Director

MW2015-01: TIMELINESS OF RECORDING INDIVIDUAL TRANSACTIONS (REPEAT)

The City has reviewed and identified areas of weakness in the accounting system and financial structure of the Finance Department. Corrective action and additional resources are required to strengthen the department. The City engaged a new accounting consultant, subsequent to FY 2022, to provide audit preparatory services in tandem with the provision of guidance in management of government accounting items. The City is continually recruiting staff with experience in accounting.

To enhance the accuracy and reliability of these events and transactions being recorded, management has implemented the following procedures:

- a.) The City is working on the development of a policies and accounting procedures manual for the Finance Department to address this finding and other risk related matters.
- b.) The City provides group and/or individual training sessions to Finance Department staff in various areas such as, but not limited to; proposing journal entries, verification of support for all accounting transactions, timely transfer of funds to remedy due to/due from balances and fulfilling tasks leading up to monthly close out.

This activity is ongoing.

Responsible Party: Ms. Niema Gantt, Finance Director

SIGNIFICANT DEFICIENCIES (SD)

SD2020-02: NON-COMPLIANCE WITH FLORIDA STATUTES (REPEAT)

The City concurs that as a result of its declared financial emergency, turnover in staffing and management, accounting software deficiencies, and gaps in operations that the audit was not submitted timely. However, going forward, the City has taken corrective action to alleviate this matter and will continue to progress accordingly.

This activity is ongoing.

Responsible Party: Mr. Darvin Williams, Interim City Manager, and Ms. Niema Gantt, Finance Director

SD2020-03: SUPPORT FOR STORMWATER UTILITY CHARGE (REPEAT)

The City has initiated, in accordance with State of Florida's General Records Schedule GS1-SL for State and Local Government Agencies, scanning of all records to maintain an electronic version of support for utility transactions.

This activity is ongoing.

Responsible Party: Ms. Niema Gantt, Finance Director

SD2017-06: PENSION PLAN REMITTANCE (REPEAT)

The City has improved to reduce delays to its 457 Pension plan payments by setting wire payments to the plan instead of disbursements through the Purchasing/Accounts Payable purchasing orders (PO) that were in place prior to FY 2022. This change will aid in timely submission of payments to the vendor.

In addition, the City has designated appropriate staff personnel to review, monitor and reconcile the 457 Plan account routinely to ensure timely disbursements and account for delayed invoicing. The staff will update and document the Pension plan files to ensure completeness and accuracy. Designated Human Resource staff personnel will also obtain a copy of the monthly wire transfer confirmation, review for accuracy and attach it to the payment remittance device for recordkeeping and easy accessibility for auditing and reporting purposes.

This activity is ongoing.

Responsible Party: Mrs. Mary Adams Human Resource Director, and Ms. Niema Gantt, Finance Director

SD2015-02: UPGRADE THE ACCOUNTING (REPEAT)

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

Subsequent to September 30, 2020, the City was in process of procuring services of a new enterprise resource planning (ERP) financial system to address the complex operational and financial needs of the City. The City has implemented a request for proposal for Financial Accounting Services for both governmental and business type activities. The purpose of which is to include software modules including General Ledger, Budget, Accounts Payable, Requisitions/Purchase Orders, Permits, Code Enforcement, Project Accounting, and Utility Billing. As per City of Opa-locka Resolution No 22-014, the City has entered in a five-year contract with Tyler Technologies, Inc for the installation and support of an Enterprise Resource Planning (ERP) System. Currently, the City is not in the position to continue the installation and support of an ERP system from Tyler Technologies, Inc. The City also has lost several key staff members during this time which has also caused a delay in the ERP implementation process.

There have been no updates to this activity. This process is ongoing.

Responsible Party: Mr. Darvin Williams, Interim City Manager, Mr. Philppot Walker, IT Director, and Ms. Niema Gantt, Finance Director

SD2015-03: FINANCIAL REPORTING POLICIES AND PROCEDURES MANUAL AND RECONCILIATION OF GENERAL LEDGER ACCOUNTS TO SUPPORTING DOCUMENTS (REPEAT)

During FY 2022, the City made contact with a consultant to develop a Finance Department policies and procedures manual. This manual will identify responsible persons and provide instructions for proper management of City financial resources. The manual will be designed to serve as a training guide for staff. Subsequent to FY2022, the City will need to solicit quotes to perform this service.

This activity is ongoing.

Responsible Party: Ms. Niema Gantt, Finance Director