

ANNUAL FINANCIAL REPORT

City of Opa-locka, Florida

For the Fiscal Year Ended September 30, 2021



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, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i-ii
List of Principals	iii
Organizational Chart	iv
II. FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	5-20
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Position – Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29
Notes to Basic Financial Statements	30-68
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A):	
Budgetary Comparison Schedule:	
General Fund	69
Notes to Budgetary Comparison Schedule	70
Schedule of the City's Proportionate Share of the Net Pension Liability –Florida Retirement System Pension Plan	71
Schedule of the City's Contributions – Florida Retirement System Pension Plan	72
Schedule of the City's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	73
Schedule of the City's Contributions – Health Insurance Subsidy Pension Plan	74
Schedule of Changes in the City's Total Other Post-Employment Benefits Liability and Related Ratios	75

CITY OF OPA-LOCKA, FLORIDA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
II. FINANCIAL SECTION (Continued)	
SUPPLEMENTARY INFORMATION:	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Non-Major Governmental Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	77
Budgetary Comparison Schedule: Capital Improvement Debt Service Fund	78
Note to Capital Improvement Debt Service Fund	79
III. 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 <i>Government Auditing Standards</i>	80-81
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	82-84
Schedule of Expenditure of Federal Awards	85
Notes to the Schedule of Expenditure of Federal Awards	86
Schedule of Findings and Questioned Costs	87-103
Summary Schedule of Prior Audit Findings	104
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	105-107
Appendix A – Current Year and Prior Years Recommendations to Improve Financial Management	108-111
Independent Accountant’s Report on Compliance with Requirements of Section 218.415, Florida Statutes	112
Affidavit, F.S. Section 163.31801, Impact Fees	113
Corrective Action Plan	114



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

Darvin Williams, JD, MBA, MPH
Interim City Manager

Telephone (305) 953-2821
Email: dwilliams@opalockafl.gov

July 31, 2023

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

It is my pleasure to submit the Audited Annual Financial Report for the City of Opa-locka, Florida (“the City”), for the fiscal year ended September 30, 2021, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the City Charter. The financial statements included in this report conform to accounting principles generally accepted in the United States of America prescribed by the Governmental Accounting Standards Board (GASB). This report is published to fulfill that requirement for the fiscal year ended September 30, 2021.

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

The financial statements have been audited by Marcum LLP, a firm of licensed certified public accountants. The independent auditors have issued their opinions on the City's financial statements for the fiscal year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of the report.

The Management's Discussion and Analysis (MD&A) segment immediately follows the independent auditor's report and provides narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Opa-locka was incorporated in 1926 and operates under the Commission/City Manager form of government. The City Commission is comprised of the Mayor, Vice Mayor and three Commissioners, who are responsible for enacting ordinances, resolutions and regulations governing the City and appointing the members of various advisory boards. Additionally, the City Commission appoints the City Manager, the City Attorney, and the City Clerk. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances and the appointment and supervision of the City's Department heads.

The City provides a full range of services including police, construction and maintenance of highways and streets and other infrastructure, recreational and cultural activities, water and wastewater, storm water, sanitation, planning and zoning and general administrative services.

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

The financial reporting entity under which the financial statements are prepared includes all activities and

functions for which the City is financially accountable.

The City is required to prepare, approve, adopt and execute an annual budget. This annual budget serves as the foundation for the City's financial planning and control. Budgetary control is maintained at the departmental and fund level, with the finance department providing support to departments in the administration of their budgets. Budget to actual comparisons are provided in this report for all of the City's funds that have an appropriated annual budget.

Local Economy

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

Major Initiatives

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

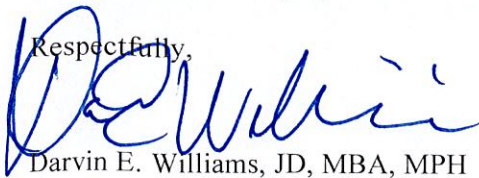
On June 8, 2016, the City entered into a State and Local Agreement of Cooperation between the Governor as a result of being in a state of financial emergency. The State implemented measures to resolve the financial emergency with the City's cooperation. To resolve the financial emergency, the Florida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

Acknowledgements

The Finance Department, the City Manager, Assistant City Managers, Department Directors and Staff Members all contributed to the preparation of this report.

Respectfully,



Darvin E. Williams, JD, MBA, MPH
Interim City Manager



CITY OF OPA-LOCKA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

CITY COMMISSION - Fiscal Year 2021



Veronica William
Vice Mayor



Matthew Pigatt
Mayor



Chris Davis
Commissioner



Audrey Domínguez
Commissioner



John H. Taylor
Commissioner

CITY EXECUTIVE MANAGEMENT

John Pate
City Manager

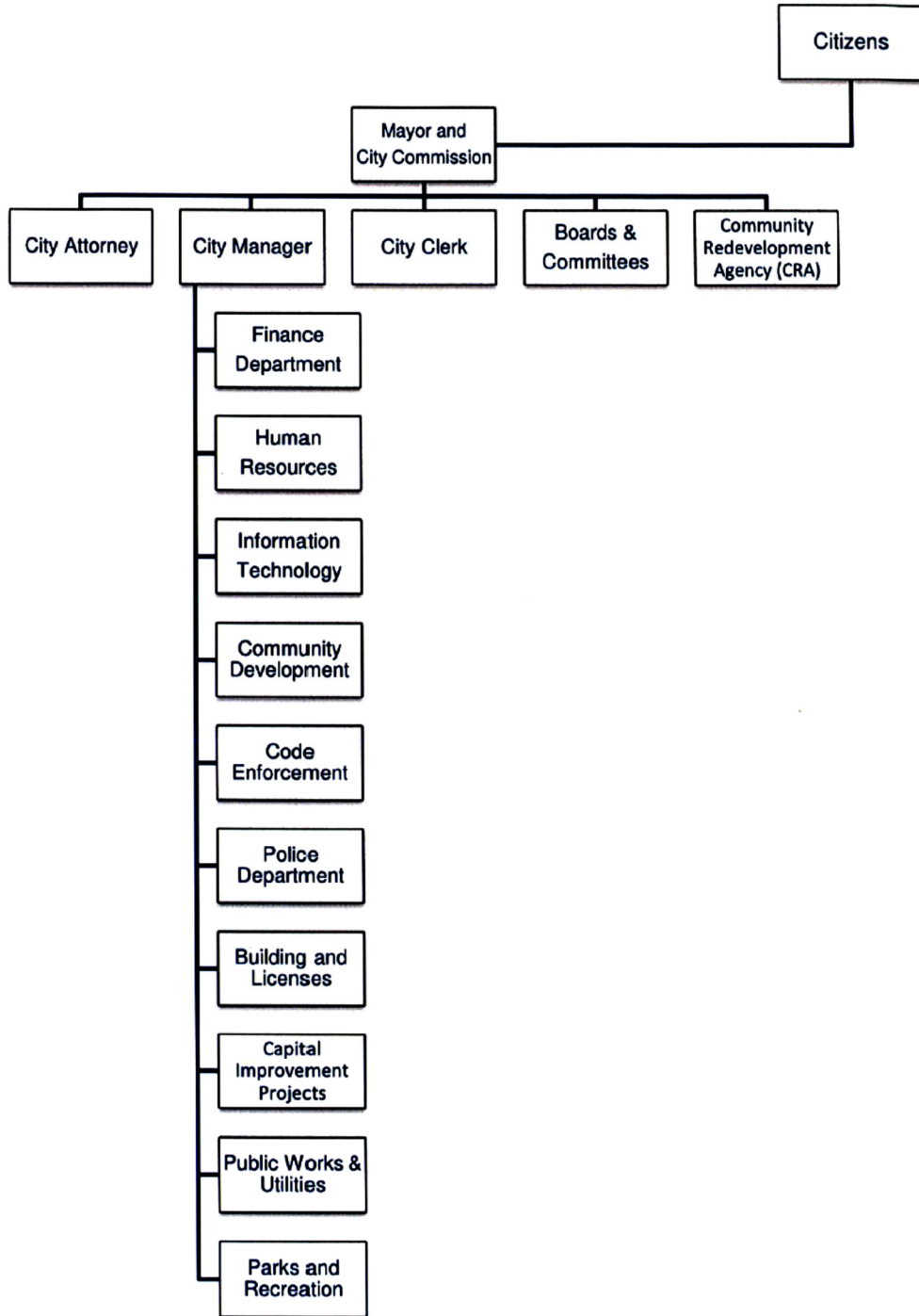
Joanna Flores
City Clerk

Burnadette Norris-Weeks
City Attorney



CITY OF OPA-LOCKA, FLORIDA

ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Opa-locka, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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
People Transportation Tax Fund	Qualified
Capital Projects Improvement Debt Service	Qualified
Safe Neighborhood Capital Improvement Fund	Qualified
Water and Sewer Fund	Qualified
Stormwater Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions

Management has not properly accounted for their Accounts Payable for the fiscal year ended September 30, 2021. 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, 2021. 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 Receivables activity for the fiscal year ended September 30, 2021. 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 asset, net position, and revenues of the People Transportation Tax Fund and Safe Neighborhood Capital Improvement Tax 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, 2021. 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 People Transportation Tax Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinions” paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the American Rescue Plan Act Fund as of September 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20, schedule of city's proportionate share of net pension liability, the schedules of city's contributions, schedule of changes in the city's total OPEB liability and related ratios, and budgetary comparison schedule for the general fund on pages 69 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedule and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedule are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the Basis for Qualified Opinion section, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
July 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

(MD&A)

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 of resources at the close of the most recent fiscal year by \$43.4 million (net position).
2. The City's governmental-type activities reported net position of \$27.5 million.
3. The City's business-type activities reported a net position of \$15.9 million.

Overview of the Financial Statements

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

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

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

Users interested in "budgetary performance" will find that information available in the required supplementary information and other financial information following the notes to the financial statements.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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.

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 and business-type), 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, cultural and recreational. The business-type activities include water and sewer, solid waste and Stormwater, 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 21-22 of this report.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 balances for the General Fund, which is considered to be a major fund. The Capital Improvement Debt Service Fund was established to account for the proceeds of the 2011 and 2015 debt issuance and presented as a major fund. The American Rescue Plan Act, the Peoples Transportation Tax Fund, the Safe Neighborhood Improvement Fund are also considered major funds. Individual fund data is presented for the Nonmajor Governmental funds in the combining statements. The City adopts an annual appropriated budget for its general fund and the capital improvement fund. Budgetary comparison schedules have been provided for the general fund and the capital improvement debt service fund.

The basic governmental fund financial statements can be found on pages 23-26 of this report.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has three Enterprise Funds: Water and Sewer Fund, Solid Waste and Stormwater Funds. 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 27-29 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 financial statements can be found on pages 30-68 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. This section also includes a comparison between the City's 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.

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

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule is a summary of the fiscal year 2021 Statement of Net Position with comparative information for fiscal year 2020.

	Governmental Activities			Business-type Activities			Total	
	2021	2020	Change	2021	2020	Change	2021	2020
Current and other assets	\$ 27,293,153	\$ 18,678,805	\$ 8,614,348	\$ 6,406,424	\$ 6,755,145	\$ (348,721)	\$ 33,699,577	\$ 25,433,950
Capital assets, net	<u>31,378,345</u>	<u>33,055,060</u>	<u>(1,676,715)</u>	<u>27,381,699</u>	<u>26,933,321</u>	<u>448,378</u>	<u>58,760,044</u>	<u>59,988,381</u>
Total assets	<u>58,671,498</u>	<u>51,733,864</u>	<u>6,937,634</u>	<u>33,788,123</u>	<u>33,688,466</u>	<u>99,657</u>	<u>92,459,621</u>	<u>85,422,331</u>
Deferred outflow of resources	2,291,765	3,544,813	(1,253,048)	312,309	393,868	(81,559)	2,604,074	3,938,681
Current and other liabilities	12,798,226	6,488,238	6,309,988	5,960,517	5,800,312	160,205	18,758,743	12,288,550
Long-term liabilities	<u>13,945,842</u>	<u>22,699,545</u>	<u>(8,753,703)</u>	<u>11,302,753</u>	<u>14,037,103</u>	<u>(2,734,349)</u>	<u>25,248,595</u>	<u>36,736,649</u>
Total liabilities	<u>26,744,068</u>	<u>29,187,784</u>	<u>2,443,716</u>	<u>17,263,270</u>	<u>19,837,415</u>	<u>(2,574,144)</u>	<u>44,007,338</u>	<u>49,025,199</u>
Deferred inflow of resources	6,702,538	1,662,598	5,039,940	911,820	184,733	727,087	7,614,358	1,847,331
Net position:								
Net investment in capital assets	23,354,707	25,350,702	(1,995,995)	23,037,786	22,627,164	410,622	46,392,493	47,977,866
Restricted	3,826,516	5,142,566	(1,316,050)	-	-	-	3,826,516	5,142,566
Unrestricted	<u>335,434</u>	<u>(6,064,971)</u>	<u>6,400,405</u>	<u>(7,112,444)</u>	<u>(8,566,978)</u>	<u>1,454,534</u>	<u>(6,777,010)</u>	<u>(14,631,950)</u>
Total net assets	<u>\$ 27,516,657</u>	<u>\$ 24,428,296</u>	<u>\$ 3,088,360</u>	<u>\$ 15,925,342</u>	<u>\$ 14,060,186</u>	<u>\$ 1,865,156</u>	<u>\$ 43,441,999</u>	<u>\$ 38,488,482</u>

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

STATEMENT OF NET POSITION

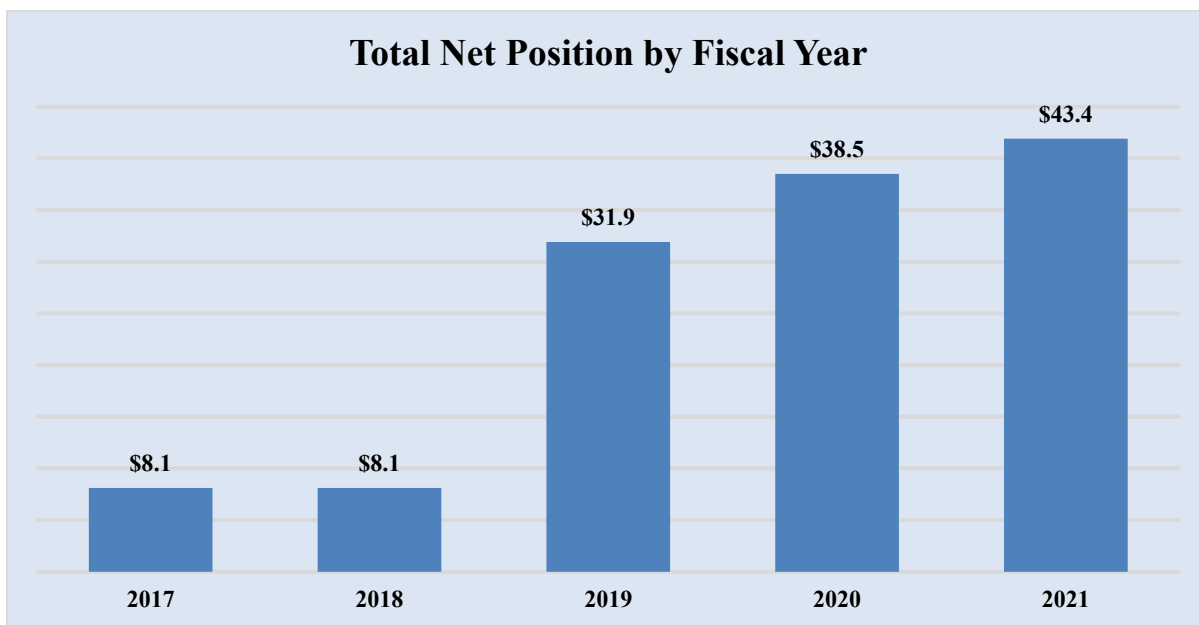
The overall net position of the City increased in fiscal year 2021, from the prior year net position, by \$5 million or 13%. The net position was \$38.4 million in FY2020. The changes in net position over time can be one of the best and most useful indicators of financial health.

The governmental activities of the City's current and other assets increased by \$8.6 million while the current liabilities of those activities increased by \$6.3 million. Meanwhile, the business-type activities of the City's current and other assets experienced a slight decrease of \$348K and the current liabilities of those activities increase by \$160K.

The governmental activities investment in capital assets, net of related debt was \$25.3 million in the previous year and \$23.3 million in the current year. Meanwhile, the previous year's unrestricted net position was (\$6.0) million and is currently \$335K.

The business-type activities invested in capital assets, net of related debt was \$22.6 million in the previous year and \$23.1 million in the current year. Meanwhile, the previous year's unrestricted net position was (\$8.5) million and is now (\$7.1) million mainly as a result of decreases in the allowance for doubtful accounts.

Five Years Total Net Position
(In millions)



By far the largest portion of the City's net position is investment in capital assets (e.g., land, buildings and building improvements, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

STATEMENT OF ACTIVITIES

The following schedule is a summary of the fiscal year 2021 Statement of Activities with comparative information to fiscal year 2020:

	Governmental Activities			Business-type Activities			Total	
	2021	2020	Change	2021	2020	Change	2021	2020
Revenues:								
Program revenues:								
Charges for services	\$ 3,727,872	\$ 3,439,001	\$ 288,871	\$ 10,290,178	\$ 14,522,154	\$ (4,321,966)	\$ 14,018,050	\$ 17,961,156
Operating /capital grants and cont.	2,625,361	2,061,896	563,465	-	-	-	2,625,361	2,061,896
General revenues:								
Property taxes	12,126,361	11,084,181	1,042,180	-	-	-	12,126,361	11,084,181
Other taxes	2,510,633	2,431,055	79,578	-	-	-	2,510,633	2,431,055
Franchise fees	1,778,413	1,836,982	(58,569)	-	-	-	1,778,413	1,836,982
Intergovernmental, unrestricted	2,475,515	2,078,890	396,625	-	-	-	2,475,515	2,078,890
Interest	148	636	(488)	-	-	-	148	636
Other	518,568	535,005	40,563	7,592	805	6,777	583,150	535,810
Total revenues	<u>25,762,871</u>	<u>23,467,645</u>	<u>2,352,226</u>	<u>10,297,770</u>	<u>14,522,959</u>	<u>(4,225,189)</u>	<u>36,117,641</u>	<u>37,990,605</u>
Expenses and transfers:								
General government	13,580,514	8,199,011	5,381,503	-	-	-	13,580,514	8,199,011
Public safety	5,205,648	6,949,109	(1,743,461)	-	-	-	5,205,648	6,949,109
Transportation	3,364,504	1,160,566	2,203,938	-	-	-	3,364,504	1,160,566
Culture and recreation	692,624	462,392	230,232	-	-	-	692,624	462,392
Interest and fiscal charges	294,254	428,383	(134,129)	-	-	-	294,254	428,383
Water and sewer	-	-	-	8,074,007	10,985,895	(2,911,888)	8,074,007	10,985,895
Stormwater	-	-	-	770,749	578,647	192,102	770,749	578,647
Transfers	-	344,971	(344,971)	-	(344,971)	344,971	-	-
Total expenses	<u>23,137,544</u>	<u>17,544,432</u>	<u>5,593,112</u>	<u>8,844,756</u>	<u>11,219,571</u>	<u>(2,374,815)</u>	<u>31,982,300</u>	<u>28,764,004</u>
Increase (decrease) in net positions	<u>2,625,327</u>	<u>5,923,213</u>	<u>(3,297,886)</u>	<u>1,453,014</u>	<u>3,303,388</u>	<u>(1,850,374)</u>	<u>4,078,341</u>	<u>9,226,601</u>
Net position, beginning	24,428,296	17,766,272	6,662,024	14,060,186	14,124,463	(64,277)	38,488,482	31,890,735
Prior period adjustment	463,034	738,811	(275,777)	412,142	(3,367,665)	3,779,807	875,176	(2,628,854)
Net position, beginning, as restated	<u>24,891,330</u>	<u>18,505,083</u>	<u>6,386,247</u>	<u>14,472,328</u>	<u>10,756,798</u>	<u>3,715,530</u>	<u>39,363,658</u>	<u>29,261,881</u>
Net positions, ending	<u>\$ 27,516,657</u>	<u>\$ 24,428,296</u>	<u>\$ 3,088,361</u>	<u>\$ 15,925,342</u>	<u>\$ 14,060,186</u>	<u>\$ 1,865,156</u>	<u>\$ 43,441,999</u>	<u>\$ 38,488,482</u>

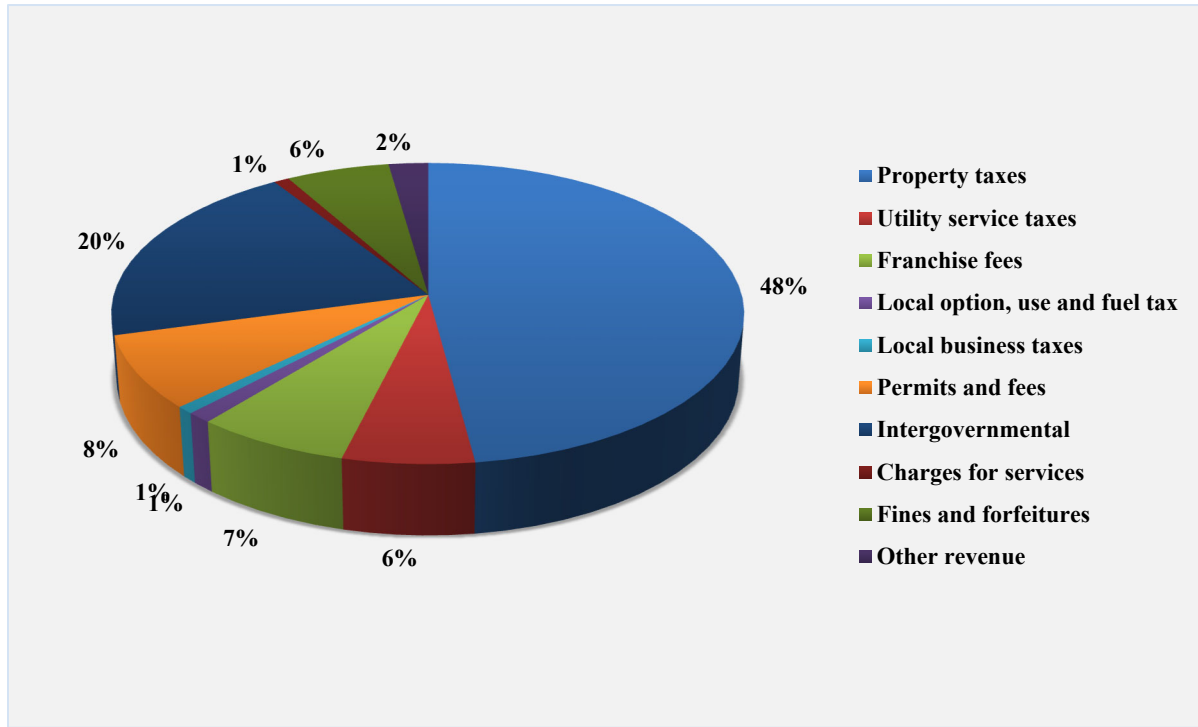
The governmental activities account for the most significant activities within the City, with total revenues of \$25.8 million. The overall governmental revenues increased by 10% over the prior year. This was primarily attributed to charges for services and operating/capital grant related projects.

The business-type activities represent water and sewer, solid waste and stormwater operations which reflected a \$10.3 million in total revenues.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Sources of Revenue for Fiscal Year 2021



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 Fund are approximately \$10.3 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, 2021

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, 2021, the City's governmental funds reported combined ending fund balance of \$14.5 million compared to \$12.2 in the prior year. This increase of \$2.3 million in fund balance is mainly associated with additional property taxes received, intergovernmental funds, fines and forfeitures and other aggregate miscellaneous correction of errors from prior periods.

All other Fund Balances are restricted 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 the total fund balance equals \$13.2 million as compared to \$7.1 million in the prior fiscal year, representing a significant increase due to increases in revenues.

Total revenues for the general fund rose by \$1.7 million, or 9.2%. This is related to increases in property taxes, utility services taxes, permits and fees, charges for services and intergovernmental revenues.

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

General Fund Revenues	<u>2021</u> Amount	<u>Percent</u> of Total	<u>2020</u> Amount	<u>Percent</u> of Total	<u>Increase</u> (Decrease) From 2020	<u>Percent of</u> Increase (Decrease)
Property taxes	\$ 11,079,451	56%	\$ 10,349,888	57%	\$ 729,563	-1%
Utility service taxes	71,991	0%	65,595	0%	6,396	0%
Franchise fees	1,778,413	9%	1,836,982	10%	(58,569)	-1%
Local business taxes	200,241	1%	240,073	1%	(39,832)	0%
Permits and fees	2,000,594	10%	1,650,565	9%	350,029	1%
Intergovernmental	2,486,827	12%	1,774,972	10%	711,855	2%
Charges for services	223,367	1%	118,997	1%	104,370	0%
Fines and forfeitures	1,503,911	8%	1,669,439	9%	(165,528)	-1%
Other revenue	<u>575,568</u>	<u>3%</u>	<u>535,005</u>	<u>3%</u>	<u>40,563</u>	<u>0%</u>
Total Revenues	<u>\$ 19,920,363</u>	100%	<u>\$ 18,241,516</u>	100%	<u>\$ 1,678,847</u>	9.2%

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Total expenditures for the general fund increased by \$2.4 million, representing a 1% increase in expenditures. This increase was largely due to activity in the service areas of transportation, culture and recreation and general government. Expenditures in the general fund are shown in the following schedule.

General Fund Expenditures	2021 Amount	Percent of Total	2020 Amount	Percent of Total	Increase (Decrease) From 2020	Percent of Increase (Decrease)
General government	\$ 11,476,370	58%	\$ 4,886,217	28%	\$ 6,590,153	30%
Public safety	5,791,616	29%	6,780,290	39%	(1,064,161)	-10%
Transportation	1,337,970	7%	679,455	4%	658,515	3%
Culture and recreation	716,714	4%	462,392	3%	254,322	1%
Debt Service	27,640	0%	53,161	0%	(25,521)	0%
Capital outlay	391,840	2%	254,935	1%	136,905	1%
Transfer out	-	0%	4,129,946	24%	(4,129,946)	-24%
Total expenditures	<u>\$ 19,666,663</u>	100%	<u>\$ 17,246,397</u>	100%	<u>\$ 2,420,267</u>	1.0%

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 at a deficit of (\$8.6) million in prior year and is now at a deficit of (\$7.1) million. The total net position for the enterprise fund improved slightly in fiscal year 2021 when compared to 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were adjustments to the appropriations between the original and final amended budget. Overall, the City's actual total revenues were more than budgeted while overall actual expenditures were less than budgeted; this created an excess of revenues and other financing sources over expenditures of \$500K.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

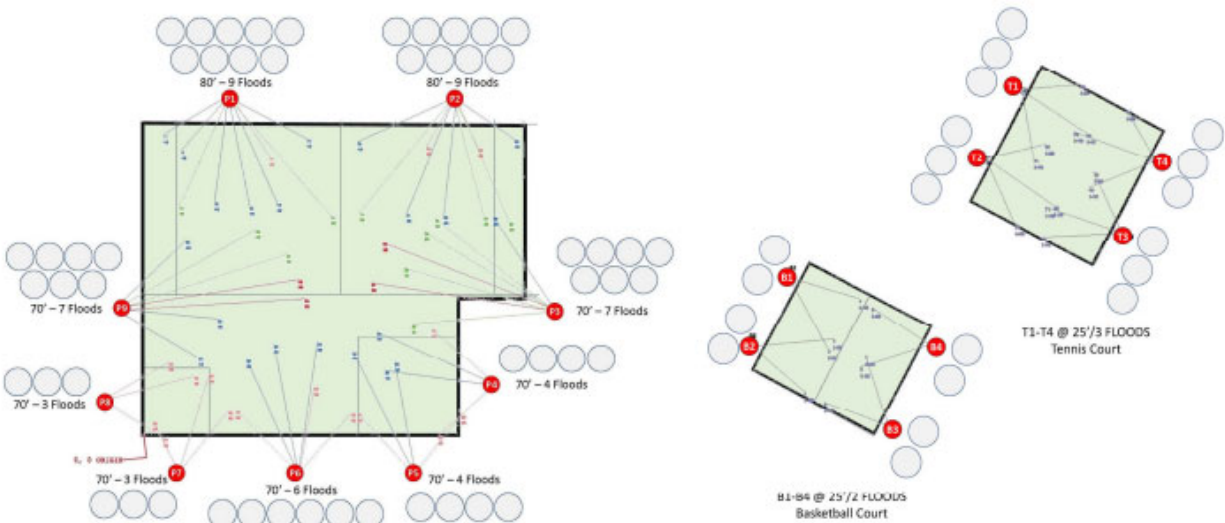
As part of the City of Opa-locka strategic plan to prioritize and improve the business & economic development, public safety, the City image and the quality of life of the residents of Opa-locka have adopted several legislations to perform capital improvement projects to be completed during the fiscal year 2021, unfortunately, due to the remaining effects of the COVID-19 pandemic, the City was only able to accomplish three (3) of their major capital assets with the exception Sidewalk Construction Project that had started in the fiscal year and is expected to be completed in fiscal year 2022. The remaining capital assets were rolled over to be completed in the next fiscal year due to the remaining challenges of the COVID-19 pandemic.

Major capital asset additions during the fiscal year 2021 included the following:

- Ingram Park Lighting Improvements Project
- Cairo Lane – Temporary Roadway Repair
- Sidewalk Installation Phase II– 1.3 miles of new sidewalk
- 2105 Ali-Baba Avenue – Roofing Services and Exterior/Interior Renovation Remodeling (Completion of remaining phase)

Ingram Park Lighting Improvements Project.

Ingram Park is located at 2100 Burlington St. in Opa-locka. The Park has a walking trail, a baseball field, tennis and basketball courts and pavilions. In September 2017 Hurricane Irma damaged the poles and lights. Due to safety concerns, the park remains closed. The project to relight the park and bring it up to code started in June 2021 with funding received from CDBG.



CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

City of Opa-locka's Capital Assets



Basketball Court



Tennis Court

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Cairo Lane Temporary Roadway Repair

As a result of Intercounty Engineering mutually terminating their contract with the City of Opa-locka for the improvement of Cairo Lane and NW 127th Street; leaving the project at 64% complete. The City met with the Florida Department of Environmental Protection (FDEP) to ensure there would be adequate funding to complete the project. As a temporary measure and to ensure the safety of residents and business owners as well as visitors to this area the City completed a temporary roadway repair on Cairo Lane milling and resurfacing the area to make it more accessible.

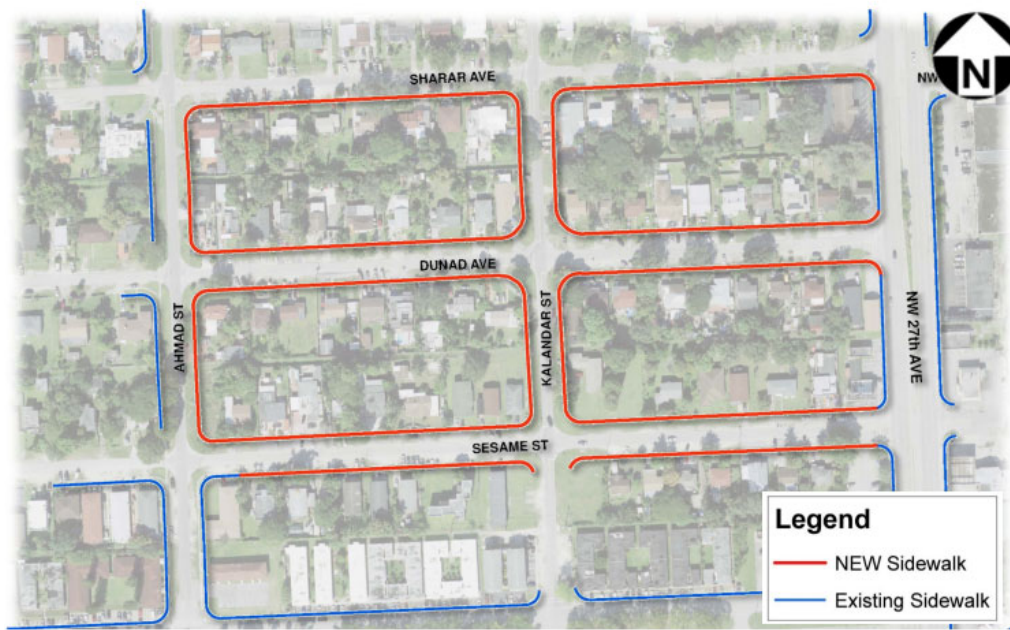


CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Sidewalk Installation Phase II

As part of the City compromise to enhance walkability and pedestrian safety in FY 2021 the City initiated the phase II 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. The second phase was approved in this fiscal year, but completion is expected for fiscal year 2022. This phase will address 1.3 miles of new sidewalk in the residential areas.



2105 Ali-Baba Avenue – Roofing Services and Exterior/Interior Renovation Remodeling

The building, located at 2105 Ali Baba Ave. in Opa-locka, was a place that helped those in need. It closed its doors in 2014 due to mold, electrical and structural issues. A project to renovate it, funded by Miami-Dade County Public Housing and Community Development (PHCD) was awarded to RJ Spencer Construction in January 2020. During this project the City renovated the interior, exterior and the roof, as well as making the building comply with the Americans with Disabilities Act (ADA). The final phase of rehabilitation of this building was completed in the early part of FY 2021.

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 3,556,009	\$ 3,613,009	\$ 14,762	\$ 14,762	\$ 3,570,771	\$ 3,627,771
Construction in progress	2,968,398	2,428,009	5,378,891	4,790,244	8,347,289	7,218,253
Buildings and building improvements	14,425,233	15,054,096	3,435,082	3,674,720	17,860,315	18,728,816
Furniture and equipment	379,428	437,149	3,279,583	3,030,054	3,659,011	3,467,203
Infrastructure	<u>10,049,277</u>	<u>11,522,797</u>	<u>15,273,381</u>	<u>15,423,541</u>	<u>25,322,659</u>	<u>26,946,338</u>
Total	<u>\$ 31,378,345</u>	<u>\$ 33,055,060</u>	<u>\$ 27,381,699</u>	<u>\$ 26,933,321</u>	<u>\$ 58,760,044</u>	<u>\$ 59,988,381</u>

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

Long-Term Liabilities

At the end of the current fiscal year, the City had total outstanding liabilities, both current and long-term, of \$25.2 million, exclusive of deferred inflow of resources. Refer to Note 9 for details on long-term liabilities.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue bonds	\$ 7,647,946	\$ 8,513,179	\$ -	\$ -	\$ 7,647,946	\$ 8,513,179
Capital leases	61,001	114,406	143,320	202,524	204,321	316,930
Loans, State Revolving	-	-	4,162,079	4,753,412	4,162,079	4,753,412
Net pension liability	3,869,808	11,476,657	527,701	1,275,184	4,397,509	12,751,841
Liability to Miami-Dade	122,978	168,752	2,951,475	4,264,440	3,074,453	4,433,192
Liability to Miami-Dade (Meters)	-	-	2,372,917	2,372,917	2,372,917	2,372,917
Total OPEB liability	280,235	266,966	37,879	36,404	318,114	303,370
Compensated absences	1,710,997	1,906,710	107,382	132,221	1,818,379	2,038,931
Legal	<u>252,875</u>	<u>252,875</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,252,875</u>	<u>1,252,875</u>
Total	<u>\$ 13,945,840</u>	<u>\$ 22,699,545</u>	<u>\$ 11,302,753</u>	<u>\$ 14,037,102</u>	<u>\$ 25,248,593</u>	<u>\$ 36,736,647</u>

CITY OF OPA-LOCKA, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 is being developed to demonstrate the future development opportunities for the Downtown/Town Center for Opa-locka. Stantec is the Consultant for this project. This is a \$95,000 investment from the OCRA. To be completed this Fall 2021.

Redevelopment of 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 impact the density.

Infill Housing in the Magnolia North area –

- 14911 Duval Street – Palmetto Homes is building 4 units twin home as part of the Miami Dade County Infill Housing Program – Construction is complete – Fall 2021.
- 2041, 2061-2091 Lincoln Avenue – Cazo Construction is building 8-10 units twin home as part of the Miami Dade County Infill Housing Program - Estimated Time of Completion – Fall 2022.
- Ali Baba Apartments – Sean Atkins will be constructing an 8-story multifamily mixed-use development with automated parking system.
- Cazo Construction is proposing to build a mixed use elderly apartments – 2 5-story towers, 21 units each with 34 parking spaces.

Challenges for 2021 and 2022

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 City Commission adopted millage rates of 9.8000 Mills and 9.6500 Mills for computation of Ad Valorem taxes for fiscal year 2021 and fiscal year 2022, respectively.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The City of Opa-locka, Finance Department, 780 Fisherman Street 4th Floor, Opa-locka, Florida 33054. A copy of this report will also be available through the City's website.

BASIC FINANCIAL STATEMENTS

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Governmental Activities	Proprietary Activities	Total
ASSETS			
Current assets:			
Cash	\$ 16,875,839	\$ 4,163,311	\$ 21,039,150
Accounts receivable, net	3,680,796	2,089,663	5,770,459
Internal balance	3,550,043	(3,550,043)	-
Due from other governments	1,913,772	38,514	1,952,286
Prepays and other	5,636	-	5,636
Restricted cash	<u>1,267,067</u>	<u>3,664,979</u>	<u>4,932,046</u>
Total current assets	<u>27,293,153</u>	<u>6,406,424</u>	<u>33,699,577</u>
Non-current assets:			
Capital assets not being depreciated	6,524,407	5,393,653	11,918,060
Capital assets being depreciated	<u>24,853,938</u>	<u>21,988,046</u>	<u>46,841,984</u>
Total non-current assets	<u>31,378,345</u>	<u>27,381,699</u>	<u>58,760,044</u>
Total assets	<u>58,671,498</u>	<u>33,788,123</u>	<u>92,459,621</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pension (See Note 10)	2,283,676	311,410	2,595,086
Deferred outflows related to OPEB (See Note 13)	<u>8,089</u>	<u>899</u>	<u>8,988</u>
Total deferred outflow of resources	<u>2,291,765</u>	<u>312,309</u>	<u>2,604,074</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	5,587,514	2,393,079	7,980,593
Due to other governments	2,781,720	12,459	2,794,179
Customer deposits	49,837	3,554,979	3,604,816
Unearned revenue	<u>4,379,155</u>	<u>-</u>	<u>4,379,155</u>
Total current liabilities	<u>12,798,226</u>	<u>5,960,517</u>	<u>18,758,743</u>
Non-current liabilities:			
Due within one year:			
Compensated absences	171,100	10,738	181,838
Debt related to capital acquisitions	978,607	594,869	1,573,476
Other long term debt	44,969	1,079,263	1,124,232
Due in more than one year:			
Compensated absences	1,539,898	96,643	1,636,541
Contingencies – accrued legal	252,875	1,000,000	1,252,875
Total OPEB liability	280,235	37,879	318,114
Debt related to capital acquisitions	6,730,341	3,710,530	10,440,871
Net pension liability (See Note 10)	3,869,808	527,701	4,397,509
Other long term debt	<u>78,009</u>	<u>4,245,130</u>	<u>4,323,139</u>
Total non-current liabilities	<u>13,945,842</u>	<u>11,302,753</u>	<u>25,248,595</u>
Total liabilities	<u>26,744,068</u>	<u>17,263,270</u>	<u>44,007,338</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pension (See Note 10)	6,616,866	902,300	7,519,166
Deferred inflows related to OPEB (See Note 13)	<u>85,672</u>	<u>9,520</u>	<u>95,192</u>
Total deferred inflow of resources	<u>6,702,538</u>	<u>911,820</u>	<u>7,614,358</u>
NET POSITION			
Net investment in capital assets	23,354,707	23,037,786	46,392,493
Restricted for:			
CRA	2,276,301	-	2,276,301
Public safety	641,867	-	641,867
Debt Service	908,348	-	908,348
Unrestricted	<u>335,434</u>	<u>(7,112,444)</u>	<u>(6,777,010)</u>
Total Net Position	<u>\$ 27,516,657</u>	<u>\$ 15,925,342</u>	<u>\$ 43,441,999</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Proprietary Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 13,580,514	\$ 3,727,872	\$ 2,465,591	\$ 158,486	\$ (7,228,565)	\$ -	\$ (7,228,565)
Public safety	5,205,648	-	1,284	-	(5,204,364)	-	(5,204,364)
Transportation	3,364,504	-	-	-	(3,364,504)	-	(3,364,504)
Culture and recreation	692,624	-	-	-	(692,624)	-	(692,624)
Interest on long term debt	<u>294,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(294,254)</u>	<u>-</u>	<u>(294,254)</u>
Total governmental activities	<u>23,137,544</u>	<u>3,727,872</u>	<u>2,466,875</u>	<u>158,486</u>	<u>(16,784,311)</u>	<u>-</u>	<u>(16,784,311)</u>
Business-type activities:							
Water and sewer	8,074,007	9,331,875	-	-	-	1,257,878	1,257,878
Stormwater	770,749	958,303	-	-	-	187,554	187,554
Solid waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>8,844,756</u>	<u>10,290,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,445,432</u>	<u>1,445,432</u>
Total	<u>\$ 31,982,300</u>	<u>\$ 14,018,050</u>	<u>\$ 2,466,875</u>	<u>\$ 158,486</u>	<u>(16,784,311)</u>	<u>1,445,432</u>	<u>(15,338,889)</u>
General revenues							
Property taxes					12,126,361	-	12,126,361
Franchise fees					1,778,413	-	1,778,413
Utility taxes					1,515,998	-	1,515,998
Communication services tax					505,557	-	505,557
Local option, use and fuel taxes					288,837	-	288,837
Local business tax					200,241	-	200,241
Intergovernmental, unrestricted					2,475,515	-	2,475,515
Unrestricted interest earnings					148	-	148
Other					<u>518,568</u>	<u>7,592</u>	<u>526,160</u>
Total general revenues					<u>19,409,638</u>	<u>7,592</u>	<u>19,417,230</u>
Change in net position					<u>2,625,327</u>	<u>1,453,014</u>	<u>4,078,341</u>
Net position, beginning, as previously stated					24,428,296	14,060,186	38,488,482
Prior period adjustment (See Note 16)					<u>463,034</u>	<u>412,142</u>	<u>875,176</u>
Net position, beginning, restated					<u>24,891,330</u>	<u>14,472,328</u>	<u>39,363,658</u>
Net position, ending					<u>\$ 27,516,657</u>	<u>\$ 15,925,342</u>	<u>\$ 43,441,999</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

BALANCE SHEET — GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>American Rescue Plan Act</u>	<u>Peoples Transportation Tax Fund</u>	<u>Capital Projects Improvement Debt Service</u>	<u>Safe Neighborhood Capital Improvement Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash	\$ 10,838,094	\$ 3,978,531	\$ 105,100	\$ -	\$ 120,197	\$ 1,833,917	\$ 16,875,839
Accounts receivable, net	1,655,329	-	374,788	471,991	1,178,688	-	3,680,796
Due from other funds	15,024,757	-	521,956	-	1,323,233	1,346,830	18,216,776
Due from other governments	512,015	-	1,225,257	-	176,500	-	1,913,772
Prepays and other	5,636	-	-	-	-	-	5,636
Restricted cash	759,354	-	-	436,357	71,356	-	1,267,067
Total assets	<u>\$ 28,795,185</u>	<u>\$ 3,978,531</u>	<u>\$ 2,227,101</u>	<u>\$ 908,348</u>	<u>\$ 2,869,974</u>	<u>\$ 3,180,747</u>	<u>\$ 41,959,886</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 3,609,831	\$ -	\$ 1,340,442	\$ -	\$ 558,603	\$ 78,638	\$ 5,587,514
Due to other funds	9,174,761	-	2,615,133	-	2,427,406	449,433	14,666,733
Due to other governments	2,781,720	-	-	-	-	-	2,781,720
Customer deposits	49,837	-	-	-	-	-	49,837
Unearned revenue	-	3,978,531	400,624	-	-	-	4,379,155
Total liabilities	<u>15,616,149</u>	<u>3,978,531</u>	<u>4,356,199</u>	<u>-</u>	<u>2,986,009</u>	<u>528,071</u>	<u>27,464,959</u>
FUND BALANCES							
Non-spendable:							
Prepays and other	5,636	-	-	-	-	-	5,636
Restricted for:							
CRA	-	-	-	-	-	2,276,301	2,276,301
Public safety	-	-	-	-	265,492	376,375	641,867
Debt service	-	-	-	908,348	-	-	908,348
Unassigned (deficit)	<u>13,173,400</u>	<u>-</u>	<u>(2,129,098)</u>	<u>-</u>	<u>(381,527)</u>	<u>-</u>	<u>10,662,775</u>
Total fund balances (deficit)	<u>13,179,036</u>	<u>-</u>	<u>(2,129,098)</u>	<u>908,348</u>	<u>(116,035)</u>	<u>2,652,676</u>	<u>14,494,927</u>
Total	<u>\$ 28,795,185</u>	<u>\$ 3,978,531</u>	<u>\$ 2,227,101</u>	<u>\$ 908,348</u>	<u>\$ 2,869,974</u>	<u>\$ 3,180,747</u>	<u>\$ 41,959,886</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

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

SEPTEMBER 30, 2021

Fund balances - total governmental funds		\$ 14,494,927
Amounts reported for governmental activities in the 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.		31,378,345
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Long-term debt	(7,708,948)	
Net pension liability	(3,869,808)	
Compensated absences	(1,710,998)	
Total other post-employment benefits	(280,235)	
Accrued legal settlement	(252,875)	
Other long term debt	<u>(122,978)</u>	
Net adjustment		(13,945,842)
Net deferred outflows (inflows) for pensions and OPEB which are not recognized under the modified accrual basis of accounting		<u>(4,410,773)</u>
Net position of governmental activities		<u>\$ 27,516,657</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Peoples Transportation Tax Fund</u>	<u>Capital Improvement Debt Service Fund</u>	<u>Safe Neighborhood Capital Improvement Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property taxes	\$ 11,079,451	\$ -	\$ -	\$ -	\$ -	\$ 1,046,910	\$ 12,126,361
Utility taxes	71,991	-	-	1,444,007	-	-	1,515,998
Communication services taxes	-	-	-	505,557	-	-	505,557
Local option, use and fuel taxes	-	-	-	-	288,837	-	288,837
Local business taxes	200,241	-	-	-	-	-	200,241
Franchise fees	1,778,413	-	-	-	-	-	1,778,413
Permits and fees	2,000,594	-	-	-	-	-	2,000,594
Intergovernmental	2,486,827	-	208,164	2,246,115	158,486	1,284	5,100,876
Charges for services	223,367	-	-	-	-	-	223,367
Fines and forfeitures	1,503,911	-	-	-	-	-	1,503,911
Interest	-	-	-	59	89	-	148
Other	<u>575,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,568</u>
Total revenues	<u>19,920,363</u>	<u>-</u>	<u>208,164</u>	<u>4,195,738</u>	<u>447,412</u>	<u>1,048,194</u>	<u>25,819,871</u>
EXPENDITURES							
Current:							
General government	11,476,370	-	-	-	810,785	173,693	12,460,848
Public safety	5,716,129	-	-	-	-	75,487	5,791,616
Transportation	1,337,970	-	1,667,151	-	4,876	-	3,009,997
Culture and recreation	716,714	-	-	-	-	-	716,714
Debt service:							
Principal	27,640	-	-	963,686	-	-	991,326
Interest	-	-	-	294,254	-	-	294,254
Capital Outlay	<u>391,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,278</u>	<u>22,522</u>	<u>427,640</u>
Total expenditures	<u>19,666,663</u>	<u>-</u>	<u>1,667,151</u>	<u>1,257,940</u>	<u>828,939</u>	<u>271,702</u>	<u>23,692,395</u>
Excess (deficiency) of revenues over expenditures	253,700	-	(1,458,987)	2,937,798	(381,527)	776,492	2,127,476
OTHER FINANCING SOURCES (USES):							
Transfer in	1,909,564	-	-	-	-	-	1,909,564
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,909,564)</u>	<u>-</u>	<u>-</u>	<u>(1,909,564)</u>
Total other financing sources (uses)	<u>1,909,564</u>	<u>-</u>	<u>-</u>	<u>(1,909,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,163,264	-	(1,458,987)	1,028,234	(381,527)	776,492	2,127,476
Fund balances, beginning, as previously stated	7,102,645	-	547,275	2,833,319	480,746	1,226,581	12,190,565
Prior period adjustment	3,913,128	-	(1,217,386)	(2,953,205)	(215,254)	649,603	176,885
Fund balances (deficit), beginning, restated	<u>11,015,772</u>	<u>-</u>	<u>(670,111)</u>	<u>(119,886)</u>	<u>265,492</u>	<u>1,876,184</u>	<u>12,367,451</u>
Fund balances (deficit), ending	<u>\$ 13,179,036</u>	<u>\$ -</u>	<u>\$ (2,129,098)</u>	<u>\$ 908,348</u>	<u>\$ (116,035)</u>	<u>\$ 2,652,676</u>	<u>\$ 14,494,927</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds \$ 2,127,476

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period. In addition, the proceeds from the sale of fixed assets are recorded as revenues in the current period. Only the gain/loss is reported on the Statement of Activities.

Expenditures for capital outlays	\$ 427,640	
Loss on sale of land	(57,000)	
Less current depreciation	<u>(2,360,420)</u>	(1,989,780)

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

Principal payments	<u>991,326</u>	991,326
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These activities consist of:

Change in deferred inflows and outflows relating to pensions, and the net pension liability	1,312,228	
Change in deferred inflows and outflows relating to OPEB and the other post-employment benefit liability	(11,635)	
Change in compensated absences	<u>195,712</u>	<u>1,496,305</u>

Change in net position - governmental activities \$ 2,625,327

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF NET POSITION — PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Non-Major Solid-Waste</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash	\$ 2,380,604	\$ 1,782,707	\$ -	\$ 4,163,311
Accounts receivable, net	1,927,323	162,340	-	2,089,663
Due from other funds	5,850,937	2,384,718	1,690,114	9,925,769
Due from other governments	-	38,514	-	38,514
Restricted cash	<u>3,490,905</u>	<u>110,000</u>	<u>64,074</u>	<u>3,664,979</u>
Total current assets	<u>13,649,769</u>	<u>4,478,279</u>	<u>1,754,188</u>	<u>19,882,236</u>
Non-current assets:				
Capital assets, non-depreciable	5,099,926	293,727	-	5,393,653
Capital assets, depreciable	<u>21,699,854</u>	<u>269,255</u>	<u>18,937</u>	<u>21,988,046</u>
Total non-current assets	<u>26,799,780</u>	<u>562,982</u>	<u>18,937</u>	<u>27,381,699</u>
Total assets	<u>40,449,549</u>	<u>5,041,261</u>	<u>1,773,125</u>	<u>47,263,934</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to pension (See Note 10)	285,460	25,950	-	311,410
Deferred outflows related to OPEB (See Note 13)	<u>827</u>	<u>72</u>	<u>-</u>	<u>899</u>
Total deferred outflow of resources	<u>286,287</u>	<u>26,022</u>	<u>-</u>	<u>312,309</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,012,005	381,074	-	2,393,079
Due to other funds	9,608,272	2,154,329	1,713,211	13,475,812
Due to other governments	12,459	-	-	12,459
Customer deposits	<u>3,490,905</u>	<u>-</u>	<u>64,074</u>	<u>3,554,979</u>
Total current liabilities	<u>15,123,641</u>	<u>2,535,403</u>	<u>1,777,285</u>	<u>19,436,329</u>
Non-current liabilities:				
Due within one year:				
Compensated absences	10,618	120	-	10,738
Debt related to capital acquisitions	532,819	62,050	-	594,869
Other long term debt	966,840	112,423	-	1,079,263
Due in more than one year:				
Compensated absences	95,564	1,079	-	96,643
Contingencies	1,000,000	-	-	1,000,000
Total OPEB liability	34,727	3,152	-	37,879
Debt related to capital acquisitions	3,629,260	81,270	-	3,710,530
Net pension liability (See Note 10)	483,726	43,975	-	527,701
Other long-term debt	<u>4,050,108</u>	<u>195,022</u>	<u>-</u>	<u>4,245,130</u>
Total non-current liabilities	<u>10,803,662</u>	<u>499,091</u>	<u>-</u>	<u>11,302,753</u>
Total liabilities	<u>25,927,303</u>	<u>3,034,494</u>	<u>1,777,285</u>	<u>30,739,082</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflows related to pension (See Note 10)	827,108	75,192	-	902,300
Deferred inflows related to OPEB (See Note 13)	<u>8,758</u>	<u>762</u>	<u>-</u>	<u>9,520</u>
Total deferred inflow of resources	<u>835,866</u>	<u>75,954</u>	<u>-</u>	<u>911,820</u>
NET POSITION				
Net investment in capital assets	22,637,701	381,147	18,938	23,037,786
Unrestricted	<u>(8,665,034)</u>	<u>1,575,688</u>	<u>(23,098)</u>	<u>(7,112,444)</u>
Total net position	<u>\$ 13,972,667</u>	<u>\$ 1,956,835</u>	<u>\$ (4,160)</u>	<u>\$ 15,925,342</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Non-Major Solid Waste</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 9,331,875	\$ 958,303	\$ -	\$ 10,290,178
Other	<u>7,592</u>	<u>-</u>	<u>-</u>	<u>7,592</u>
Total operating revenues	<u>9,339,467</u>	<u>958,303</u>	<u>-</u>	<u>10,297,770</u>
Operating expenses:				
Operating, administrative and maintenance	6,817,174	614,912	-	7,432,086
Depreciation	<u>1,132,193</u>	<u>75,894</u>	<u>-</u>	<u>1,208,087</u>
Total operating expenses	<u>7,949,367</u>	<u>690,806</u>	<u>-</u>	<u>8,640,173</u>
Operating income (loss)	1,390,100	267,497	-	1,657,597
Non-operating revenues (expenses)				
Interest and fiscal charges	<u>(124,640)</u>	<u>(79,943)</u>	<u>-</u>	<u>(204,583)</u>
Total non-operating revenues (expenses)	<u>(124,640)</u>	<u>(79,943)</u>	<u>-</u>	<u>(204,583)</u>
Change in net position	<u>1,265,460</u>	<u>187,554</u>	<u>-</u>	<u>1,453,014</u>
Net position, beginning, as previously stated	12,380,929	1,702,355	(23,098)	14,060,186
Prior period adjustment	<u>326,278</u>	<u>66,926</u>	<u>18,938</u>	<u>412,142</u>
Net position, beginning, restated	<u>12,707,207</u>	<u>1,769,281</u>	<u>(4,160)</u>	<u>14,472,328</u>
Net position, ending	<u>\$ 13,972,667</u>	<u>\$ 1,956,835</u>	<u>\$ (4,160)</u>	<u>\$ 15,925,342</u>

See notes to basic financial statements.

CITY OF OPA-LOCKA, FLORIDA

STATEMENT OF CASH FLOWS —PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities – Enterprise Funds			
	Water and Sewer	Stormwater	Non-Major Solid Waste	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 11,352,257	\$ 623,369	\$ 80	\$ 11,975,626
Cash paid to vendors and suppliers	(5,627,459)	(296,219)	-	(5,923,598)
Cash paid to employees	(600,927)	(36,176)	-	(637,103)
Net cash provided (used) by operating activities	<u>5,123,871</u>	<u>290,974</u>	<u>80</u>	<u>5,414,925</u>
Cash flows from noncapital financing activities:				
Transfer from (to) other funds	-	-	(80)	(80)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>(80)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(671,487)	-	-	(671,487)
Interest paid on long term debt	(124,640)	(79,943)	-	(204,483)
Principal paid on debt	(1,402,410)	(141,161)	-	(1,543,611)
Net cash provided (used) by capital and related financing activities	<u>(2,198,577)</u>	<u>(221,104)</u>	<u>-</u>	<u>(2,419,681)</u>
Net increase (decrease) in cash	2,925,294	69,870	-	2,995,164
Cash, beginning	<u>2,946,215</u>	<u>1,822,837</u>	<u>-</u>	<u>4,769,052</u>
Cash, ending	<u>\$ 5,871,509</u>	<u>\$ 1,892,707</u>	<u>\$ -</u>	<u>\$ 7,764,216</u>
Display as:				
Unrestricted	\$ 2,380,604	\$ 1,782,707	\$ -	\$ 4,163,311
Restricted	<u>3,490,905</u>	<u>110,000</u>	<u>-</u>	<u>3,600,905</u>
Total	<u>\$ 5,871,509</u>	<u>\$ 1,892,707</u>	<u>\$ -</u>	<u>\$ 7,764,216</u>
Reconciliation of operating income to cash provided by operating activities:				
Operating income (loss)	\$ 1,390,100	\$ 267,497	\$ -	\$ 1,657,597
Adjustment to reconciled operating income to net cash provided by (used in) operating activities:				
Depreciation expenses	1,132,193	75,894	-	1,208,087
(Increase) decrease in:				
Accounts receivable	1,470,041	39,189	-	1,509,230
Deferred outflow	107,500	25,942	-	133,442
Due from other funds, net	983,504	(351,739)	-	631,765
Increase (decrease) in:				
Accounts payable and accrued liabilities	(9,941)	189,435	-	179,494
Customer deposits	(6,643)	-	80	(6,563)
Compensated absences	8,419	(33,259)	-	(24,840)
Deferred inflow	651,919	75,169	-	727,088
Other liabilities and pension	(590,575)	2,846	-	(587,729)
Due to other governments	(12,646)	-	-	(12,646)
Net cash provided (used) by operating activities	<u>\$ 5,123,871</u>	<u>\$ 290,974</u>	<u>\$ 80</u>	<u>\$ 5,414,925</u>

See notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 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, 2021.

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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (cont'd)

Blended Component Units (cont'd)

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 2021, there was approximately \$1.1 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.

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. As of September 30, 2021 no amounts are reported for the following three neighborhood improvement districts given no opening fund balance existed (as of October 1, 2020) and the districts had no activity during the fiscal year ended September 30, 2021. No separate financial statements are issued

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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (cont'd)

The statement of net position presents the financial position of the City and its discretely presented component units. 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 THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The financial transactions of the City are recorded in individual funds. The operations of each fund are accounted for using a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, revenue and expenditure or expenses. Fund accounting is designed to demonstrate legal 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 **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 **American Rescue Plan Act Fund** is used to account for funds received by the Federal Government and spent in accordance with applicable laws and guidelines.

The **People's Transportation Tax Fund** is used to account for tax revenues raised through Miami-Dade county to fund various transportation projects.

The **Safe Neighborhood Capital Improvement Fund** is used to account for grants and tax revenues used for the purposes of capital projects that improve safety in the City.

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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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

1. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to serve that portion of the applicable appropriation, is employed in the General and Capital Projects Funds. Encumbrances outstanding at the balance sheet date are canceled.

2. Deposits and Investments

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

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 as of September 30, 2021.

Although allowed by the City's investment policy, the City does not currently hold Investments of U.S. Government securities, and certificates of deposit with financial institutions.

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. Receivables 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Restricted Assets

Restricted assets includes 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 extended the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is expensed accordingly.

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	10-50
Infrastructure Systems	30
Equipment	3-10
Vehicles	3-10

6. 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Interfund Transactions (cont'd)

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

7. Deferred Outflows of Resources

The statement of net position includes a separate section, listed below Total Assets, for Deferred Outflows of Resources. This represents the 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 pension and OPEB on the Government-wide Statement of Net Position. A deferred charge on refunding would be applicable when there is a difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

8. 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. It includes resources related to pension and OPEB, which will be recognized as inflows of resources in the period that the amounts become available.

9. Unearned Revenue

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. 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.

11. 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. The results of using this method do not differ significantly from those using the effective interest method.

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 expense in the period incurred in government-wide and proprietary fund statements. Prepaid insurance costs are reported as an asset and recognized as an expense over the duration of the related debt.

12. Net Position and Fund Balance

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

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

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 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.

NOTE 2. DEFICIT FUND BALANCE

The City reported deficit fund balances/net positions in the People's Transportation Tax Fund of (\$2,129,098) and in the Safe Neighborhood Capital Improvement Fund of (\$116,035). These are considered major governmental funds. The City also reported a deficit net position in the Solid Waste Fund of (\$4,160). This is considered a non-major enterprise fund. The deficit balances were rectified following a revision of the budget in FY2022.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 2020, as provided by the Miami-Dade Property Appraiser, was \$1.23 billion. For the fiscal year of October 1, 2020, to September 30, 2021, the City Commission adopted a millage rate of \$9.8 per \$1,000 of taxable value, which resulted in approximately \$12.12 million of property tax revenue, of which \$712,555 was provided to the Opa-locka Community Redevelopment Agency (CRA) as Tax Increment Financing (TIF) revenue, while Miami-Dade County provided an additional \$334,355 to the CRA.

No accrual for the property tax levy becoming due in November 2020 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2020, and such taxes are collected to finance expenditures of the fiscal year ending September 30, 2021.

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2021, 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 is authorized to make direct investments in U.S. government, federal agency, and instrumentality obligations at a price not to exceed the market price at the time of purchase. In addition, the City may invest in certificates of deposits with financial institutions insured by the United States government or agencies thereof and repurchase agreements.

As of September 30, 2021, the City had no investments.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5. ACCOUNTS RECEIVABLE

Receivable balances and the allowance for uncollectible accounts as of September 30, 2021, were as follows:

	<u>Accounts Receivable</u>	<u>Due from Other Agencies</u>	<u>Allowance for Uncollectible</u>	<u>Net</u>
Governmental activities:				
General fund	\$ 1,909,566	\$ 512,015	\$ (254,237)	\$ 2,167,344
Capital projects and debt service	471,991	-	-	471,991
Safe neighborhood capital projects	1,178,688	176,500	-	1,355,188
People's transportation	<u>374,788</u>	<u>1,225,257</u>	<u>-</u>	<u>1,600,045</u>
Total governmental activities	<u>\$ 3,935,033</u>	<u>\$ 1,913,772</u>	<u>\$ (254,237)</u>	<u>\$ 5,594,568</u>
Business-type activities:				
Water and sewer	\$ 5,441,793	\$ -	\$ (3,514,470)	\$ 1,927,323
Stormwater	<u>598,812</u>	<u>38,514</u>	<u>(436,472)</u>	<u>200,854</u>
Total business-type activities	<u>\$ 6,040,605</u>	<u>\$ 38,514</u>	<u>\$ (3,950,942)</u>	<u>\$ 2,128,177</u>
Total Accounts Receivable				<u>\$ 7,722,745</u>

As of September 30, 2021, the allowance for uncollectible accounts was \$254,237 for governmental activities, while the allowance for uncollectible accounts was approximately \$3.9 million for the business-type activities. An allowance for uncollectible accounts is a contra account that nets against the total receivables presented on the balance sheet to reflect only the amounts expected to be paid and estimated accounts receivable that are expected to be uncollectible on the balance sheet to reflect only the amounts expected to be paid and estimated accounts receivable that are expected to be uncollectible.

NOTE 6. INTERFUND BALANCES AND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers are eliminated in the consolidation, by column, for the Governmental Activities. Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided, or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 6. INTERFUND BALANCES AND TRANSFERS (cont'd)

Interfund balances as of September 30, 2021, consisted of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Net</u>
Major governmental fund:			
General fund	\$ 15,024,757	\$ 9,174,761	\$ 5,849,996
Safe Neighborhood Capital Improvement	1,323,233	2,427,406	(1,104,173)
Peoples Transportation Tax	521,956	2,615,133	(2,093,177)
Non-Major governmental funds	1,346,830	449,433	897,397
Major enterprise fund:			
Water and sewer	5,786,863	9,608,272	(3,821,409)
Stormwater	2,384,718	2,154,329	230,389
Non-major enterprise funds	<u>1,690,114</u>	<u>1,649,137</u>	<u>40,977</u>
Total	<u>\$ 28,078,471</u>	<u>\$ 28,078,471</u>	<u>\$ -</u>

Transfer in and transfer out for the fiscal year ended September 30, 2021, consisted of the following:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>	<u>Net</u>
Major governmental fund:			
General fund	\$ 1,909,564	\$ -	\$ 1,909,564
Capital improvement debt service fund	<u>-</u>	<u>1,909,564</u>	<u>(1,909,564)</u>
Total	<u>\$ 1,909,564</u>	<u>\$ 1,909,564</u>	<u>\$ -</u>

A transfer totaling \$1.9 million was made from the Capital Improvement Debt Service Fund into the General Fund after City National Bank lifted restrictions from the City's debt service account in relation to the Series 2015 A&B bonds.

In light of the declared financial emergency and COVID-19, City management is evaluating its interfund balances in a reasonable time to determine whether any portion of the interfund loan that is not expected to be repaid be reclassified as a transfer.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2021:

	<u>Balance 09/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 09/30/21</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,613,009	\$ -	\$ (57,000)	\$ 3,556,009
Construction in progress	<u>2,741,074</u>	<u>227,324</u>	<u>-</u>	<u>2,968,398</u>
Total assets not being depreciated	<u>6,354,083</u>	<u>227,324</u>	<u>(57,000)</u>	<u>6,524,407</u>
Capital assets being depreciated:				
Buildings and improvements	20,109,027	11,880	-	20,120,907
Vehicles, furniture, and equipment	4,258,250	188,436	-	4,446,686
Infrastructure	<u>22,900,149</u>	<u>-</u>	<u>-</u>	<u>22,900,149</u>
Total assets being depreciated	<u>47,267,426</u>	<u>200,316</u>	<u>-</u>	<u>47,467,742</u>
Less accumulated depreciation:				
Buildings and improvements	(5,073,888)	(621,786)	-	(5,695,674)
Vehicles, furniture, and equipment	(3,802,144)	(265,114)	-	(4,067,259)
Infrastructure	<u>(11,377,352)</u>	<u>(1,473,520)</u>	<u>-</u>	<u>(12,850,872)</u>
Total accumulated depreciation	<u>(20,253,384)</u>	<u>(2,360,420)</u>	<u>-</u>	<u>(22,613,804)</u>
Total capital assets being depreciated, net	<u>27,014,042</u>	<u>(2,160,104)</u>	<u>-</u>	<u>24,853,938</u>
Government activities capital assets, net	<u>\$ 33,055,060</u>	<u>\$ (1,932,780)</u>	<u>\$ (57,000)</u>	<u>\$ 31,378,345</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 14,762	\$ -	\$ -	\$ 14,762
Construction in progress	<u>4,790,244</u>	<u>588,647</u>	<u>-</u>	<u>5,378,891</u>
Total assets not being depreciated	<u>4,805,006</u>	<u>588,647</u>	<u>-</u>	<u>5,393,653</u>
Capital assets being depreciated:				
Buildings and improvements	6,198,269	-	-	6,198,269
Vehicles, furniture, and equipment	7,017,943	82,840	-	7,100,783
Infrastructure	<u>20,908,975</u>	<u>-</u>	<u>-</u>	<u>20,908,975</u>
Total assets being depreciated	<u>34,125,187</u>	<u>82,840</u>	<u>-</u>	<u>34,208,027</u>
Less accumulated depreciation:				
Buildings and improvements	(2,490,729)	(272,458)	-	(2,763,187)
Vehicles, furniture, and equipment	(3,290,996)	(530,204)	-	(3,821,200)
Infrastructure	<u>(5,230,169)</u>	<u>(405,425)</u>	<u>-</u>	<u>(5,635,595)</u>
Total accumulated depreciation	<u>(11,011,894)</u>	<u>(1,208,087)</u>	<u>-</u>	<u>(12,219,981)</u>
Total capital assets being depreciated, net	<u>23,113,292</u>	<u>(1,125,246)</u>	<u>-</u>	<u>21,988,046</u>
Business-type activities capital assets, net	<u>\$ 27,918,298</u>	<u>\$ (536,599)</u>	<u>\$ -</u>	<u>\$ 27,381,699</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7. CAPITAL ASSETS (cont'd)

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

Governmental activities:

General government	\$ 1,596,366
Public safety	122,459
Transportation	533,269
Culture and recreation	<u>108,326</u>
Total	<u>\$ 2,360,420</u>

Business-type activities:

Water and sewer	\$ 1,132,193
Stormwater	<u>75,894</u>
Total	<u>\$ 1,208,087</u>

NOTE 8. LEASES

Capital Leases

In prior years, the City entered into lease agreements as lessee for financing the acquisition of various vehicles. These lease agreements qualified as capital leases for accounting purpose.

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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Vehicles, furniture, and equipment	\$ 161,034	\$ 379,469	\$ 540,503
Less: accumulated depreciation	<u>(59,046)</u>	<u>(284,602)</u>	<u>(342,648)</u>
Total, net	<u>\$ 101,988</u>	<u>\$ 94,867</u>	<u>\$ 196,855</u>

The governmental activities minimum lease payment amounted to \$68,938 in 2021. In the business-type activities, the minimum lease payments amounted to \$46,628 in 2021.

The future lease payments under the capital leases on September 30, 2021, are as follows for both the Governmental and Business-type Activities through fiscal year end September 30, 2023.

	<u>Governmental Activities:</u>		<u>Business-type Activities:</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ended September 30,				
2022	\$ 56,188	\$ 1,806	\$ 62,050	\$ 6,888
2023	<u>4,813</u>	<u>20</u>	<u>81,270</u>	<u>3,906</u>
	<u>\$ 61,001</u>	<u>\$ 1,827</u>	<u>\$ 143,320</u>	<u>\$ 10,794</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS

	<u>Balance</u> <u>9/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/21</u>	<u>Current</u> <u>Portion</u> <u>Due in One</u> <u>Year, 2022</u>
Governmental Activities					
Capital Improvement Revenue Bond					
Series 2011 A&B	\$ 3,689,000	\$ -	\$ (564,000)	\$ 3,125,000	\$ 583,000
Citi National Bank, Series 2015 A&B	4,851,092		(328,146)	4,522,946	339,419
Capital Lease Obligation	<u>114,406</u>	<u>-</u>	<u>(53,405)</u>	<u>61,001</u>	<u>56,188</u>
Total	<u>8,654,498</u>	<u>-</u>	<u>(945,552)</u>	<u>7,708,946</u>	<u>978,607</u>
Compensated Balances	1,906,709	97,951	(293,663)	1,710,997	171,100
Miami-Dade County Debt	168,752	-	(45,774)	122,978	44,969
Long Term Liability Legal	<u>252,875</u>	<u>-</u>	<u>-</u>	<u>252,875</u>	<u>-</u>
Total	<u>2,328,336</u>	<u>97,951</u>	<u>(339,436)</u>	<u>2,086,850</u>	<u>216,069</u>
Total Governmental Activities	<u>\$ 10,982,834</u>	<u>\$ 124,862</u>	<u>\$ (1,284,988)</u>	<u>\$ 9,795,797</u>	<u>\$ 1,194,676</u>
Business-type Activities					
State Revolving Loan CS12080003P	\$ 244,107	\$ -	\$ (99,779)	\$ 144,328	\$ 102,820
State Revolving Loan WW800050	920,970	-	(125,628)	795,342	63,536
State Revolving Loan SW130320	147,059	-	(8,115)	138,944	8,248
State Revolving Loan WW130300	409,052	-	(24,721)	384,331	25,125
State Revolving Loan WW130301	<u>3,032,224</u>	<u>-</u>	<u>(333,090)</u>	<u>2,699,134</u>	<u>333,090</u>
Total State Revolving Loans	<u>4,753,412</u>	<u>-</u>	<u>(591,333)</u>	<u>4,162,079</u>	<u>532,819</u>
Other Debt:					
Capital Lease Obligation	<u>202,524</u>	<u>-</u>	<u>(59,204)</u>	<u>143,320</u>	<u>62,050</u>
Total Leases	<u>202,524</u>	<u>-</u>	<u>(59,204)</u>	<u>143,320</u>	<u>62,050</u>
Compensated Absences	132,221	12,576	(37,414)	107,382	10,738
Long-term debt – MDC	4,264,440	-	(1,312,965)	2,951,475	1,079,263
Long-term debt - MDC, Meters	2,372,917	-	-	2,372,917	-
Legal Settlement Liability	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total Other Long-term Debt	<u>7,769,578</u>	<u>12,576</u>	<u>(1,350,379)</u>	<u>6,431,774</u>	<u>1,090,001</u>
Total Business-type Activities	<u>\$ 12,725,514</u>	<u>\$ 12,576</u>	<u>\$ (2,000,916)</u>	<u>\$ 10,737,173</u>	<u>\$ 1,684,870</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS (cont'd)

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 3,1 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.

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 \$4.5 million dollars as of FY2021.

As a result of the City's financial emergency declaration (Note 20), 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS (cont'd)

Long-Term Debt – Governmental Activities (cont'd)

Series 2015 Capital Improvement Revenue Note (“2015 Note”) (cont'd)

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

Government Activities for long-term liability-legal has a balance of \$252,875 as of FY2021. 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 THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS (cont'd)

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 \$4.1 million dollars as of FY2021. The following table details the different State Revolving Loan Project:

State Revolving Loan Projects				
Project No	Initial Amount (\$ million)	Interest Rate (%)	Amounts to be paid semi-annually (\$)	Balance September 30, 2021
CS12080003P	1.83	3.08	53,240	\$ 144,328
WW800050	2.38	1.53	69,620	795,342
WW130300	0.51	1.63	15,644	384,331
SW130320	0.20	1.63	5,239	138,944
WW 130301	6.53	0	166,545	2,699,134
Total				<u>\$ 4,162,079</u>

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 THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS (cont'd)

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).

Debt to the 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, 2021, the total debt outstanding was \$3,074,453. Debt service payments, which include principal and interest, are made monthly in the amount of \$100,090. For fiscal year ended September 30, 2021, debt service payments totaled \$1,091,047.

For fiscal year ended September 30, 2021, 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 \$2,372,917 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS (cont'd)

Debt to the Miami-Dade County (cont'd)

Interlocal Agreement with Miami-Dade County

The debt due to 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.

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 September 30,	Governmental Activities				Business-type Activities	
	Bonds		Notes from Direct Borrowings and Direct Placements		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 922,419	\$ 288,787	\$ 44,969	\$ 4,880	\$ 1,674,132	\$ 28,101
2023	955,021	254,226	46,316	1,727	1,730,411	24,806
2024	991,394	294,461	31,693	357	1,258,194	16,383
2025	4,111,019	145,060	-	-	500,641	13,457
2026	668,093	13,032	-	-	503,249	10,848
2027-2031	-	-	-	-	1,426,385	24,994
2032-2036	-	-	-	-	163,862	62,276
2037-2041	-	-	-	-	2,372,917	-
	<u>\$ 7,647,946</u>	<u>\$ 995,566</u>	<u>\$ 122,978</u>	<u>\$ 6,965</u>	<u>\$ 9,629,791</u>	<u>\$ 124,865</u>

The City's outstanding liabilities from direct borrowings related to governmental activities were \$122,978 as of September 30, 2021 and no direct placements were incurred as of this report date. The City had no lines of credit as of September 30, 2021.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS (cont'd)

Business Activities Direct Borrowings

The City's outstanding liabilities from direct borrowings related to business-type activities were \$13 million dollars as of September 30, 2021, 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, 2021, 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, 2021, 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, 2021.

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS

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

The plan administrator for FRS prepares and publishes its own stand-alone 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 THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

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

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

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

Contributions – Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the fiscal year 2019-2020 are as follows:

<u>Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate*</u>	<u>Total Contribution Rate</u>
Regular	3.00%	8.28%	11.28%
Senior Management	3.00%	25.57%	28.57%
Special Risk	3.00%	22.73%	25.73%
DROP	N/A	15.32%	15.32%
EOC – County	3.00%	47.46%	50.46%

*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, 2021, contributions, including employee contributions, to the Pension Plan for the City totaled \$1,657,734.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On September 30, 2021, the City reported a liability of \$1,815,871 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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 2020-2021 fiscal year contributions relative to the 2019-2020 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 6.80 percent return assumption used in the June 30, 2021, calculations were determined by Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80 percent reported investment return assumption is the same as the investment return assumption chosen by the 2021 FRS Actuarial Assumption Conference for funding policy purposes.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$257,453. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 311,243	\$ -
Change of Assumptions	1,242,509	-
Net difference between projected and actual earnings on Pension Plan investments	-	(6,335,119)
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	242,312	(680,729)
Pension Plan contributions subsequent to the measurement date	<u>262,650</u>	<u>-</u>
Total	<u>\$ 2,058,714</u>	<u>\$ (7,015,848)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$262,650 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:

<u>For the Year Ending September 30,</u>	<u>Deferred Outflows/(Inflows) Net</u>
2022	\$ (426,845)
2023	(981,988)
2024	(1,300,757)
2025	(1,666,829)
2026	10,326
Thereafter	<u>(853,691)</u>
Total	<u>\$ (5,219,784)</u>

Actuarial Assumptions – The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The actuarial assumptions used in the July 1, 2021, and valuations were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

The long-term expected rate of return assumption of 6.80 percent consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.30 percent, which is consistent with the 4.17 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 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.80 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80 percent reported investment return assumption is the same as the investment return assumption chosen by the 2021 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.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	<u>3.7%</u>	5.7%	5.4%	8.4%
Total	<u>100.0%</u>			

Assumed Inflation – Mean 2.4% 1.2%

**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 6.8%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Proportionate Share of the Net 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 6.8%, 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 (5.8%) or one percentage point higher (7.8%) than the current rate:

	1% Decrease 5.8%	Current Discount Rate 6.8%	1% Increase 7.8%
City’s proportionate share of the net pension (asset) liability	<u>\$ 8,120,699</u>	<u>\$ 1,815,871</u>	<u>\$ (3,454,257)</u>

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

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

Payables to the Pension Plan – On September 30, 2021, 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, 2021.

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, 2021, 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, 2021, the HIS contribution rate for the period October 1, 2016, through September 30, 2021, 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, 2021, contributions to the HIS Plan for the City totaled \$148,301.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On September 30, 2021, the City reported a liability of \$2,581,639 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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 its share of the City's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$85,408. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86,388	\$ (1,081)
Change of assumptions	202,859	(106,370)
Net difference between projected and actual earnings on Pension Plan investments	2,691	-
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	211,684	(395,867)
Pension Plan contributions subsequent to the measurement date	<u>32,750</u>	<u>-</u>
Total	<u>\$ 536,372</u>	<u>\$ (503,318)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$32,750 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:

<u>For the Year Ended September 30,</u>	<u>Deferred Outflows/(Inflows) Net</u>
2022	\$ 42,258
2023	16,188
2024	33,400
2025	44,334
2026	33,157
Thereafter	<u>(169,033)</u>
Total	<u>\$ 304</u>

Actuarial Assumptions – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2017, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2021.

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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

The total pension liability as of June 30, 2021 was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.80%

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

The actuarial assumptions that determine the total pension liability as of June 30, 2021, 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, 2021, was 2.16%. 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 2021 valuation was updated from 2.21% to 2.16% reflecting the change in the Bond Buyer general obligation 20-bond municipal bond index as of June 30, 2021.

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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
City’s proportionate share of the net pension (asset) liability	<u>\$ 2,984,624</u>	<u>\$ 2,581,638</u>	<u>\$ 2,251,482</u>

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.

	Florida Retirement System	Health Insurance Subsidy	Aggregate Total
Net Pension Liability	\$ 1,815,871	\$ 2,581,638	\$ 4,397,509
Pension Expense (Income)	(257,453)	85,408	(172,045)
Deferred Outflows of Resources	2,058,714	536,372	2,595,086
Deferred Inflows of Resources	(7,015,848)	(503,318)	(7,519,166)

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

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.

Allocations to the investment member's accounts during the 2020-2021 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, 2021, 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10. RETIREMENT PLANS (cont'd)

D. Investment Plan (cont'd)

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

The Investment Plan pension expense for the City totaled \$97,825 for the fiscal year ended September 30, 2021. On September 30, 2021, the City has no outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2021.

NOTE 11. RELATIONSHIP WITH THE COUNTY

In November 6, 1956, the Florida Legislature adopted the Miami-Dade County Home Rule for a general election to amend the Florida State Constitution designed to provide a centralized form of government to the County of Miami-Dade (the "County"). The County is, in effect, a municipality with governmental powers effective with 34 cities, towns and villages in the County, including the City, and the unincorporated areas. The County does not displace or replace cities but can supplement them. The County can take over particular services of the City's operations if (1) the services fall below minimum standards set by the County Commission or (2) with the consent of the governing body of the City.

Since the inception of the City, the County has assumed responsibility for a number of functions, including county-wide police services, complementing county-wide fire protection; consolidated two-tier court systems; creation of the various surface transportation programs; installation of a central traffic control computer system; merging public transportation systems into a county system; and centralization of the property appraiser and tax collector functions.

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

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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11. RELATIONSHIP WITH THE COUNTY (cont'd)

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 12. COMMITMENTS AND CONTINGENCIES

Water Supply and Sewer Services Contract

In February 1985, the City entered into an agreement with Miami-Dade Water and Sewer 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, 2021, and 2020, the City purchased water and sewer services totaling \$4,116,290 and \$3,888,769 respectively, from the WASD under the terms of this agreement.

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

Threatened Litigation, Claims and Assessments

The City is involved in litigation and additional claims have been asserted against the City which are being handled by the City Attorney's office, in addition to third party attorneys. A number of cases remain outstanding. In some cases, the City anticipates that its insurance carrier will cover the damages. 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.

Additionally, a loss from the City's current litigation, in the case between Universal Waste Services of Florida, Inc. v City of Opa-locka, is not probable.

Contingencies

The City participates in a number of Federal and State grant programs in accordance with the provisions of the Uniform Guidance and the State of Florida Single Audit Act.

Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. These programs may be subjected to financial and compliance audits by the grantors or their representatives. The possible disallowance of any item charged to the program or request for the return of already collected funds may be requested by the grantor agency. In the opinion of management, future disallowances, if any, of grant program expenditures would not have a material adverse effect on the financial condition of the City.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS

Pursuant to Section 112.081, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which 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 2020/21 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 7.50% for the 2020/21 fiscal year graded down by 0.50% per year to 5.00% for the 2024/25 and late fiscal years.

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. The City is authorized to establish and amend benefit levels, subject to minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The plan does not issue a separate financial report.

Benefits Provided

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

Funding Policy

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

Plan Membership

On October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of the following:

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

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (cont'd)

Total OPEB Liability

The City's total OPEB liability of \$318,114 was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2019.

Actuarial Assumptions and Other Inputs

Valuation Date: October 1, 2019

Measurement Date: September 30, 2021

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 2.43%

Salary Increases 3% per annum

Retirement Age 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.

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).

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.

Mortality Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020.

With respect to public safety employees hired prior to July 1, 2011.

Retirees Share of Benefit Related Costs 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 2.43% per annum.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (cont'd)

Total OPEB Liability (cont'd)

Actuarial Assumptions and Other Inputs (cont'd)

Changes in the total OPEB liability for the fiscal year ended September 30, 2021, were as follow:

Balance at September 30, 2020		\$ 303,371
<i>Changes for the year</i>		
Service cost	\$ 23,112	
Expected interest growth	7,849	
Changes in assumptions	(9,223)	
Differences between expected and actual experience	-	
Total actual changes		21,738
Less estimated employer contributions/benefits payments		(6,995)
Total Ending OPEB Liability – September 30, 2021		\$ 318,114

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

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

	1% Decrease 1.00%	Discount Rate 2.43%	1% Increase 1.00%
Total OPEB Liability	\$ 352,659	\$ 318,114	\$ 287,700

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, 2021.

	1% Decrease 1.00%	Medical Trend 7.50% graded down to 5.00%	1% Increase 6.00%
Ultimate Trend			
Total OPEB Liability	\$ 274,848	\$ 318,114	\$ 370,186

For the year ended September 30, 2021, the City recognized OPEB expense of \$12,928. On September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic experience	\$ -	\$ 87,017
Assumption changes	8,988	8,174
Total	\$ 8,988	\$ 95,191

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (cont'd)

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,	
2022	\$ 11,038
2023	11,038
2024	11,038
2025	11,038
2026	11,038
Thereafter	<u>31,013</u>
	<u>\$ 86,203</u>

NOTE 14. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the “Plan”), which is administered by two administrators. The portion of the plan administered by the International City Management Association Retirement Corporation (“ICMA”) was created in accordance with Internal Revenue Code Section 457 (a qualified plan). The other portion constitutes a nonqualified plan benefit and is administered by the Life Insurance Company of Southwest. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in this plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City is not required to contribute to this plan.

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, 2021. The City is not required to make employer contributions.

NOTE 15. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City has not had a significant reduction in insurance coverage from coverage in the prior year by major categories of risk and settled claims have not exceeded the City’s retention and excess coverage in force for each of the past three years.

NOTE 16. RESTATEMENT – PRIOR PERIOD ADJUSTMENTS

The September 30, 2021, beginning net position of the Government Activities and Business-type Activities were restated as a result of the prior period correction of errors. The City’s net position increased by \$875,176 over the prior fiscal year ended September 30, 2020. This is because the prior period adjustments had a greater number of credits to the net position than the debits that were made to record the corrections.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 16. RESTATEMENT – PRIOR PERIOD ADJUSTMENTS (cont'd)

Restatement of net position on September 30, 2020, due to prior period corrections of an error.

	Restatement of Net Position		
	Governmental Activities	Business-type Activities	Total
Net position September 30, 2020, previously stated and reported	\$ 24,428,296	\$ 14,060,186	\$ 38,488,482
Prior period adjustment:			
Net effect of correction of errors, effect of adjustment to revenues, expenditures and other	463,034	412,142	875,176
Net Position, September 30, 2020, Restated	\$ 24,891,330	\$ 14,472,328	\$ 39,363,658

Governmental Activities – The City’s net position of Government Activities as of September 30, 2021, has been restated for prior period adjustments. The net position increased by \$463,034 resulting from net adjustments associated with the correction of errors related to prior periods.

- Adjustments were made to the general fund in the amount of \$3,913,128 related to the proper recognition of inter-fund account balances as well as adjustments from a payroll accrual and other miscellaneous items.
- The Law Enforcement fund adjustments included due to due from and capital asset reclassifications totaling \$408,364.
- An adjustment of \$240,968 related to accounts payable and liabilities related to prior years that have been corrected for the community redevelopment agency fund.
- The safe neighborhood capital projects fund was adjusted to account for due to due from, revenue, and other miscellaneous adjustments totaling \$215,254.
- Capital improvement and debt service adjustments to correct prior year balances totaling \$2,953,205 related to debt and due to due from adjustments.
- People’s transportation fund adjustments to correct beginning balance, revenues and record retainage totaling \$1,217,386.

Net effect of corrections to Governmental Activities as follows:

	Governmental Activities
General fund	\$ 3,913,128
Peoples’ transportation tax fund	(1,217,386)
Capital improvement debt service fund	(2,953,205)
Safe neighborhood capital improvement fund	(215,254)
Law enforcement fund	408,635
Community redevelopment agency fund	240,967
	\$ 176,885

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 16. RESTATEMENT – PRIOR PERIOD ADJUSTMENTS (cont'd)

Business-type Activities – The City’s net position of Business-type Activities as of September 30, 2021, has been restated for prior period adjustments. The net position increased by \$412,142 resulting from net adjustments to debt, to record compensated absences, payroll accrual, pension and other miscellaneous errors related to prior year.

- The prior period adjustments related to the water and sewer fund totaled \$326,278; this was related to the following: water and sewer billing adjustments, capital asset reclassifications, accounts payable liabilities and other miscellaneous items.
- Solid waste incurred a change of \$18,937 to correct the beginning balance.
- For the Stormwater, adjustments totaled \$66,927, which were debt adjustment, water and sewer billing adjustment, accounts payable liabilities and other miscellaneous items.

Net effect of corrections to Business-type Activities as follows:

	<u>Business-type Activities</u>
Water and sewer	\$ 326,278
Stormwater	66,926
Solid waste	<u>18,938</u>
Total	<u>\$ 412,142</u>

NOTE 17. NEW ACCOUNTING PRONOUNCEMENTS ISSUED

Accounting Pronouncements

There were no new significant accounting pronouncements adopted in fiscal year 2021.

NOTE 18. 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.

CITY OF OPA-LOCKA, FLORIDA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 18. STATE AND LOCAL AGREEMENT (cont'd)

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.

NOTE 19. SUBSEQUENT EVENTS

On December 8, 2021, a resolution was approved by the City Commission to dissolve the three neighborhood improvement districts.

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

The City has restructured its finance department to include the hiring of a seasoned Finance Director, Senior Accountant, Accountant, and Procurement Officer. With these events the City has transitioned its outsourced accounting consultant.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

CITY OF OPA-LOCKA, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Difference from Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Property taxes	\$ 10,785,234	\$ 10,785,234	\$ 11,079,451	\$ 294,217
Utility taxes	60,242	60,242	71,991	11,750
Local business taxes	-	-	200,241	200,241
Franchise fees	1,500,805	1,500,805	1,778,413	277,608
Permits and fees	679,427	2,023,227	2,000,594	(22,633)
Intergovernmental	-	3,704,297	2,486,827	(1,217,470)
Charges for services	49,028	49,028	223,367	174,339
Fines and forfeitures	2,567,232	1,785,204	1,503,911	(281,293)
Miscellaneous	<u>147,842</u>	<u>160,342</u>	<u>575,568</u>	<u>415,226</u>
Total revenues	<u>15,789,810</u>	<u>20,068,379</u>	<u>19,920,363</u>	<u>(148,015)</u>
Expenditures:				
General government:				
City commission	124,681	134,581	98,883	35,698
City manager	594,331	678,131	4,372,581	(3,694,450)
City clerk	391,921	401,453	354,797	46,656
City attorney	645,000	445,000	516,002	(71,002)
Finance	1,000,138	712,446	714,879	(2,433)
Information technology	713,735	721,735	611,574	110,161
Human resources	194,701	328,795	319,605	9,191
Building licenses	419,325	462,225	448,329	13,896
Community development	283,783	293,922	491,808	(197,886)
Town center	652,743	890,468	692,263	198,205
Risk management	<u>2,659,158</u>	<u>2,949,158</u>	<u>2,855,649</u>	<u>93,509</u>
Total general government	7,679,516	8,017,914	11,476,370	(3,458,456)
Public safety:				
Police	4,970,342	5,809,141	5,413,067	396,074
Code enforcement	<u>357,580</u>	<u>330,280</u>	<u>303,062</u>	<u>27,218</u>
Total public safety	5,327,922	6,139,421	5,716,129	423,392
Public works:				
Administration	333,067	361,789	-	361,789
Sanitation	137,886	186,886	111,011	75,875
Street maintenance	699,275	907,091	503,398	403,693
Building maintenance	306,533	710,583	415,777	294,806
Vehicle maintenance	<u>680,099</u>	<u>680,099</u>	<u>307,384</u>	<u>372,315</u>
Total public works	<u>2,156,861</u>	<u>2,846,448</u>	<u>1,337,970</u>	<u>1,508,478</u>
Parks and recreation:				
Parks	<u>723,842</u>	<u>799,842</u>	<u>716,714</u>	<u>83,128</u>
Total parks and recreation	<u>723,842</u>	<u>799,842</u>	<u>716,714</u>	<u>83,128</u>
Total expenditures	<u>15,888,141</u>	<u>17,803,626</u>	<u>19,247,183</u>	<u>(1,443,557)</u>
Excess (deficiency) of revenues over (under) expenditures	(98,332)	2,264,752	673,180	(874,858)
Other financing sources (uses):				
Transfer in	2,461,085	2,568,689	1,909,564	
Transfer out	<u>(3,140,329)</u>	<u>(5,389,069)</u>	<u>-</u>	
Total other financing sources (uses)	<u>(679,244)</u>	<u>(2,829,410)</u>	<u>1,909,564</u>	
Net change in fund balance	<u>\$ (580,912)</u>	<u>\$ (564,628)</u>	2,582,744	
Fund balance, beginning, as previously stated			7,102,645	
Prior period adjustment			<u>3,913,128</u>	
Fund balances, beginning, restated			<u>11,015,772</u>	
Fund balance, ending			<u>\$ 13,598,517</u>	

CITY OF OPA-LOCKA, FLORIDA

NOTES TO BUDGETARY SCHEDULE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Chapter 166, Florida Statutes, requires that all municipalities prepare, approve, adopt, and execute an annual budget for funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budgets control the levy and the expenditure of money for City purposes in the ensuing fiscal year. The budgeting process is based on estimates of revenues and expenditures. The City budgets are prepared on a modified-accrual basis or accrual basis of accounting in accordance with generally accepted accounting principles.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the departmental and fund level, with finance department providing support to departments in the administration of their budgets. In accordance with the City's budget transfer policy, the City Manager is authorized to transfer budgeted amounts within any fund or functions; however, any supplemental appropriations or revisions that amend the total expenditure of any fund must be approved by the City Commission. The City 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

The General Fund increased its revenues over budget by \$3,771,069, however, expenditures exceeded appropriated budget by \$1,433,557 due to increased personnel costs.

The General Fund budget to actual comparison excludes debt service and capital outlay activity.

CITY OF OPA-LOCKA, FLORIDA

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

JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City of Opa-locka's proportion of the net pension liability	0.0240%	0.0237%	0.0231%	0.0266%	0.0259%	0.0343%
City of Opa-locka's proportionate share of the net pension liability	\$ 1,815,871	\$ 10,282,978	\$ 7,949,247	\$ 8,031,493	\$ 7,654,405	\$ 8,653,259
City of Opa-locka's covered payroll	\$ 7,450,828	\$ 7,046,100	\$ 6,672,105	\$ 7,215,167	\$ 6,227,058	\$ 8,360,620
City of Opa-locka's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.37%	145.94%	119.14%	111.31%	122.92%	103.50%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	68.52%	83.93%	89.84%	81.35%	96.62%

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

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

CITY OF OPA-LOCKA, FLORIDA

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

SEPTEMBER 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,125,873	\$ 1,012,564	\$ 896,903	\$ 926,137	\$ 852,437	\$ 983,512	\$ 1,086,534
Contributions in relation to the contractually required contribution	<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>	<u>1,086,534</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Opa-locka's covered payroll	\$ 8,364,656	\$ 7,392,538	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338	\$ 9,279,820
Contributions as a percentage of covered payroll	13.46%	13.70%	13.35%	12.98%	13.33%	13.30%	11.71%

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

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

CITY OF OPA-LOCKA, FLORIDA

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

JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City of Opa-locka's proportion of the net pension liability	0.0210%	0.0198%	0.0198%	0.0216%	0.0195%	0.0270%
City of Opa-locka's proportionate share of the net pension liability	\$ 2,581,639	\$ 2,468,863	\$ 2,211,518	\$ 2,282,255	\$ 2,082,612	\$ 3,144,569
City of Opa-locka's covered payroll	\$ 7,450,828	\$ 7,046,100	\$ 6,672,105	\$ 7,215,167	\$ 6,227,058	\$ 8,360,620
City of Opa-locka's proportionate share of the net pension liability as a percentage of its covered payroll	34.65%	35.04%	33.15%	31.63%	33.44%	37.61%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

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

CITY OF OPA-LOCKA, FLORIDA

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

SEPTEMBER 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 167,293	\$ 148,301	\$ 135,611	\$ 141,785	\$ 129,528	\$ 161,304	\$ 156,110
Contributions in relation to the contractually required contribution	<u>(167,293)</u>	<u>148,301</u>	<u>135,611</u>	<u>141,785</u>	<u>129,528</u>	<u>161,304</u>	<u>156,110</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Opa-locka's covered payroll	\$ 8,364,656	\$ 7,392,538	\$ 6,716,687	\$ 7,134,236	\$ 6,394,032	\$ 7,395,338	\$ 9,279,820
Contributions as a percentage of covered payroll	2.00%	2.01%	2.02%	1.99%	2.03%	2.18%	1.68%

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

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

CITY OF OPA-LOCKA, FLORIDA

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

SEPTEMBER 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of the fiscal year	\$ 303,371	\$ 377,107	\$ 341,870	\$ 309,518
Changes for the fiscal year:				
Service cost	23,112	24,367	28,827	28,528
Interest	7,849	8,521	13,113	12,155
Difference between expected and actual experience	-	(109,357)	-	-
Changes in assumptions	(9,223)	9,388	2,184	-
Benefits payments	<u>(6,995)</u>	<u>(6,655)</u>	<u>(8,887)</u>	<u>(8,331)</u>
Net changes	<u>14,743</u>	<u>(73,736)</u>	<u>35,237</u>	<u>32,352</u>
Balance at the fiscal year end	<u>\$ 318,114</u>	<u>\$ 303,371</u>	<u>\$ 377,107</u>	<u>\$ 341,870</u>
Covered employee payroll	\$ 8,364,656	\$ 7,392,538	\$ 6,716,687	\$ 7,134,236
Total OPEB Liability as a % of covered payroll	3.80%	4.10%	5.61%	4.79%

Notes to schedule

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

Discount Rate	
9/30/2018	3.64%
9/30/2019	3.58%
9/30/2020	2.14%
9/30/2021	2.43%

2. The amounts presented for each fiscal year were determined as of September 30th. GASB Statement No. 75 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

CITY OF OPA-LOCKA, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>Law Enforcement</u>	<u>Community Redevelopment Agency</u>	<u>Total</u>
ASSETS			
Cash	\$ 270,958	\$ 1,562,959	\$ 1,833,917
Due from other funds	<u>261,535</u>	<u>1,085,295</u>	<u>1,346,830</u>
Total assets	<u>\$ 532,493</u>	<u>\$ 2,648,254</u>	<u>\$ 3,180,747</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 37,007	\$ 41,631	\$ 78,638
Due to other funds	<u>119,110</u>	<u>330,323</u>	<u>449,433</u>
Total liabilities	<u>156,117</u>	<u>371,954</u>	<u>528,071</u>
FUND BALANCES			
Restricted for:			
CRA	-	2,276,301	2,276,301
Public safety	<u>376,375</u>	<u>-</u>	<u>376,375</u>
Total fund balances	<u>376,375</u>	<u>2,276,301</u>	<u>2,652,676</u>
Total Liabilities and Fund Balances	<u>\$ 532,492</u>	<u>\$ 2,648,255</u>	<u>\$ 3,180,747</u>

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, 2021

	<u>Law Enforcement</u>	<u>Community Redevelopment Agency</u>	<u>Total</u>
REVENUES			
Property taxes	\$ -	\$ 1,046,910	\$ 1,046,910
Intergovernmental	<u>1,284</u>	<u>-</u>	<u>1,284</u>
Total revenues	<u>1,284</u>	<u>1,046,910</u>	<u>1,048,194</u>
EXPENDITURES			
Current:			
General government	-	173,693	173,693
Public safety	75,487	-	75,487
Capital outlay	<u>22,522</u>	<u>-</u>	<u>22,522</u>
Total expenditures	<u>98,009</u>	<u>173,693</u>	<u>271,702</u>
Excess (deficiency) of revenues over expenditures	(96,725)	873,217	776,492
Net change in fund balances	(96,725)	873,217	776,492
Fund balances, beginning, as previously stated	64,465	1,162,116	1,226,581
Prior period adjustment	408,635	240,968	649,603
Fund balances, beginning, restated	<u>473,100</u>	<u>1,403,084</u>	<u>1,876,184</u>
Fund balances, ending	<u>\$ 376,375</u>	<u>\$ 2,276,301</u>	<u>\$ 2,652,676</u>

CITY OF OPA-LOCKA, FLORIDA

CAPITAL IMPROVEMENT DEBT SERVICE FUND (BUDGETARY BASIS)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,221,221	\$ 1,221,221	\$ 1,949,623	\$ 728,402
Intergovernmental	<u>1,790,636</u>	<u>1,898,240</u>	<u>2,246,115</u>	<u>347,875</u>
Total revenues	<u>3,011,857</u>	<u>3,119,461</u>	<u>4,195,738</u>	<u>1,076,277</u>
Expenditures:				
Current:				
Debt service:				
Principal	824,452	824,452	963,686	(139,234)
Interest	<u>385,445</u>	<u>385,445</u>	<u>294,254</u>	<u>91,191</u>
Total expenditures	<u>1,209,897</u>	<u>1,209,897</u>	<u>1,257,940</u>	<u>(48,043)</u>
Excess (deficiency) of revenues over (under) expenditures	1,801,960	1,909,564	2,937,798	1,028,234
Other financing sources (uses):				
Transfer out	<u>(1,801,960)</u>	<u>(1,909,564)</u>	<u>(1,909,564)</u>	<u>-</u>
Net change in fund balance	-	-	1,028,234	
Fund balance, beginning as previously stated			2,833,319	
Prior period adjustment			<u>(2,953,205)</u>	
Fund balance beginning, restated			<u>(119,886)</u>	
Fund balance, ending			<u>\$ 908,348</u>	

CITY OF OPA-LOCKA, FLORIDA

**NOTE TO CAPITAL IMPROVEMENT DEBT SERVICE FUND
(BUDGETARY BASIS)**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Capital Improvement Debt Service fund increased its revenues over the budget by \$1,075,277, however expenditures exceeded appropriated budget by \$48,053 due to early principal payments due to release of withheld funds.

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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2023.

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 questioned costs, 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 questioned costs 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 questioned costs as items SD2020-01, SD2020-02, SD2020-03, SD2017-06, SD2015-002 and SD2015-03 to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items SD2020-01 and SD2020-02.

City's Response to Finding

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questions costs and corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
July 31, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

We have audited the City of Opa-locka, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on the City's major federal program for the fiscal year ended September 30, 2021. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on the Major Federal Program

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the City with Coronavirus Relief Fund ALN 21.019 as described in finding number MW 2021-01 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Performance, consequently we were unable to determine whether the City complied with those requirements applicable to that program.

Qualified Opinion on the Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major program for the fiscal year ended September 30, 2021.

Other Matter

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item MW2021-01 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City's Response to Finding

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 31, 2023, which contained qualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Marcum LLP

Miami, FL
July 31, 2023

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor, Pass-Through Grantor Program Title	Assistance Listing No.	Contract/ Grant Number	Award	Total Expenditures
<i>U.S. Department of Justice</i>				
Direct programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0782	\$ 31,076	\$ 31,076
Coronavirus Emergency Supplemental Funding Program				
Supplemental Funding Program	16.034	2020-VD-BX-1836	<u>84,741</u>	<u>5,964</u>
<i>Total U.S. Department of Justice</i>			<u>115,817</u>	<u>37,040</u>
<i>U.S. Department of Treasury</i>				
Direct programs:				
Coronavirus Relief Fund - COVID-19	21.019	2020-COGGC-1164	1,635,354	1,635,354
Coronavirus Relief Fund - COVID-19	21.019	2021-HFNC-1207	23,026	23,026
Coronavirus Relief Fund - COVID-19	21.019	2021-GCP-1208	123,737	123,737
Coronavirus Relief Fund - COVID-19	21.019	2021-SRTETP-1205	105,206	105,206
Coronavirus Relief Fund - COVID-19	21.019	N/A	<u>1,977,358</u>	<u>505,362</u>
<i>Total U.S. Department of Treasury</i>			<u>3,864,681</u>	<u>2,392,685</u>
<i>U.S. Department of Housing and Urban Development</i>				
Direct programs:				
<i>Community Development Block Grant (CDBG):</i>				
Community Development Block Grants/Entitlement Grants	14.218	IDIS#5420	<u>471,917</u>	<u>158,851</u>
Total CDBG Entitlement Cluster			<u>471,917</u>	<u>158,851</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>471,917</u>	<u>158,851</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$4,452,415</u>	<u>\$ 2,588,576</u>

See notes to schedule of expenditures of federal awards.

CITY OF OPA-LOCKA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the expenditure activity of all federal awards of the City of Opa-locka, Florida (the “City”) for the fiscal year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate for federal programs allowed under the Uniform Guidance.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Qualified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over the major federal program:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for the major federal program: *Qualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major program:

Federal Program ALN.

Coronavirus Relief Fund 21.019

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk pursuant to the Uniform Guidance? Yes X No

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

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
SD2020-01	Internal Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)
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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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 eight (8) out of a sample of twenty-five (25) selections tested during fiscal year 2021. 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.

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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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. Certain items prescribed in the proposed corrective action plan were addressed; however, as of July 31, 2023, 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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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 April 6, 2023, for the fiscal year ended September 30, 2021. During field work for this audit engagement, fifty-nine (59) audit adjustments aggregating to approximately \$33,757,000, 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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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 2021 on a timely basis. Additionally, five (5) audit adjustments aggregating to \$442,274 were required in order to reconcile the City National Operating Account and City National Water and Sewer accounts. 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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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, 2021. During field work, fifty-nine (59) audit adjustments aggregating to approximately \$33,757,000, 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.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

SIGNIFICANT DEFICIENCIES

SD2020-01 INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA) (REPEAT FINDING)

Criteria

The City is required to prepare a SEFA in accordance with the prescribed guidelines of the Uniform Guidance (“UG”). In addition, 2 CFR Section 200.512(a) of the Uniform Guidance requires the reporting package and Data Collection Form (“DCF”) to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after the reports are received from the auditor or nine months after the City’s year end.

Condition

The City did not prepare the SEFA in accordance with the prescribed guidelines of the UG and incorrectly identified the federal grant programs. Additionally, due to the delay in financial close of the City’s books and records, a federal single audit for fiscal year 2020 was not performed in a timely manner and the DCF was not submitted by its due date of December 31, 2021 (as per extension granted by OMB Memo 21-20).

Cause

Due to improperly trained staff and lack of supervision and review, the City was not able to complete the financial close process in a timely manner which led to the delay in the financial statement and the federal single audit being completed.

Effect

Incorrectly identifying federal grant programs on the SEFA and not meeting the submission deadlines results in the City being out of compliance with the requirements set forth in the underlying grant agreements and the Uniform Guidance. Such finding could impact subsequent federal funding.

Recommendation

The City should ensure that adequate procedures and internal controls are in place to ensure that the SEFA is complete and accurate and prepared in a timely manner. These controls should include controls requiring the reconciliation of federal expenditures and program identification to the appropriate supporting documentation (e.g., general ledger, grant reports, etc.) and submitting the DCF by the due date.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD2020-01 INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA) (REPEAT FINDING) (CONTINUED)

Current Year Status

This condition still exists in fiscal year ended September 30, 2021. The City provided three different versions of the SEFA to the auditor. The auditor noted the City incorrectly identified the qualified expenditures related to the federal grant programs. Additionally, due to the delay in financial close of the City’s books and records, a federal single audit for fiscal year 2021 was not performed in a timely manner and the DCF was not submitted by its due date of June 30, 2022.

View of Responsible Official and Planned Corrective Action

See accompanying corrective action plan.

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.

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.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

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

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, 2021. The City did not issue and file the September 30, 2021 financial statements with the Auditor General by June 30, 2022 or the Annual Financial Report (“AFR”) to the Florida Department of Financial Services by June 30, 2022, 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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

SIGNIFICANT DEFICIENCIES

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, 2021. 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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

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

Current Year Status

This comment remains relevant as of September 30, 2021. 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, 2021.

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 QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

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, 2021. During field work, fifty-nine (59) audit adjustments for approximately \$33,757,000, were required to correct the original working trial balance provided by management.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS (CONTINUED)

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.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESSES

MW 2021-01 NON-COMPLIANCE WITH MAJOR PROGRAM COMPLIANCE AND INTERNAL CONTROL REQUIREMENTS

Criteria

As per requirements of subsection 601(d) of the Social Security Act, as amended (42 U.S.C. 801(d)), the City, as recipient of Coronavirus Relief Fund payments, shall maintain and make available to the Treasury Office of Inspector General upon request all documents and financial records sufficient to establish compliance with the program.

Condition

In connection with the federal grant agreement with the Department of Treasury for Coronavirus Relief Fund (ALN 21.019), the City was unable to provide the auditor documents and financial records for the program expenditures for fiscal year 2021. Therefore, the auditor was unable to determine if the City followed the compliance requirements and maintained the proper controls over compliance for the major program.

Cause

Inadequate retention of documents and financial records over the major program and lack of adequate internal controls over compliance.

CITY OF OPA-LOCKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

MATERIAL WEAKNESSES (CONTINUED)

**MW 2021-01 NON-COMPLIANCE WITH MAJOR PROGRAM COMPLIANCE REQUIREMENTS
(CONTINUED)**

Effect

Lack of documents and financial records results in the City being out of compliance with the requirements set forth in the underlying grant agreements and the Uniform Guidance. Such finding could impact subsequent federal funding.

Recommendation

The City should ensure that adequate procedures and internal controls are in place to ensure that the documents and financial records of their programs are properly retained for the period of time established in the underlying grant agreements and the Uniform Guidance.

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, 2021

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

MATERIAL WEAKNESSES

- MW 2020-01 - was addressed in the current year.
- MW 2020-02 - was not addressed and the finding is repeated.
- MW 2019-03 - was addressed in the current year.
- 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 not addressed and the finding is repeated.
- 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.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**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, 2021, and have issued our report thereon dated July 31, 2023.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); 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*; Independent Auditors’ Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance; Schedule of Findings and Questioned Costs; 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 July 31, 2023, 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.

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, 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 Questioned Costs.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal, 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
July 31, 2023

CITY OF OPA-LOCKA, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 2021

MLC 2020-001 – SOLID WASTE DEFICIT NET POSITION

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, 2021. As of September 30, 2021, the Solid-Waste fund had a deficit net position of (\$4,159).

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, 2021

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

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, 2021

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

Current Year Status

This condition still exists for the fiscal year ended September 30, 2021. The City is still under oversight of a financial emergency board.

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, 2021, 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, 2021. 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, 2021.

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
July 31, 2023



The City of Bright Opportunities @opalockaff

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.

[Signature of Darvin E. Williams]
Interim City Manager, Darvin E. Williams

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

SWORN TO AND SUBSCRIBED before me this 27th day of July, 2023.

[Signature of Joanna Flores]
NOTARY PUBLIC
Print Name Joanna Flores

Personally known [checked] or produced identification

Type of identification produced:

My Commission Expires:
04/09/2027



John H. Taylor
Mayor



Natasha L. Ervin
Vice Mayor

MEMO

Date: July 31, 2023

Dr. Sherelean Bass
Commissioner

To: Marcum, LLP
From: Niema Walker, Finance Director
Re: FY2021 Audit Findings Corrective Action Plan

Joseph L. Kelley
Commissioner

SECTION II – FINANCIAL STATEMENT FINDINGS AND STATUS

Veronica J. Williams
Commissioner

MATERIAL WEAKNESS (MW)

Darvin E. Williams
Interim City Manager

MW2020-02: SUPPORT FOR BUILDING PERMIT CHARGES

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.

Joanna Flores
City Clerk

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

Burnadette
Norris-Weeks
City Attorney

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.

Responsible Party: Mr. Darwin Williams, Interim City Manager, 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 strengthen the department. The City engaged a new accounting consultant subsequent to FY 2021 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.

Responsible Party: Mrs. Niema Walker, Finance Director

MW2017-04: RECONCILIATION OF CASH ACCOUNTS (REPEAT)

Prior to FY 2021, 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 monthly briefing meetings with Accountants to ensure that the bank reconciliation process is being properly completed as outlined in the policies. These weekly 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.

Responsible Party: Mrs. Niema Walker, 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 strengthen the department. The City engaged a new accounting consultant, subsequent to FY 2021, 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.

Responsible Party: Mrs. Niema Walker, Finance Director

SIGNIFICANT DEFICIENCIES (SD)

SD2020-01: INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

The City has hired temporary staff to remain cognizant of the Uniform Guidance requirements as it relates to the Data Collection Form and report package. The delinquency in presentation of these items is a direct result of the city's constant state of accounting staffing shortages, turnover, absenteeism, and inherent serious strain on remaining personnel during throughout FY2021 stemming from FY2020. The City has provided all available data for the Schedule of Expenditures for Federal Awards (SEFA) concerning federal expenditure amounts, however for this FY, the format required minor clarifications.

The staff changes in the Finance Department during FY2021 has caused a lack of knowledge of all SEFA related activities. As of FY2023 the City has budgeted and is actively recruiting a Grant Administrator to handling the implementation of grant funding received from various Federal, State of Florida, Miami-Dade County, foundations, and corporate sources. The review process for potential candidate is ongoing. Currently the position is open until filled.

Responsible Party: Ms. Niema Walker, Finance Director

SD2020-02: NON-COMPLIANCE WITH FLORIDA STATUTES

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.

Responsible Party: Mr. Darvin Williams, Interim City Manager, and Mrs. Niema Walker, Finance Director

SD2020-03: SUPPORT FOR STORMWATER UTILITY CHARGE

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: Mrs. Niema Walker, 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 2021. This change will ensure timely 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.

Responsible Party: Ms. Alexia Robotham, Human Resources Director, Mrs. Sha'Mecca Lawson, Assistant City Manager and Mrs. Niema Walker, 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 is in the process of procuring the 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.

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

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

Subsequent to FY 2021, the City made appropriations for 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.

The fifty-nine (59) audit adjustments were prepared due to reconciliations post FY end with various subsidiary ledgers. This process was performed in effort to arrive at a trial balance suitable for external auditing to commence.

Responsible Party: Mrs. Niema Walker, Finance Director

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS (MW)

MW2021-01: NON-COMPLIANCE WITH MAJOR PROGRAM COMPLIANCE AND INTERNAL CONTROL REQUIREMENTS

The City has actively recruited for a Grants Administrator to be responsible for this major program requirement. In the interim, Management will assign this task to personnel to be certain adequate retention of documents and financial records are maintained.

City staff has consolidated records and continuously work to streamline responsible persons for tasks. Identification of a single source for major program reconciliation will alleviate this finding in the future.

Responsible Party: Ms. Niema Walker, Finance Director