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June 24, 2016

The Honorable Mayor and
Members of the Town Council
Town of Cutler Bay, Florida

We have audited the financial statements of the governmental activities, each major fund, business type activities and the aggregate remaining fund information of the Town of Cutler Bay, Florida, (the 'Town') for the fiscal year ended September 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 31, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. However, the Town did implement a new significant accounting standard (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Town's financial statements was:

Management's estimate of collectability of accounts receivable and postretirement obligations.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of the deposits and investments in Note 3 to the financial statements.

The disclosure of risk management in Note 9 to the financial statements.

The disclosure of commitments and contingencies in Note 10 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 24, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In addition, with respect to the information included in the Introductory and Statistical Sections accompanying the financial statements, we received this information and noted no material inconsistencies with the audited financial statements.

Restriction on Use

This information is intended solely for the use of the Town Council and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP

TOWN OF CUTLER BAY, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TOWN OF CUTLER BAY, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015

Prepared By
Robert Daddario, CPA
Finance Director

TOWN OF CUTLER BAY, FLORIDA
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INTRODUCTORY SECTION



June 24, 2016

To the Citizens of the Town of Cutler Bay:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Cutler Bay, Florida, for the fiscal year ended September 30, 2015, 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 Town Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. Management of the Town believes it has established a strong internal control environment which enables it to produce financial statements free of material misstatement. While no system of internal control can provide absolute assurance that errors or irregularities do not occur, we believe the control environment established by the Town provides reasonable assurance that it can produce financial statements that are free of material misstatement.

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Alberni, Caballero & Fierman, LLP, to perform the independent audit of the Town's financial statements. The Independent Auditors' Report is included in the financial section of this Comprehensive Annual Financial Report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the fiscal year ended September 30, 2015 and that the financial statements are fairly presented in accordance with GAAP. The independent auditors found no deficiencies in internal control over financial reporting that would be considered material weaknesses, nor did they detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

The contents of the CAFR have been influenced by compliance with GASB pronouncements, including Statement 34 that has required the preparation of new government-wide financial statements on a full accrual basis of accounting for all funds as well as Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the independent auditors' report.





PROFILE OF THE GOVERNMENT

The Town of Cutler Bay (the “Town”) is a political subdivision of the State of Florida located in Miami-Dade County (the “County”) and was incorporated in November 2005. The Town operates under a Council-Manager form of government in which the Town elects five council members, one of whom is elected as the Mayor and another of whom is elected as the Vice Mayor. Except for the initial election and terms of office as specified in the Town Charter, council members are elected for four year terms. The Town Council determines the policies that guide the Town’s operations and hires a Town Manager to implement and administer these policies on a full-time basis. The Town of Cutler Bay provides a full range of municipal services including police protection, parks and recreation facilities, building and zoning services, community development and planning, code enforcement, and public works.

The annual budget serves as the foundation for the Town’s financial planning and control. All departments of the Town are required to submit proposed budgets to the Town Manager, who then makes any necessary revisions. The Town Manager then presents to the Town Council for their review a budget estimate of the expenditures and revenues of all the Town’s departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions on the proposed budget. The budget is legally enacted prior to October 1st by adoption of a Resolution with a vote that conforms to State guidelines. The Town’s budget is approved by the Council at the departmental level, therefore the Town Manager may amend the adopted budget for adjustments during the year within a department. The Town Council must approve all other budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations.

Budgets are monitored at varying levels of classification detail; however, budgetary control is legally maintained at the fund level except for the General Fund, which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for the General Fund and each major special revenue fund for which an appropriated annual budget has been adopted. For all other major and non-major governmental funds and for the Stormwater Fund (a proprietary fund) for which an appropriated annual budget has been adopted, this comparison is presented in the combining and individual fund section of this report.

INFORMATION USEFUL IN ASSESSING THE TOWN’S ECONOMIC CONDITION

Local Economy

The Town is located in southeast Florida, Miami-Dade County, and is primarily residential in nature. It comprises approximately 10 square miles with approximately 43,000 full-time residents. The western-most area of the Town, located along the South Dixie Highway (U.S.1) corridor, is commercial in nature with hotels, restaurants and office complexes.





The Town has been successful in providing a high quality of life for its residents by enhancing the level of services being offered. In addition to the increased efforts to enhance services, the Town has also provided competitive benefits to its employees, as recognition of the fact that, in order to continue to provide these valuable services, it must retain and reward its valuable employees.

Shortly after the Town's incorporation, changes to property taxation laws were enacted that had a negative impact on the taxable base upon which property tax revenue of the Town is calculated. Additionally, Cutler Bay, like most communities across the state and nation, was negatively impacted by the financial crisis and economic downturn gripping the United States the past several years. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking. As of July 1, 2015, the certified taxable value of property within the Town decreased 26% from the level at July 1, 2008. These decreased property values, when factored on top of the property tax law changes enacted in recent years, resulted in negative impacts to the Town's property tax revenues (all other factors remaining constant).

While the effects of the above noted changes have had a profound impact on the taxable property base within the Town, the Town's property values seem to have stabilized. The 2015 certified tax roll issued by the County Property Appraiser in July 2015, used for ad valorem purposes for fiscal year 2016, reflected an approximate 8.8% increase in the taxable value of property within the Town versus the certified tax roll for 2014 (used for ad valorem purposes in fiscal year 2015). This increased value follows increases of approximately 8.1% and 3.8% the past two years, respectively, which gives indication that the local market has stabilized and is starting to recover. The Town has seen encouraging signs in building activity and new development within the Town in fiscal years 2012 through 2015, and extending into fiscal year 2016 with significant new planned projects in process. While the area recovers from the economic downturn, the Town continues to operate in an extremely lean and efficient manner and has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

Town administrators recognize the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. To this end, the Town has adopted a growth management plan which smartly incorporates "mixed-use" residential and commercial development within the Town.

Presently, Miami-Dade County economy continues to diversify and expand at a moderate rate with great success. As a result, the County's labor market has recently experienced some of the lowest unemployment rates in the past few years. For instance, there are several sectors of the economy, including but not limiting to, construction, wholesale trade, retail trade, information technology and telecommunication, leisure and hospitality, and financial services that continue to post strong job growth in fiscal year 2016. The latest unemployment reports from the U.S. Bureau of Labor Statistics (February 2016), indicated that Miami-Dade County unemployment rate decreased to 5.8% in December 2015, down from 6.4% in July 2015.





Despite the improvement in the unemployment rate since July 2014, the County unemployment rate is 0.8% above the national unemployment rate of 5% for the year. Several commercial and residential projects in the Town generated over 100 construction jobs for the local economy. Upon completion in 2016, the new developments (El Dorado/ East Ridge) combined will add an estimated 112 new permanent jobs to the local economy. These jobs will be mostly concentrated in the service, healthcare, and retail sectors of the local economy. During the rest of the year and into most of the next fiscal year, the Town will continue to add construction and permanent jobs to the local economy as results of the commercial and residential projects approved by the Town Council in fiscal year 2016.

The Town's economic development mission has two major components: (1) direct communication and marketing; and (2) availability of non-financial incentives. Direct communication and marketing is a joint outreach effort that includes the elected body, Town Manager and senior staff. The main objective of this effort is to identify and attract businesses to the Town that will provide added value to our economic base through the creation of new jobs, increase in the tax base, and services desired by Town residents and our existing business community. One of the ways of achieving this objective is through the Town's active participation in local and regional economic development organizations, forums and professional organizations whose mission is to promote the area's local economies. The non-financial incentives are divided into two distinct programs:

- A. Expedited building permits, courtesy inspections, and accessibility to the building official and senior inspectors.
- B. In-house technical expertise and resources are made available to all development applicants during the planning and permitting process to ensure that approvals are completed within a reasonable timeframe and in a cost-effective manner.

This incentive starts with the project's pre-application conference and it ends with a project completion debriefing meeting. The intent of the project debriefing is to have a personal and candid dialogue with the applicants to assess the effectiveness of the Town development approval process. This dialogue allows the Town Manager and senior staff an opportunity to identify and prioritize those areas in the development approval process that needs improvement and/or immediate attention. Our goal is to ensure that all projects in the Town are completed consistent with the Town Code, building permit requirements, industry standards, and within schedule and budget.

The Town's economic development also include a "green initiative" that continues to have much success. The green initiative success in fiscal years 2015 and 2016 includes the LEED (Leadership in Energy, and Environmental Design) certification of several commercial buildings, close-out of an energy grant, and continued implementation of the PACE (Property Assessed Clean Energy) Program. In fiscal year 2016 two (2) commercial projects (El Dorado and East Ridge Retirement Village) finalized construction and are Green Globes Certified and LEED Platinum Certified. In fiscal year 2014 The Town approved its first LEED certified homes project in Saga Bay. Finally, the Town is still the lead municipality in the implementation of the "Green" Corridor and PACE Program. The intent of the PACE Program is to enable property owners to borrow money to buy solar panels, wind generators,



insulation or shutters for their home. This initiative will provide market opportunities for local vendors, specializing in the development, distribution and installation of energy efficient technology that meets the requirement of the PACE Program.

In fiscal years 2015 and 2016, the Town continued to work with developers to redevelop the Town's brownfield areas. A "Brownfield" area site is defined by the U.S. Environmental Protection Agency (EPA) as a contiguous area of one or more Brownfield sites, some of which may not be contaminated, and which has been designated by a local government by resolution. A "Brownfield" site is defined as real property for which its expansion, redevelopment, or reuse may be complicated by actual or perceived environmental contamination. At this time, the Town was the only community in south Miami-Dade with several brownfield projects under construction along the US 1 commercial corridor.

These commercial brownfield projects are: (1) El Dorado Commercial-Mixed Use development (2) MD Now (commercial renovation) and (3) Wendy's (commercial renovation). The El Dorado project will generate an estimated 75 -100 construction jobs, over 60 permanent jobs, and roughly 30-50 part-time jobs in the restaurant and retail sectors once the project is completed. The first brownfield project approved by the Town, Olive Garden Restaurant, which is located in the Perrine Brownfield Areas (ID-139911000), has been a total success story in its first year of operation. Presently, Olive Garden is receiving approximately \$2,000 in financial incentive for each employee from the State's Brownfield Redevelopment Bonus Refund for a period of five (5) years, as long as, they generate 80 new jobs, contribute to the community more than \$4.5 million in new capital investment, and meet other agreed to with the State Department of Economic Opportunity. In fiscal year 2013, the restaurant employed between 125 and 150 employees.

In fiscal year 2015, there was no major changes to the current land use distribution, in comparison, to prior years. A significant percentage of the Town's land (54%) is classified in the broad categories of residential and mixed land use. Currently, there is no acreage in the Town of Cutler Bay that is classified as "Industrial." This land use profile is similar to that of nearby municipalities in that, the land uses are mostly comprised of residential properties relative to commercial, office and institutional uses. In fiscal year 2015, the South Dade Performing Arts Center, continued to be a major attraction for residents and visitors to south Miami-Dade County, and a corner stone of the Town's cultural venue. This state-of-the-art building, designed to seat nearly 1,000 people, has hosted cultural events and musical performances that have attracted local, national and international talent to Cutler Bay and South Dade. This facility is located on six acres next to the South Miami-Dade Government Center. Both Town and County planners feel that the Arts Center will work as a catalyst for the continuing redevelopment of this important area.

In fiscal year 2013, the Town approved a major senior residential development project adjacent to the Performing Arts Center that was completed in September 2014. The new Land Development Regulations, proactive approach to review and approval of development projects, and cooperation with local and regional partners on economic development projects have made the Town one of the desirable communities in Miami-Dade County for both residential and commercial development. The Town's progressive planning process is slowly

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transforming the Town’s development vision from a conceptual plan into actual sustainable development projects capable of accommodating the Town growing population and economic base.

The new residential developments are attracting a diverse population that includes young families and seniors that will continue to enrich the quality of life of the Town. This diverse population with different needs and customs will help promote a sustainable economic base capable of meeting their respective needs and the needs of other residents living in the surrounding areas.

The Town remains the lead municipality in the implementation of the “Green Corridor” PACE program. As of April 1, 2016, the PACE program has financed 276 projects, totaling over \$5.9 million in improvements. The intent of the PACE program is to enable property owners to borrow money to make energy efficient improvements, or storm protection improvements (i.e., hurricane shutters, impact windows, etc.), to their facilities (residential homes and/or commercial property) and repay those amounts over time through their property tax bill. This initiative is providing market opportunities for local vendors specializing in the development, distribution and installation of energy efficient technology that meets the requirements of the PACE program. Additional information regarding the PACE program can be found at https://ygrene.us/fl/green_corridor/about.

Long-term Financial Planning and Major Initiatives

The Town continues to pursue grant and other funding opportunities to provide needed improvements to the Town, including funding for park land acquisition and improvements, road improvements and other public works projects. The Town, pursuant to a “Joint Project Agreement” (i.e., the “JPA”) with Miami-Dade County (the “County”), has secured funds from the County to provide funding (approximately \$18 million) to the Town for specified road improvement projects within the Town’s boundaries. These two roadway projects will favorably impact the image of the Town and provide much needed roadway enhancements.

The JPA project is divided into two roadway projects, one for Old Cutler Road (a State designated historic road) and one for Caribbean Boulevard which is a main roadway that runs through the heart of town. The Old Cutler Road roadway improvement project was essentially completed in January 2014. The completed roadway was formally re-dedicated at a ceremony that took place in March 2014. This project received two widely respected awards. The overall project was awarded “Project of the Year” for the State of Florida by the Cuban American Association of Civil Engineers. Additionally, the Town’s Public Works Director was recognized by the American Public Works Association with the “Professional Manager of the Year” award for his work on this roadway project.

Construction activity on the Caribbean Boulevard JPA roadway project commenced in the summer of 2013 and continued through fiscal year 2015. It is anticipated that this roadway project will be completed in early fiscal year 2016. As a result of savings realized on the JPA projects, the County approved, in June 2014, use of a portion of this savings to extend the





improvements along Caribbean Boulevard covering the area from Coral Sea Road to the C-100 Canal Bridge (referred to as the “GAP 1” section). The GAP 1 project is estimated to cost approximately \$2.6 million, funded primarily by the County. While this project is ongoing, it has already started receiving accolades. The American Public Works Association has awarded its Contractor of the Year award and Consultant of the Year award to two of the Town’s consultants on this project (Acosta Tractors Inc. and Stantec, respectively).

The Caribbean Boulevard Roadway improvements’ “original” project limits were based on the Caribbean Boulevard Bridge widening drainage improvement project limits, which were originally designed to end on Coral Sea Road. The Caribbean Boulevard bridge widening drainage improvement project was in the planning phase for several years due to various permitting and design issues. Due to budgeting concerns, the Caribbean bridge widening drainage project limits were reduced to a few 100 feet (east and west) from the C-100 canal bridge. The reduction of the bridge project, created “Gap #2” located adjacent to the Town’s improvements to the Caribbean Boulevard roadway (Gap #2: C-100 Canal to the Homestead Extension of Florida’s Turnpike).

Town Staff has successfully negotiated with both Miami-Dade County Public Works and Citizen’s Independent Transportation Trust (CITT) regarding the reallocation of \$987,937 (from the Old Cutler Road JPA surplus funds) in order to complete the roadway improvements for “Gap #2”. The Preliminary Engineering Analysis Cost Estimate for “Gap #2” project totals \$ 1,065,330 (the remaining funds \$ 77,392 or above will be funded by the Town’s portion of the PTP for enhancements not typical of County projects).

This project is a continuing example of a Complete Streets Model. This Complete Streets Model strives to improve public safety, ease traffic congestion, calm traffic, enhance pedestrian mobility, improve function and flow of mass transit and beautify the neighborhood with streetscape improvements. It will do so by reconstructing the two (2) lane road, and adding continuous storm drainage, curb and gutter, enhanced lighting, traffic signalization and native landscaping. Pedestrian mobility and safety will be enhanced by adding sidewalks, tightening the corner radii and shortening the pedestrians crossing route. Bicycle mobility will be enhanced by the provision of bike lanes adjacent to the travel lanes. Transit will be enhanced through the implementation of bus pullout bays. Traffic flow will be aided by the installation, where appropriate, of left turn lanes at specific intersections. This project is also consistent with the results of the Cutler Ridge Charrette, adopted by Miami Dade County prior to incorporation of Cutler Bay. For additional questions/comments, please email Town’s Public Information Officer (PIO) at: caribbeanproject@cutlerbay-fl.gov

In February 2012, the Town entered into an Interlocal agreement with Miami-Dade County (the "County") to allow the Town to receive funds from the County Charter Transit System Surtax (also known as the “PTP surtax”). This PTP surtax was authorized in 2002 and is shared by the County (80%) and the incorporated municipalities (20%). Since the Town was incorporated after enactment of the PTP surtax, the County had not previously included the Town in the distribution of the funds raised by the PTP surtax. On an annual basis, at least 20% of the PTP surtax proceeds must be spent on transit related items. The remaining portion





may be spent on transportation related items. Based on recent PTP surtax history, the Town anticipates receiving approximately \$1.2 million to \$1.5 million in PTP surtax funds annually.

Upon award of these funds, the Town immediately began using these PTP surtax funds to provide enhancements in the Town. From the transportation portion of the PTP surtax funds, the Town completed several roadway resurfacing projects on Town owned roads totaling approximately \$1.6 million through fiscal year 2015. Another approximate \$1 million of resurfacing projects are budgeted for fiscal year 2016. Additionally, the Town is using a portion of these PTP surtax funds to provide for the Town's share of costs on the previously noted two JPA roadway projects.

In September 2012, the Town commenced operation of a municipal circulator bus service within the Town's boundaries using the transit portion of the PTP surtax. Pursuant to an Interlocal agreement with the County, the County acquired a dedicated circulator bus on the Town's behalf using Federal stimulus funds and the County is operating and maintaining the circulator bus on the Town's behalf on a contractual basis. The charge by the County is being paid with the transit portion of the PTP surtax.

Through fiscal year 2013, the circulator bus operated on a fixed route three days per week. Ridership levels have increased steadily as word about the circulator bus spread around Town. As a result, in fiscal year 2014, the Town, pursuant to its agreement with the County, revised the circulator bus schedule such that it now operates five days a week with extended hours of operation. In fiscal year 2015, the Town added Saturday service as well. As a result of adding two additional days and extending the operating hours, monthly ridership has exceeded 3,000 riders.

During fiscal year 2008, the Town commenced its stormwater utility operation after assuming that function from the County in the final quarter of that fiscal year. Since then, the Town has completed approximately \$1.4 million of stormwater drainage improvements. In fiscal year 2015, the Town substantially completed another major stormwater drainage project along SW 212th Street totaling approximately \$760,000, bringing the total stormwater projects completed by the Town since incorporation to approximately \$2.2 million. This project was completed in early fiscal year 2016 and substantially funded by a Federal grant (\$400,000) and State appropriation funding (\$300,000). These drainage projects, which were funded by a combination of grants and Town match funds and private contributions, will benefit the local area homeowners as they will help alleviate some of the known flood drainage issues in the area.

The Town's recreation infrastructure and facilities that it received from the County are aging and need renovation and/or replacement. Following its parks master plan, the Town completed approximately \$2.7 million in park improvements since incorporation, excluding the Lakes by the Bay Park project discussed below. These improvements were funded by a combination of sources, including grants, impact fees and other general fund sources. These improvements significantly upgraded the utility, functionality and appearance of the park facilities. Additional park improvement projects have been approved for fiscal year 2016 bringing additional functionality to the Town's park system.



In fiscal year 2010, the County transferred an additional parcel of land to the Town to be used as park land. This parcel, known as Lakes by the Bay Park, encompasses approximately 49.3 acres, has been recorded by the Town at the County's historical cost (approximately \$345,000). This park was developed at a quicker pace than anticipated and opened to the public in December 2011 at a cost of approximately \$9 million (including the cost of the aforementioned land parcel). This park, the largest in Town, provides both active and passive activities for Town residents. It is nestled near protected wetland areas and it is anticipated that nature trails will be included as part of the park build out in the future. The development project was funded primarily with County provided funds. In fiscal year 2012, the Town added playground equipment for children at this park which included safety surfacing and a shade structure. Additional improvements to this park are under consideration for fiscal year 2016.

In October 2013, the Town accepted transfer of an additional, smaller, park land parcel known as Blue Heron Park. This parcel is a passive park providing walking trails along a lakeside area.

In June 2010, the Town acquired the office building in which it was operating. This building continues to serve as the Town's "Town Hall" building, housing all of its operations except for the Parks Department, as well as continues to be used for commercial office space with tenant rentals. The rentals generated from the commercial leasing help defray some of the costs of owning and operating the building.

The acquisition of the Town Hall Building property noted above was financed with a combination of taxable and tax free financing (totaling \$8.8 million). Additionally, the lender provided additional funds (totaling \$2 million) for improvements to the building, which the Town spent primarily on building out its space and the Council Chambers. Other significant upgrades to the Town Hall building have been made or are in process. In fiscal year 2014 the Town completed a generator improvement project totaling approximately \$382,000 that allows the generator to power the entire building, not just the "essential lighting", and in fiscal year 2015 completed an elevator modernization project at a cost of approximately \$325,000. Future improvements contemplated for fiscal years 2016 and 2017 include "hardening" of the building (such as installation of impact resistant windows) to enable it to be used as an Emergency Operations Center, replacement of the HVAC system, and upgrades to the parking light lighting.

The Town Hall property also includes an adjacent land parcel that was separately acquired in December 2010 for approximately \$1.9 million. This acquisition was financed by the same lender which provided the financing for the Town Hall building acquisition and improvements. It currently serves as a parking lot, but, in the future, it may serve another purpose.

In fiscal year 2015, the Town commenced discussions with its lenders to consolidate and refinance the aforementioned debt related to Town Hall and, on May 26, 2015, successfully closed on the refinancing transaction. The terms of the refinanced loans bring significant





financial savings to the Town, much lower interest rates, certainty (in the form of fixed rate loans), and flexibility going forward (no prepayment penalty ever on both the new tax-exempt and taxable loans).

In May 2012, the Town entered into an Interlocal agreement with the Miami-Dade County School Board (the “School Board”) to provide for the establishment of three choice academies of study at existing Town schools which brought to the Town its first ever high school level curriculum. The programs are based on the Cambridge program and focus on an existing Environmental Sciences magnet program (COAST) that will be expanded through grade 12, an iPrep Academy program, and a Liberal Arts program.

The Town's contribution to the establishment of these programs was to provide funding to the School Board to assist in their creation and/or expansion. The upfront cost to the Town in fiscal year 2012 was \$2.75 million, \$2 million of which was a one-time initial capital investment for construction of facilities, \$450,000 was for the initial iPrep Academy cost, and \$300,000 was the initial investment for the Cambridge Curriculum.

The costs of the Cambridge Curriculum are subject to annual renewal and could exceed the \$300,000 initial cost if requested by the School Board and approved by the Town Council. In fiscal year 2014, the School Board requested, and the Town Council approved, \$300,000 for continuation of the program in the 2014-15 school year.

The iPrep Academy contribution noted above is the Town's maximum contribution for the first three years of the program. After the third year, contributions of up to \$150,000 a year may be requested for replacement of equipment, subject to approval by the Town Council. The initial request for replacement of equipment under this program can be made in 2015 for the 2015-16 school year.

The Town is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds (i.e., the QNIP bonds) issued or authorized prior to the Town's incorporation. The payments for the fiscal year ended September 30, 2015 and 2014 were approximately \$348,924 and \$348,985, respectively. The Town's pro rata share of the debt was calculated and recorded in fiscal year 2010.

As a condition of incorporation, the Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the right to receive and apply to debt service on the bonds all of the public service taxes, as defined, collected on behalf of the Town with respect to bonds outstanding at the time of the municipal incorporation. The Town's debt service obligations as to the bonds in each fiscal year shall be its pro rata share of such debt service obligation. The Town's pro rata share will be equal to that percentage of the total debt service accruing on the bonds in such fiscal year calculated by multiplying such total debt service by a fraction, the numerator of which will be the total amount of public service taxes collected within the boundaries of the unincorporated area comprising the boundaries of the Town during the fiscal year in which the Town incorporated and the denominator of which will be the total amount of public service taxes collected in the entire unincorporated area of the County. The balance of the





public service taxes collected within the boundaries of the Town are remitted to the Town after the County satisfies the debt service requirements for the bonds.

The Town Council and Town Manager are fully charged with the security of the Town's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents and conform to regulations defined by the laws of the State of Florida. The Town's excess funds are invested primarily in interest bearing deposits in qualified public depositories. The principal focus of cash management is to ensure the safety of the Town's cash while maximizing its return on investment. During both fiscal year 2015 and 2014, the Town earned approximately \$69,500 and \$73,000, respectively, in investment income. The low interest rate environment is expected to continue into fiscal year 2016.

The Town Council and Town Management closely monitor the resources available to the Town and its use. At September 30, 2015, the total fund balance of the General Fund is approximately \$20.9 million, a decrease of approximately \$866,000 from September 30, 2014. This total fund balance represents approximately 109% of total fiscal year 2015 general fund expenditures (and represents approximately 127% of fiscal year 2015 general fund expenditures excluding debt service and capital outlay).

Of that \$20.9 million total General Fund fund balance, approximately \$18.5 million is classified as "unassigned" fund balance which is available for future appropriation by the Town Council for purposes it deems appropriate. This unassigned fund balance level represents approximately 97% of total fiscal year 2015 general fund expenditures (and represents approximately 112% of fiscal year 2015 general fund expenditures excluding debt service and capital outlay). Approximately \$2 million, or 9.5%, of the General Fund's total fund balance is classified as "assigned" fund balance as it is intended to be used for specified purposes. The remainder of the General Fund's fund balance is classified as "non-spendable" (approximately \$363,000) to indicate that it is not available for new spending because it has already been committed for prepaid expenses and as "restricted" (approximately \$49,900) because it can only be spent for specific purposes due to constitutional provisions or enabling legislation.

Financial Policies

It is the Town's policy to annually adopt balanced budgets. The Town's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the Town Council upon the recommendations of the Town Manager and the Finance Director which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of



financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the Town is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the Town maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is legally maintained at the fund level except for the General Fund, which is maintained at the departmental level.

Other financial policies implemented by the Town include the development of policies and procedures manual, the establishment of guidelines for the recording of capital assets, the establishment a formal fund balance policy, and the use of the Town's web site to disseminate budget documents and financial reports, including quarterly budget versus actual reports, to its citizens.

AWARDS AND ACKNOWLEDGEMENTS

This year the Town has applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cutler Bay for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. A Certificate of Achievement is valid for a period of one year only. We believe that our current report for the fiscal year ended September 30, 2015 conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Town's audit firm, Alberni, Caballero & Fierman, LLP. We wish to express our appreciation to the Town staff for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.





In closing, without the leadership and support of the Mayor and Town Council, the accomplishments and anticipated future successes noted in this report would not have been possible.

Respectfully submitted,

Rafael G. Casals, Town Manager

Robert Daddario, Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Cutler Bay
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

TOWN OF CUTLER BAY, FLORIDA

List of Elected Town Officials

September 30, 2015

Council-Manager Form of Government

TOWN COUNCIL

Peggy R. Bell, Mayor

Ernest N. Sochin, Vice Mayor

Mary Ann Mixon, Councilmember, Seat 1

Sue Ellen Loyzelle, Councilmember, Seat 2

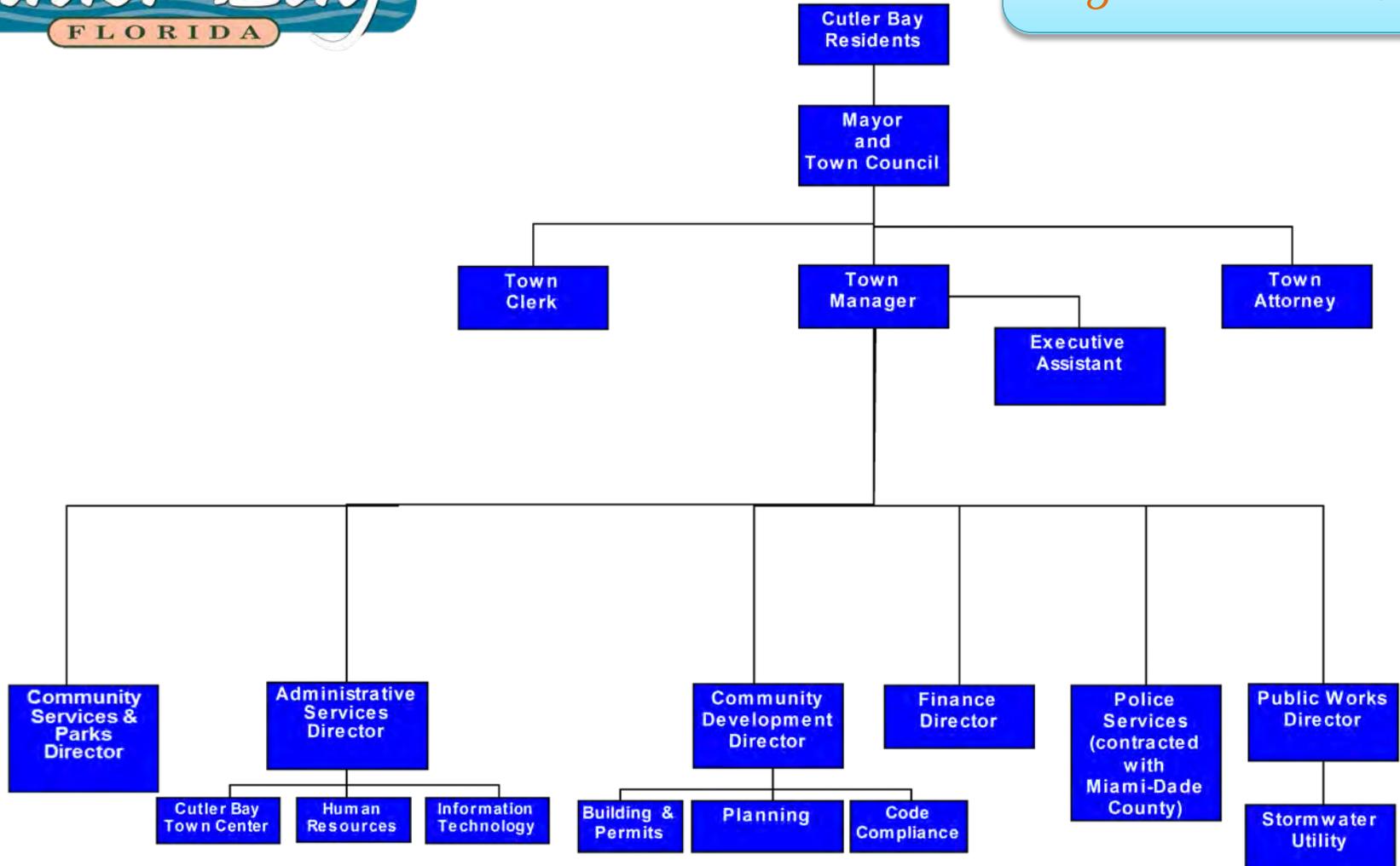
Roger Coriat, Councilmember, Seat 3

Prepared by:

Finance Department and Administration



Town of Cutler Bay Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



Alberni Caballero & Fierman, LLP
4649 Ponce de Leon Blvd.
Suite 404
Coral Gables, FL 33146
T: 305.662.7272 F: 305.662.4266
ACF-CPA.COM



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Town Council
Town of Cutler Bay, 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 Town of Cutler Bay, Florida, (the "Town") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, as of September 30, 2015, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment to GASB Statement No. 27* as of October 1, 2014. As further discussed in Note 1, the opening net position has been restated due to the implementation of this new standard. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and the Schedules of Net Pension Liabilities and Contributions on pages 3-18 and 53-58, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cutler Bay, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Alberni Caballero & Fierman, LLP

Alberni, Caballero & Fierman, LLP
Coral Gables, Florida
June 24, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

As management of the Town of Cutler Bay (the "Town"), we offer in conjunction with the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2015 with a comparative analysis with the prior fiscal year.

Financial Highlights

- The assets of the Town exceeded its liabilities at September 30, 2015 by approximately \$60.9 million (net position). Of this amount, approximately \$20.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by approximately \$1.8 million from the total net position balance at September 30, 2014. The net decrease results primarily from the Town's fiscal year 2015 operations.
- As of September 30, 2015, the Town's governmental funds reported combined ending fund balances of approximately \$26.1 million, a decrease of approximately \$1 million from the September 30, 2014 balances, due primarily to the Town's current operations during the fiscal year offset by capital expenditures and debt service. This combined fund balance represents 120% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2015, unassigned fund balance for the General Fund was approximately \$18.5 million, or 97% of total General Fund expenditures, versus \$16.3 million and 102%, respectively, at September 30, 2014. The approximate \$2.2 million increase in unassigned fund balance is a positive indicator of improved financial health of the Town.
- The Town records the activity of its stormwater utility (a business type activity) in the Stormwater Fund, an enterprise fund. In fiscal year 2015, the stormwater utility's net position increased by approximately \$581,000. This increase resulted primarily from operating income of approximately \$400, which was generated from approximately \$1,028,500 in charges for services and approximately \$1,028,100 in operating expenses, including approximately \$167,400 in depreciation. Operating income was increased by net non-operating income of approximately \$580,600, comprised of capital grants of \$629,500 plus interest income of approximately \$2,200 and other income of approximately \$18,400, reduced by interest expense of approximately \$69,500.
- At September 30, 2015, the General Fund's fund balance of approximately \$20.9 million is comprised of approximately \$363,000 classified as "Nonspendable, approximately \$50,000 classified as "Restricted", approximately \$2 million classified as "Assigned", and approximately \$18.5 million classified as "Unassigned".

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Cutler Bay's basic financial statements. The basic financial statements are comprised of (a) government-wide financial statements, (b) fund financial statements, and (c) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities with the difference between the two 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 Town is improving or deteriorating.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements of the Town are principally supported by taxes and intergovernmental revenues (governmental activities), and also reflect the transfer of infrastructure assets to the Town from the County (park lands and related assets, roadways and sidewalks, and in the case of the stormwater utility fund, a business-type activity, stormwater system assets), as well as by user fees and charges which are intended to recover all or a significant part of the cost of providing services to residents (business-type activities). The governmental activities of the Town include general government, public safety, public works, parks and recreation, and community development. The Town has one business-type activity, the Stormwater Fund. The government-wide financial statements report on only the Town of Cutler Bay.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cutler Bay, like other state and local governments, uses fund accounting to ensure and demonstrate accountability for the collection and use of public resources. The use of funds is an important tool for governments to demonstrate their compliance with the lawfully permitted use of resources. All of the funds of the Town 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. However, unlike 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 governmental funds with similar information presented for 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 reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Cutler Bay maintains various governmental funds, some of which meet the criteria of major 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 and the JPA (Caribbean Blvd) Fund. These funds are considered major funds. The Town also maintains several other special revenue funds and a capital projects fund, none of which meet the criteria of major funds. The totals of these funds are presented in the aforementioned governmental fund statements in a separate column entitled "Other Governmental Funds", with the detail provided in supplemental combining financial statements.

The Town of Cutler Bay adopted an annual appropriated budget for its General Fund and its JPA (Caribbean Blvd) Fund. Budgetary comparison schedules have been provided for the General Fund and the JPA (Caribbean Blvd) Fund to demonstrate compliance with their respective budgets.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Overview of the Financial Statements (Continued)

Proprietary funds

The Town maintains one proprietary fund for which the Town adopts an annual appropriated budget. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its stormwater operations.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Also, the combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cutler Bay, the Town's net position decreased approximately \$1.8 million during fiscal year 2015, resulting in assets in excess of liabilities of approximately \$60.9 million and \$62.7 million, respectively, at September 30, 2015 and 2014 (as restated). See the table below.

The largest portion of the Town's assets at September 30, 2015 consists of capital assets (approximately \$53.9 million (net of accumulated depreciation), primarily roadways, sidewalks, park lands and related assets transferred to the Town by the County, park improvements made by the Town, stormwater assets transferred to the Town by the County, additional infrastructure developed by the Town, as well as a building and related land and ancillary assets related to the Town Hall site. The primary contributors to the increase in capital assets in fiscal year 2015 include improvements made to the Town Hall building, computer hardware and software related acquisitions and other equipment purchases, and increased construction in progress related to an on-going stormwater drainage improvement project.

Other significant assets at September 30, 2015 and 2014 include cash on hand and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$27.4 million at September 30, 2015, a decrease of approximately \$200,000 in fiscal 2015, primarily resulting from fiscal year 2015 operating activities, adjusted for changes in the timing of the liquidation of assets and liabilities. Receivables decreased approximately \$347,000 primarily as a result of completion of the JPA (Old Cutler Road) project in fiscal year 2014. This accounted for an approximate \$336,000 decrease in receivables from grant reimbursements due from the County at September 30, 2015 versus the 2014 balance.

Other changes in government-wide receivables essentially offset. Some of the more significant items included a decrease in receivable from the JPA (Caribbean Blvd) project which was approximately \$800,000 less at September 30, 2015 versus the 2014 balance as the project was in the later stages of construction at year end 2015, offset primarily by (1) an increase receivables from the County of approximately \$85,000, related primarily to increased amounts due for property, utility and CITT transportation surtaxes, (2) an increase in Other receivables of approximately \$39,000, related primarily to receivables at year-end fiscal 2015 from a Town vendor that disposed of certain vehicles on the Town's behalf, offset by insurance reimbursements and cost recovery billings receivable at year-end fiscal 2014, and (3) an approximate \$673,000 increase in Stormwater Fund receivables, primarily related to grant receivables on the SW 212 Street drainage project and amounts due from the County for debt service reimbursements at September 30, 2015, offset by amounts receivable for a floodplain grant receivable at September 30, 2014. The balance of the change in government-wide receivables is comprised of minor increases and decreases from different sources.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Government-Wide Financial Analysis (Continued)

Receivables at September 30, 2015 and 2014 consist primarily of amounts due from the County (\$726,500 and \$641,000, respectively) as well as intergovernmental receivables due from the State (\$510,000 and \$511,000, respectively), and receivables from various grants (\$1,294,000 versus \$2,437,000, respectively). The remainder of the governmental activities receivables balance is comprised of balances from other miscellaneous sources (\$110,000 and \$71,500, respectively at September 30, 2015 and 2014), the increase in which was discussed in the preceding paragraph. Stormwater Fund receivables were approximately \$921,500 at September 30, 2015 versus \$248,000 at September 30, 2014. The net increase in the Stormwater Fund receivables was also discussed in the preceding paragraph.

The receivables due from the County at September 30, 2015 and 2014 related primarily to property and utility taxes, CITT transportation surtaxes, and clerk of the court remittances due the Town at those dates. The increase in the fiscal year 2015 balance relative to the fiscal year 2014 balance relates primarily to the fact that the outstanding property tax revenues, utility taxes and CITT transportation surtaxes due the Town at September 30, 2015 were approximately \$85,000 more than the respective amounts outstanding at September 30, 2014.

The receivables due from the State at September 30, 2015 and 2014 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. There was no material change in the fiscal year 2015 balance relative to the fiscal year 2014 balance.

The decrease in grant receivables at September 30, 2015 over the September 30, 2014 balance is due primarily to amounts receivable from the County related to the two JPA projects the Town has/had ongoing with the County (Old Cutler Road and Caribbean Boulevard roadway projects). Receivables from these projects were approximately \$1,267,000 and \$2,404,000 at September 30, 2015 and September 30, 2014, respectively. The receivables are dependent on the timing of the work performed which guides the reimbursement billing to the County. The Old Cutler Road project was completed in fiscal year 2014 and, as a result, there was no corresponding receivable at September 30, 2015. This accounts for approximately \$337,000 of the decrease in receivables. The remaining \$800,000 decrease in receivables relates to the Caribbean Blvd project, which was in the advanced stages of construction in fiscal year 2015 and, as a result, a significantly lower amount was due from the County at fiscal year-end 2015. The balance of the difference is comprised of minor increases and decreases from different grant sources.

The increase in other miscellaneous receivables at September 30, 2015 over the September 30, 2014 balance is due primarily to receivables at year-end fiscal 2015 from a Town vendor that disposed of certain vehicles on the Town's behalf (approximately \$68,000) offset by insurance claim receivables (approximately \$15,000) and cost recovery billings (approximately \$21,000) due at the end of the fiscal year 2014 period. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

Deferred outflows of resources decreased approximately \$127,000 at September 30, 2015 versus the balance at September 30, 2014. This results primarily from the change in the recorded pension contribution amount pursuant to implementation of GASB 68 (approximately \$34,000) and adjustment of the Town's pro-rata share of the loss on the County's refunding of the Stormwater Utility Revenue Bonds (approximately \$93,000).

Long-term debt decreased approximately \$1.67 million in fiscal year 2015 primarily resulting from scheduled debt service payments and from the increase in reclassification of current portion of debt at September 30, 2015 due primarily on the Town's existing debt. The approximate \$1.25 million increase in other liabilities primarily reflects an increase in accounts payable due to the timing of payment of accounts payable (accounting for approximately \$342,000 of the increase), an increase in the current portion of debt based on the Town's loan repayment schedules (accounting for approximately \$145,000 of the increase), and recording a net pension liability (approximately \$761,000) pursuant to implementation of GASB 68.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Government-Wide Financial Analysis (Continued)

Deferred inflows of resources at September 30, 2015 reflects a decrease of approximately \$793,000 versus the balance at September 30, 2014 primarily as a result of a decrease in recorded pension expenses (approximately \$795,000) pursuant to implementation of GASB 68 offset by an increase of approximately \$2,000 in recorded local business license tax received in advance during the fiscal year 2015 period versus the prior year.

| | Net Position (in thousands) | | | | | | Total Percent Change |
|----------------------------------|-----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | | |
| | 2015 | 2014* | 2015 | 2014 | 2015 | 2014* | |
| Current and other assets | \$ 29,803 | \$ 30,655 | \$ 1,563 | \$ 1,317 | \$ 31,366 | \$ 31,972 | -1.9% |
| Capital assets | 48,165 | 50,936 | 5,711 | 5,213 | 53,876 | 56,149 | -4.0% |
| Total assets | <u>77,968</u> | <u>81,591</u> | <u>7,274</u> | <u>6,530</u> | <u>85,242</u> | <u>88,121</u> | -3.3% |
| Deferred outflows of resources | <u>825</u> | <u>859</u> | <u>57</u> | <u>150</u> | <u>882</u> | <u>1,009</u> | -12.6% |
| Long-term debt | 15,601 | 17,161 | 1,905 | 2,020 | 17,506 | 19,181 | -8.7% |
| Other liabilities | <u>7,099</u> | <u>6,039</u> | <u>509</u> | <u>324</u> | <u>7,608</u> | <u>6,363</u> | 19.6% |
| Total liabilities | <u>22,700</u> | <u>23,200</u> | <u>2,414</u> | <u>2,344</u> | <u>25,114</u> | <u>25,544</u> | -1.7% |
| Deferred inflows of resources | <u>81</u> | <u>874</u> | - | - | <u>81</u> | <u>874</u> | -90.7% |
| Net position | | | | | | | |
| Net investment in capital assets | 31,257 | 32,557 | 3,748 | 3,233 | 35,005 | 35,790 | -2.2% |
| Restricted | 5,251 | 5,359 | - | - | 5,251 | 5,359 | -2.0% |
| Unrestricted | <u>19,504</u> | <u>20,460</u> | <u>1,169</u> | <u>1,103</u> | <u>20,673</u> | <u>21,563</u> | -4.1% |
| Total net position | <u>\$ 56,012</u> | <u>\$ 58,376</u> | <u>\$ 4,917</u> | <u>\$ 4,336</u> | <u>\$ 60,929</u> | <u>\$ 62,712</u> | -2.8% |

* - as restated pursuant to GASB 68

The balance of unrestricted net position (approximately \$20.7 million and \$21.6 million (as restated), respectively at September 30, 2015 and 2014) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2015 and 2014, the Town of Cutler Bay is able to report positive balances in all three categories of net position.

Governmental activities

Governmental activities decreased net position by approximately \$2.4 million for the year ended September 30, 2015 versus a decrease of approximately \$967,000 for fiscal year 2014, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities

Business-type activities increased net position by approximately \$581,000 for the year ended September 30, 2015 versus an increase in net position of approximately \$83,000 for the year ended September 30, 2014, representing the results of the Town's operations of the stormwater utility.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Government-Wide Financial Analysis (Continued)

| | Changes in Net Position (in thousands) | | | | | | Total Percent Change |
|---|--|------------------|------------------------------|-----------------|------------------|------------------|----------------------------|
| | Governmental Activities | | Business- Type Activities | | Total | | |
| | 2015 | 2014* | 2015 | 2014 | 2015 | 2014* | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 2,625 | \$ 2,914 | \$ 1,028 | \$ 967 | \$ 3,653 | \$ 3,881 | -5.9% |
| Operating grants and contributions | 5,503 | 5,839 | - | 49 | 5,503 | 5,888 | -6.5% |
| Capital grants and contributions | 261 | 612 | 630 | - | 891 | 612 | 45.6% |
| General revenues: | | | | | | | |
| Taxes and franchise fees | 14,807 | 14,647 | - | - | 14,807 | 14,647 | 1.1% |
| Other | 159 | 70 | 21 | 3 | 180 | 73 | 146.6% |
| Total revenues | <u>23,355</u> | <u>24,082</u> | <u>1,679</u> | <u>1,019</u> | <u>25,034</u> | <u>25,101</u> | -0.3% |
| Expenses: | | | | | | | |
| General government | 10,446 | 10,559 | 1,028 | 881 | 11,474 | 11,440 | 0.3% |
| Public safety | 8,834 | 8,041 | - | - | 8,834 | 8,041 | 9.9% |
| Parks and recreation | 3,282 | 3,186 | - | - | 3,282 | 3,186 | 3.0% |
| Community development | 2,538 | 2,577 | - | - | 2,538 | 2,577 | -1.5% |
| Interest on long-term debt | 619 | 686 | 70 | 55 | 689 | 741 | -7.0% |
| Total expenses | <u>25,719</u> | <u>25,049</u> | <u>1,098</u> | <u>936</u> | <u>26,817</u> | <u>25,985</u> | 3.2% |
| Change in net position before transfers | (2,364) | (967) | 581 | 83 | (1,783) | (884) | 101.7% |
| Transfers | - | - | - | - | - | - | N/A |
| Increase (decrease) in net position | (2,364) | (967) | 581 | 83 | (1,783) | (884) | 101.7% |
| Net position, beginning of year | <u>58,376</u> | <u>59,343</u> | <u>4,336</u> | <u>4,253</u> | <u>62,712</u> | <u>63,596</u> | -1.4% |
| Net position, end of year | <u>\$ 56,012</u> | <u>\$ 58,376</u> | <u>\$ 4,917</u> | <u>\$ 4,336</u> | <u>\$ 60,929</u> | <u>\$ 62,712</u> | -2.8% |

* - as restated pursuant to GASB 68

Key elements in the changes in net position are as follows:

Governmental activities

- Taxes and franchise fees (\$14.8 million and \$14.6 million, respectively, for fiscal year 2015 and fiscal year 2014) comprised 63% and 61%, respectively, of total revenues of \$23.4 million and \$24 million for fiscal year 2015 and fiscal year 2014, respectively, with property taxes representing the largest single tax source (\$4.4 million and \$4.4 million in fiscal year 2015 and 2014, respectively). Total fiscal year 2015 revenues decreased approximately 3%.

Charges for services decreased approximately \$289,000 primarily as a result of less building permit fee revenue, local business tax revenues and park fees generated in fiscal year 2015 versus fiscal year 2014, offset by other small miscellaneous changes.

Operating and capital grants and contributions decreased approximately \$687,000 primarily as a result of an approximate \$810,000 decrease in funding received related to the JPA (Old Cutler Road) which was completed in fiscal year 2014 as well as an approximate \$325,000 decrease in impact fees, offset by an approximate \$260,000 increase in funding received related to the JPA (Caribbean Blvd) project and an approximate \$108,000 increase in revenues related to the CITT Fund. The remaining change results primarily from the change in activity in several other Town projects in fiscal year 2015 versus fiscal year 2014.

Taxes and franchise fees increased approximately \$160,000 resulting primarily to increased sales taxes (approximately \$183,000), State revenue sharing (approximately \$36,000), and franchise fee collections (approximately \$13,000), offset by decreased property taxes (approximately \$38,000) and communications taxes (approximately \$28,000). The remaining balance results from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Operating and capital grants and contributions (\$5,503,000 and \$261,000 at September 30, 2015 and \$5,839,000 and \$612,000 at September 30, 2014, respectively) account for 24.7% and 26.8% of total revenues at September 30, 2015 and 2014, respectively. The amounts in both the fiscal year 2015 and fiscal year 2014 periods are comprised primarily of local option gas tax receipts, impact fees, CITT surtax funds and capital and non-capital project grant funds received by the Town.
- Charges for services account for 11.2% and 12.1% of total revenues for fiscal years 2015 and 2014, respectively. These amounts consist primarily of building and zoning fees, park service fees and public safety fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The decrease in these revenues in fiscal year 2015 resulted primarily decreased building permit fees, local business tax revenues and parks fees generated in fiscal year 2015.
- Expenses for governmental activities increased approximately \$670,000, resulting primarily from an approximate \$793,000 increase in public safety expenses and an approximate \$96,000 increase related to parks and recreation, offset by an approximate \$113,000 decrease in expenses related to general government, an approximate \$39,000 decrease in expenses related to community development and an approximate \$67,000 decrease in interest on long-term debt. The primary reasons for these changes are:
- The decrease in general government expenses results primarily from decreased costs associated with the Town's ongoing roadway and transportation related projects. The JPA (Old Cutler Road) project wound down and was completed in fiscal year 2014, as a result approximately \$1.1 million less was spent on that project in fiscal year 2015. Similarly, a Green Traffic Circle project and a Transportation project were completed, or substantially completed, in fiscal year 2014, resulting in approximately \$135,000 and \$57,000, respectively, less expenses in fiscal year 2015. The JPA (Caribbean Blvd) project continued in fiscal year 2015 and approximately \$358,000 more was incurred on this project than was incurred in fiscal year 2014. Roadway resurfacing and transit related projects using CITT revenues increased approximately \$124,000 in fiscal year 2015.

Non roadway/transportation project related items that contributed to the net change in general government expenses included increased salaries and benefits (approximately \$48,000), which resulted from salary increases, as well as increases in associated payroll taxes and retirement contributions, as well as increased insurance benefits paid for employees, increased other contractual services (approximately \$387,000) primarily related to the timing of sidewalk repairs, increased rental expense ((approximately \$43,000) reflecting a full year for the rental of the Town's vehicle fleet, and increased professional services (approximately \$192,000) related to the services of the Town Attorney. The balance of the difference relates from a combination of smaller changes in various accounts.

- The increase in public safety expenses results primarily to increased costs related to contracted police services with the County.
- Parks and recreation expenses increased primarily as a result of an increased expenses for contractual services (approximately \$56,000) and repairs and maintenance (approximately \$43,000) as the Town continues to address maintenance issues for its aging infrastructure at the parks. The balance of the difference relates from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Community development expenses decreased primarily due to a decrease in contractual services (approximately \$101,000) plus a decrease in depreciation expense of approximately \$63,000, offset by an increase in salaries and benefits (approximately \$84,000) and professional services (approximately \$23,000). The balance of the difference relates from a combination of smaller changes in various accounts.

The Town utilizes a contractor to provide building permitting and inspection services. The contractor is paid a percentage of the related permitting revenues as payment for its services. While development activity in Town remains strong, it was less than experienced in fiscal year 2014. As a result, the decreased revenues translated to decreased fees paid to the contractor. Salaries and benefits increased as a result of a restructuring of the community development department with separate management staff assigned for Planning & Zoning and for Building & Permitting. Also, the Town increased utilization of professional planning firms in fiscal year 2015 to assist Town staff in the review of proposed projects.

- Interest on long-term debt decreased approximately \$67,000, primarily as a result of savings achieved from refinancing certain debt.

Business-type activities

- Charges for services for stormwater fees, which represent 61.2% and 94.9% of total revenues for fiscal years 2015 and 2014, respectively, in the proprietary fund, resulted from the Town's operation of the stormwater utility within the Town's boundaries which commenced in the fourth quarter of fiscal 2008. Operating grants and contributions decreased approximately \$49,000 in fiscal year 2015 versus the fiscal year 2014 period as a result of a flood plain study grant awarded to the Town by the State of Florida in fiscal year 2014 that was completed in that fiscal year. No such amount was received in the fiscal year 2015 period. Capital grants and contributions increased approximately \$630,000 related to two grants awarded to the Town in fiscal year 2015, totaling \$700,000, for the construction of a drainage project. No such amounts were received in the fiscal year 2014 period.
- Expenses of the stormwater utility increased approximately \$162,000 reflecting increased operating expenses of approximately \$147,000 and increased interest expense of approximately \$15,000. Operating expenses increased primarily as a result of an approximate \$25,000 increase in salary and benefits related to salary increases and benefit cost increases in fiscal year 2015. Additionally, other contractual services increased approximately \$109,000 in fiscal year 2015 due to increased, Town-wide storm drain cleaning projects. The stormwater utility also reflected an increase of approximately \$10,000 in rental expenses for equipment and vehicle rentals. The balance of the difference relates from a combination of smaller changes in various accounts.

Interest expense increased approximately \$15,000 in accordance with the revised amortization schedule resulting from the County's refunding of the Stormwater Utility Revenue Bonds.

Financial Analysis of the Government's Funds

The Town of Cutler Bay uses fund accounting to ensure and demonstrate accountability for the collection and use of public resources.

Governmental funds

The focus of the Town of Cutler Bay's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing 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.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

As of September 30, 2015 and 2014, the Town's governmental funds reported combined ending fund balances of \$26.1 million and \$27.2 million, respectively. The decrease in the balance results primarily from normal current operating activities in fiscal 2015 (approximately \$1.6 million) increased by transfers in (approximately \$1.14 million) and proceeds from refunding debt (approximately \$12.3 million), and offset by capital expenditures (approximately \$558,000), debt service (approximately \$2.1 million), transfers out (approximately \$1.14 million), and debt service – principal refunded (approximately \$12.3 million).

Total revenues for fiscal year 2015 decreased approximately \$694,000 from fiscal year 2014 levels, due primarily to several factors, as follows:

- Ad valorem revenues decreased in fiscal year 2015 approximately \$38,000 as a result of timing of collections.
- While building activity in Town remained strong in fiscal 2015, it was less than was experienced in fiscal year 2014. As a result, licenses and permits fees decreased approximately \$284,000 and impact fees decreased approximately \$324,000.
- Intergovernmental revenues decreased approximately \$145,000. Revenue related to the Town's two JPA roadway projects (Old Cutler Road and Caribbean Blvd) decreased approximately \$550,000. The Caribbean Blvd project was in full operation in fiscal year 2015 and revenues increased approximately \$260,000. The Old Cutler Road project was completed during fiscal year 2014 and, as a result, revenues on this project decreased \$810,000.

Revenue from the CITT surtax funds increased approximately \$108,000 in fiscal year 2015 versus the 2014 period. The Town's grant revenue from the Children's Trust to operate an after school program at the Town's parks increased approximately \$26,000 in fiscal year 2015 as the Town better managed the program to take advantage of available funding. These increases were offset by decreased funding received pursuant to a grant related to an update of the Town's transportation plan (approximate \$28,000 decrease).

Sales tax revenues, Revenue Sharing remittances, and local option gas tax remittances from the State increased approximately \$183,000, \$35,000, and \$30,000, respectively, in fiscal year 2015. Additionally, the Town received approximately \$78,000 more in various grant funding in fiscal year 2015. These increases were offset by reduced communications tax revenues (approximately \$29,000).

The balance of the difference relates from a combination of smaller changes in various accounts.

- Rental income decreased approximately \$60,000 primarily as a result of rent abatements allowed in fiscal year 2015.
- Fines and forfeitures increased approximately \$77,000 resulting from increased revenue from ticket infractions and red light camera violations, as well as increased revenue from code enforcement fines.
- Miscellaneous revenues increased approximately \$92,000 primarily from disposition of the Town's old vehicle fleet.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources.

The Town's total debt service increased approximately \$1.2 million in fiscal year 2015 versus the amounts in fiscal year 2014. This debt service results from the normal amortization of the Town's outstanding debt, as well as reflects the refunding of certain of the Town's debt in fiscal year 2015.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

Capital expenditures increased approximately \$243,000 in fiscal year 2015 versus the fiscal year 2014 period, primarily as a result increased expenditures related to Town Hall building elevator modernization (approximately \$318,000), the purchase of two Segway vehicles for police department use (approximately \$25,000), miscellaneous computer and technology related purchases (approximately \$14,000) and improvements to various Town parks (approximately \$75,000), offset by amounts expended in fiscal year 2014 not recurring in fiscal year 2015 for new playground equipment at one of the Town's parks (approximately \$103,000), generator upgrades (approximately \$41,000) and the purchase of a message board along Old Cutler Road (approximately \$22,000). The balance of the difference relates from a combination of smaller changes in various accounts.

Transfers out (approximately \$1.14 million) reflect transfers of CITT surtax funds from the CITT Fund to the JPA (Caribbean Blvd) Fund roadway project (approximately \$531,000); transfer of gas taxes (approximately \$585,000) from the Special Revenue Fund to the General Fund for sidewalk repairs; transfer of police impact fees (approximately \$25,000) from the Special Revenue Fund to the General Fund for the purchase of two Segway vehicles for police use; transfer from the General Fund to the Transportation Fund (approximately \$3,000) for MPO grant match purposes related to completion of the transportation plan update. This represented an decrease of approximately \$223,000 over the fiscal year 2014 transfers out, primarily reflecting decreased construction activity of the two JPA roadway projects in fiscal year 2015 (approximately \$280,000), decreased grant match requirement related to completion for the transportation plan update (approximate \$55,000 decrease), decreased transfers related to park projects (approximately \$183,000), offset by increased transfers in fiscal year 2015 of gas taxes for sidewalk repair projects (approximately \$270,000) and increased transfers of police impact fees (approximately \$25,000) for the Segway purchase.

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2015 decreased approximately \$223,000 over fiscal year 2014 amounts due primarily to the reasons stated in the preceding paragraph.

Approximately 71% and 60% of the combined ending fund balance, or \$18.5 million and \$16.3 million, respectively, constitutes "Unassigned" fund balance at September 30, 2015 and 2014, respectively, which is available for spending at the Town's discretion. Approximately 7.6% and 18.6% of the combined ending fund balance, or \$2 million and \$5.06 million, respectively, constitutes "Assigned" fund balance at September 30, 2015 and 2014, respectively. Assigned fund balances are intended to be used for the specific purposes indicated. Approximately 20% and 19.7% of the combined ending fund balance, or \$5.25 million and \$5.4 million, respectively, are classified as "Restricted" fund balance as these amounts are legally restricted as to use. The remainder of fund balance is classified as "Nonspendable" to indicate that it is not available for new spending because it has already been committed for prepaid expenses.

General Fund

The General Fund is the primary operating fund of the Town of Cutler Bay. At September 30, 2015 and 2014, unassigned fund balance of the General Fund was \$18.5 million and \$16.3 million, respectively. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of the General Fund at September 30, 2015 represents 97% of total General Fund expenditures (102% at September 30, 2014), while total fund balance of the General Fund represents 109% of that same total fund expenditure amount (136% at September 30, 2014). This indicator remains positive and reflects a healthy financial condition for the Town.

The fund balance of the Town's General Fund decreased by approximately \$866,000 during fiscal year 2015, versus an approximate increase of \$1.95 million during fiscal year 2014. The fiscal year 2015 decrease primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$1,176,000 surplus), increased by transfers in (approximately \$609,000) and debt proceeds (approximately \$12.3 million), offset by capital expenditures (approximately \$558,000), debt service (approximately \$2.09 million), debt service – principal refunding (approximately \$12.3 million) and transfers out (approximately \$3,000).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

Revenues of the General Fund in fiscal year 2015 were approximately \$70,000 more than fiscal year 2014, as a result of the following:

- Licenses and permits decreased approximately \$284,000. While building activity in Town remained strong in fiscal 2015, it was less than was experienced in fiscal year 2014.
- Intergovernmental revenues increased approximately \$294,000 due primarily to increased sales tax collections (approximate \$183,000 increase), State revenue sharing collections (approximately \$35,000), and local option gas taxes (approximately \$30,000), offset by an approximate \$29,000 decrease in communications taxes. Additionally, in fiscal year 2015 the Town received approximately \$78,000 more in various grants than in fiscal year 2014. The balance of the change in this category is the result of smaller increases and decreases in various intergovernmental revenue sources.
- Ad valorem revenues decreased in fiscal 2015 (approximately \$38,000) as a result of timing of collections.
- Rental income decreased approximately \$60,000 primarily as a result of rent abatements allowed in fiscal year 2015.
- Fines and forfeitures increased approximately \$77,000 resulting from increased revenue from ticket infractions and red light camera violations, as well as increased revenue from code enforcement fines.
- Miscellaneous revenues increased approximately \$92,000 primarily from disposition of the Town's old vehicle fleet.
- The remaining difference in the change in revenue from fiscal year 2014 levels is a combination of other small net changes in other revenue categories.

Current expenditures of the General Fund in fiscal year 2015 increased approximately \$1.6 million versus the expenditure total in fiscal year 2014 due to the following primary reasons:

- General government expenditures increased approximately \$702,000 primarily as a result of increased salaries and benefits (approximately \$48,000), which resulted from salary increases, as well as increases in associated payroll taxes and retirement contributions, as well as increased insurance benefits paid for employees, increased other contractual services (approximately \$387,000) primarily related to the timing of sidewalk repairs, increased rental expense ((approximately \$43,000) reflecting a full year for the rental of the Town's vehicle fleet, and increased professional services (approximately \$192,000) related to the services of the Town Attorney. The balance of the difference relates from a combination of smaller changes in various accounts.
- Public safety expenditures increased approximately \$794,000 primarily as a result of increased costs of police services contracted from the County.
- Parks and recreation expenditures increased approximately \$83,000, primarily as a result of an increased expenses for contractual services (approximately \$56,000) and repairs and maintenance (approximately \$43,000) as the Town continues to address maintenance issues for its aging infrastructure at the parks. The balance of the difference relates from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

- Community development expenditures increased approximately \$17,000 primarily due to a decrease in contractual services (approximately \$101,000), offset by an increase in salaries and benefits (approximately \$84,000) and professional services (approximately \$23,000). The Town utilizes a contractor to provide building permitting and inspection services. The contractor is paid a percentage of the related permitting revenues as payment for its services. While development activity in Town remains strong, it was less than experienced in fiscal year 2014. As a result, the decreased revenues translated to decreased fees paid to the contractor. Salaries and benefits increased as a result of a restructuring of the community development department with separate management staff assigned for Planning & Zoning and for Building & Permitting. Also, the Town increased utilization of professional planning firms in fiscal year 2015 to assist Town staff in the review of proposed projects. The balance of the difference relates from a combination of smaller changes in various accounts.

Also, as discussed above, the General Fund experienced an increase in debt service of approximately \$1.2 million. This debt service results from the normal amortization of the Town's outstanding debt, as well as reflects the refunding of certain of the Town's debt in fiscal year 2015.

Capital outlay in the General Fund increased approximately \$368,000 in fiscal year 2015 primarily as a result increased expenditures related to Town Hall building elevator modernization (approximately \$318,000), the purchase of two Segway vehicles for police department use (approximately \$25,000), miscellaneous computer and technology related purchases (approximately \$14,000) and improvements to various Town parks (approximately \$75,000), offset by amounts expended in fiscal year 2014 not recurring in fiscal year 2015 for generator upgrades (approximately \$41,000). The balance of the difference relates from a combination of smaller changes in various accounts.

Transfers out in the General Fund in fiscal year 2015 decreased approximately \$55,000 over fiscal year 2014 as a result of decreased General Fund funding contributions for the Town's match for a transportation grant. Transfers in to the General Fund increased approximately \$215,000, reflecting an increase in gas taxes transferred into the General Fund for sidewalk repairs (approximately \$270,000) and police impact fees transferred in for the purchase of two Segway vehicles for police use (approximately \$25,000), offset by a decrease in park impact fees transferred in for park improvements (approximate \$80,000 decrease).

JPA (Caribbean Blvd) Fund

The JPA (Caribbean Blvd) Fund was established in fiscal year 2010 to account for the revenues derived from Miami Dade County, and other Town sources, to be used specifically for road improvements to Caribbean Blvd within the Town. Construction on this project commenced in late fiscal year 2013. Expenditures increased approximately \$358,000 over fiscal year 2014. These expenditures were funded by increased intergovernmental revenues received from Miami-Dade County in fiscal year 2015 over the fiscal year 2014 amounts (approximate \$260,000 increase) and by increased transfers in (from the CITT Fund) of approximately \$98,000. The JPA (Caribbean Blvd) Fund reported no fund balances at September 30, 2015 or September 30, 2014.

Proprietary funds

The Town's proprietary fund was created to account for the Town's stormwater operations, which commenced in July 2008. Operations during fiscal year 2015 generated an increase in net position of approximately \$581,000, versus an increase in net position of approximately \$83,200 during fiscal year 2014. The fiscal year 2015 increase in net position resulted from operating income of approximately \$400 plus net non-operating income of approximately \$580,600 (comprised of grant revenue of \$629,500, interest income of approximately \$2,200, and other income of \$18,400, offset by interest expense of approximately \$69,500).

Of the total net position at September 30, 2015 of approximately \$4.9 million, \$3.7 million is classified as net investment in capital assets and \$1.2 million is classified as unrestricted. At September 30, 2014, total net position of approximately \$4.3 million was classified as \$3.2 million net investment in capital assets and \$1.1 million as unrestricted.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

General Fund Budget Highlights

During fiscal years 2015 and 2014, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$14.6 million and \$3.38 million, respectively. For fiscal year 2015, the results were achieved as actual revenues exceeded budgeted amounts by \$636,000 while actual expenditures were \$13,988,000 million less than budgeted. In fiscal year 2014, actual revenues exceeded budgeted amounts by \$834,500 while actual expenditures were \$2,544,400 less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel. In the fiscal year 2015 period, the Town refunded certain of its outstanding debt. The budget was amended (see below) to reflect debt proceeds for the new debt and debt service for the principal retirement. However, the budget amendment reflected the debt service for principal retirement in the applicable departmental level where the debt service is typically accounted for, and is reflected in the appropriate departmental expenditure line items in the "Budgetary Amounts – Final" column of the budgetary comparison schedule, while the "Actual" column of the budgetary comparison schedule reflects the debt service for principal retirement in the Other Financing Sources (Uses) section.

In the fiscal year 2015 period, the primary contributing factors to the favorable revenue variance was better than expected collections of property taxes, franchise fees, utility taxes, sales taxes, gas taxes, State revenue sharing collections, and fines and forfeitures, offset by lower than expected collections of licenses and permits, and rental income generated from the Town Hall building. Given the economic climate in which the Town operated under while preparing its fiscal year 2015 budget, management conservatively estimated various revenue streams as a precautionary measure. In virtually all material revenue categories, actual revenues generated exceeded budget. Similarly, the Town had favorable expenditure budget variances with all departments. This resulted from a conscious effort by management for fiscal restraint in the difficult economic times in which the Town was operating, as well as deferring expenditures for some planned projects to future fiscal years.

In November 2015, the Town Council passed a budget amendment by resolution (#15-78) to:

- In the General Fund, increase revenues by \$12,636,539. This reflected increases to debt proceeds for loan refunding (\$12,306,539), utility taxes-electricity (\$250,000), local government half-cent sales tax (\$165,000), and a parks grant (\$75,000), offset by a decrease in building permits (\$160,000), with a corresponding decrease to appropriation of prior year fund balance (\$12,636,539).
- In the General Fund, increase expenditures by \$12,428,197, with a corresponding increase to appropriation of prior year fund balance. The increase in General Fund expenditures is comprised of (a) in the General Government department, increases to debt service - principal (\$1,824,317) and debt service – interest (\$25,821) (b) in the Town Attorney department, an increase in professional fees (\$75,000), (c) in the Community Development department, and decrease in other contractual services (\$145,000), (d) in the Public Works department, an increase in other contractual services (\$150,000), (e) in the Police Services department, a decrease in professional services (\$250,000), (f) in the Parks department, an increase in other contractual services (\$150,000), (g) in the Town Hall Building department, an increase in debt service – principal (\$10,594,718), and, finally, an increase in interfund transfers out (\$3,341).
- In the Special Revenue – Transportation fund, an increase in grant revenues (\$3,342) and interfund transfers in (\$3,341), offset by increased expenditures for professional services (\$6,683).
- In the Special Revenue – JPA (Caribbean Blvd) Fund, an increase in grant revenues (\$850,000) and interfund transfers in (\$150,000), offset by increased expenditures for other contractual services (\$1,000,000).
- In the Special Revenue – CITT Fund, an increase in interfund transfers out (\$150,000).
- In the Stormwater Fund (a proprietary fund), an increase grant revenue (\$400,000).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Capital Assets and Debt Administration

Capital assets

The Town of Cutler Bay's investment in capital assets, net of accumulated depreciation, for its governmental and business type activities as of September 30, 2015 and 2014, amounts to approximately \$48.2 million and \$5.7 million and \$50.9 million and \$5.2 million, respectively. This investment in capital assets includes acquisition, by purchase and/or through capital lease, of computer hardware and software, furniture and equipment, vehicles and improvements (to land and buildings) which are necessary for the Town to operate, infrastructure assets transferred to the Town by the County and additional infrastructure assets developed by the Town, including acquisition and development of the land parcel adjacent to the Town Hall building, as well as improvements to the Town Hall building itself which was acquired in fiscal year 2010.

The following summarizes the Town's investment in capital assets for its governmental and business type activities, net of accumulated depreciation:

| | <u>Capital Assets, net of Accumulated Depreciation (in thousands, net of depreciation)</u> | | | | | | Total Percent Change |
|-------------------------|--|------------------|-----------------------------|-----------------|------------------|------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | |
| General Government | \$ 11,232 | \$ 11,526 | \$ - | \$ - | \$ 11,232 | \$ 11,526 | -2.6% |
| Community Development | 22,504 | 23,735 | - | - | 22,504 | 23,735 | -5.2% |
| Public Safety | 32 | 16 | - | - | 32 | 16 | 100.0% |
| Culture and Recreation | 14,397 | 15,659 | - | - | 14,397 | 15,659 | -8.1% |
| Public Works-Stormwater | - | - | 5,712 | 5,213 | 5,712 | 5,213 | 9.6% |
| | <u>\$ 48,165</u> | <u>\$ 50,936</u> | <u>\$ 5,712</u> | <u>\$ 5,213</u> | <u>\$ 53,877</u> | <u>\$ 56,149</u> | -4.0% |

Additional information regarding the Town's capital assets can be found in footnotes I. and V. in the accompanying notes to financial statements.

Long-term debt

At September 30, 2015, the long-term portion of the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$2.6 million, representing a 8.1% decrease from the prior year. Notes payable were issued in fiscal year 2010 in conjunction with the acquisition and improvement of the Town Hall building site and the purchase of the adjacent land parcel and final draw downs on those notes payable were made in fiscal year 2011. In fiscal year 2012, the Town borrowed an additional \$2.578 million from the same lender to fund its educational initiative with the Miami-Dade County School Board. During fiscal year 2015, the Town refunded the 2010 loans into new issues on more favorable terms providing long-term savings for the Town. At September 30, 2015, approximately \$14.1 million was outstanding on those notes payable, of which approximately \$12.8 million are classified as long-term.

In conjunction with recording the stormwater assets transferred to the Town by the County, the Town recorded associated debt of approximately \$2.36 million at September 30, 2010, of which approximately \$2.28 million was considered long-term. The long-term balance at September 30, 2015, approximately \$1.9 million, represents a 5.7% decrease from the prior year.

The Town also has long-term liabilities related to its net OPEB obligation recorded in accordance with GASB Statement No. 45 and for compensated absences. These approximate \$71,000 and \$109,000, respectively, at September 30, 2015, versus \$64,000 and \$74,000, respectively, at September 30, 2014.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Capital Assets and Debt Administration (Continued)

Long-term debt (Continued)

Total long-term debt decreased approximately \$1.67 million, or 8.7%, primarily as a result from scheduled debt service payments during fiscal year 2015 and from the increase in reclassification of current portion of debt at September 30, 2015 due primarily on the Town's notes payable.

| | Long-term Debt (in thousands) | | | | | | Total Percent Change |
|----------------------------------|-------------------------------|------------------|-----------------------------|-----------------|------------------|------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | |
| QNIP bonds | \$ 2,623 | \$ 2,854 | \$ - | \$ - | \$ 2,623 | \$ 2,854 | -8.1% |
| Notes payable | 12,799 | 14,169 | - | - | 12,799 | 14,169 | -9.7% |
| Stormwater Utility Revenue Bonds | - | - | 1,905 | 2,020 | 1,905 | 2,020 | -5.7% |
| Compensated absences | 109 | 74 | - | - | 109 | 74 | 47.3% |
| Net OPEB obligation | 71 | 64 | - | - | 71 | 64 | 10.9% |
| | <u>\$ 15,602</u> | <u>\$ 17,161</u> | <u>\$ 1,905</u> | <u>\$ 2,020</u> | <u>\$ 17,507</u> | <u>\$ 19,181</u> | -8.7% |

Additional information regarding the Town's long-term debt can be found in footnotes I. and VI. in the accompanying notes to financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Miami-Dade County area at September 30, 2015 is approximately 6.2%, which is a decrease from a rate of 7% a year ago. However, the rate is above the national unemployment rate of 5.1%.
- Inflationary trends in the region are in line with national indices.
- In setting its fiscal year 2016 budget, the Town adopted a mil rate of 2.3907, the same rate adopted and in effect for fiscal year 2015. The adopted 2016 mil rate was 9.42% higher than the statutorily computed "roll-back" mil rate.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, began impacting the Town in fiscal year 2009 and will have a negative impact on the amount of property tax revenue the Town generates going forward, assuming the Town does not increase its millage rate or achieve growth in its tax base which will offset the amendment's effects.
- The Town, like most communities across the state and nation, has been negatively impacted by the financial crisis and economic downturn gripping the United States. The south Florida real estate market has been especially hard hit. Property values have experienced significant declines and there has been increased foreclosure activity. As of July 1, 2015, the certified taxable value of property within the Town reflected a decrease of 26% from the level at July 1, 2008. The 2015 certified tax roll issued by the County Property Appraiser in July 2015, used for ad valorem purposes for fiscal year 2016, gave further indication that property values within the Town may have stabilized as it reflected an approximate 8.8% increase in the taxable value of property within the Town versus the certified tax roll for 2014 (used for ad valorem purposes in fiscal year 2015). This increased value follows approximate 8.1% and 3.8% increases from the preceding two years which gives indication that the local market has stabilized and is starting to recover. These values are subject to property owner appeal via the Valuation Adjustment Board ("VAB") process. Preliminary estimates of the 2016 tax roll (for fiscal year 2017 budget purposes) are indicating another property value increase for the Town and the Town is hopeful that this indicates that the large yearly declines of the recent economic downturn period are behind it. The Town has seen encouraging signs in building activity and new development within the Town in the past couple of years and this activity is carrying forward into fiscal year 2016 with significant new planned projects in process.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

Economic Factors and Next Year's Budgets and Rates (Continued)

- While modest property value increases have been seen the past couple of years, it may take several years before strong property value growth returns to the Town. In the interim, the Town continues to operate in a lean and efficient manner and has been extremely successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

Requests for Information

This financial report is designed to provide a general overview of the Town of Cutler Bay's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 10720 Caribbean Blvd., Suite 105, Cutler Bay, FL 33189.

BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

| | Governmental Activities | Business- Type Activities | Total |
|---------------------------------------|----------------------------|---------------------------------|---------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 25,429,920 | \$ - | \$ 25,429,920 |
| Restricted cash and cash equivalents | 2,008,626 | - | 2,008,626 |
| Accounts receivable - net | 2,640,747 | 921,446 | 3,562,193 |
| Prepays | 363,805 | 145 | 363,950 |
| Internal balances | (640,850) | 640,850 | - |
| Capital assets not being depreciated: | | | |
| Land | 10,400,739 | - | 10,400,739 |
| Construction in progress | 7,687 | 682,027 | 689,714 |
| Capital assets being depreciated: | | | |
| Building | 8,554,216 | - | 8,554,216 |
| Computer hardware and software | 976,804 | 6,523 | 983,327 |
| Furniture and equipment | 878,584 | - | 878,584 |
| Infrastructure | 57,640,563 | 8,089,046 | 65,729,609 |
| Improvements | 15,506,980 | - | 15,506,980 |
| Property under capital lease | 103,363 | - | 103,363 |
| Total capital assets | 94,068,936 | 8,777,596 | 102,846,532 |
| Less accumulated depreciation | (45,903,601) | (3,066,168) | (48,969,769) |
| Total capital assets - net | 48,165,335 | 5,711,428 | 53,876,763 |
| Total assets | 77,967,583 | 7,273,869 | 85,241,452 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Loss on refunding | - | 56,785 | 56,785 |
| Pension contributions | 825,414 | - | 825,414 |
| Total deferred outflows of resources | 825,414 | 56,785 | 882,199 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 3,544,206 | 393,737 | 3,937,943 |
| Other liabilities | 55,695 | - | 55,695 |
| Accrued interest | 15,072 | - | 15,072 |
| Accrued liabilities | 22,108 | - | 22,108 |
| Noncurrent liabilities: | | | |
| Net pension liability | 1,923,279 | - | 1,923,279 |
| The amount due in one year | 1,538,645 | 114,521 | 1,653,166 |
| The amount due in over one year | 15,601,465 | 1,905,309 | 17,506,774 |
| Total liabilities | 22,700,470 | 2,413,567 | 25,114,037 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Business license tax | 46,511 | - | 46,511 |
| Pension expenses | 34,315 | - | 34,315 |
| Total deferred inflows of resources | 80,826 | - | 80,826 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 31,256,699 | 3,748,383 | 35,005,082 |
| Restricted for: | | | |
| Capital projects | 191,534 | - | 191,534 |
| Public safety | 194,701 | - | 194,701 |
| Parks and recreation | 1,351,635 | - | 1,351,635 |
| Transportation | 3,513,042 | - | 3,513,042 |
| Unrestricted | 19,504,090 | 1,168,704 | 20,672,794 |
| Total net position | \$ 56,011,701 | \$ 4,917,087 | \$ 60,928,788 |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|----------------------|-------------------------|--|--|----------------------------|---------------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Functions/Programs | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 10,446,141 | \$ 655,583 | \$ 5,306,351 | \$ 251,859 | \$ (4,232,348) | \$ - | \$ (4,232,348) |
| Public safety | 8,834,295 | 692,474 | 24,432 | 3,741 | (8,113,648) | - | (8,113,648) |
| Community development | 2,538,437 | 1,094,979 | - | - | (1,443,458) | - | (1,443,458) |
| Parks and recreation | 3,282,201 | 182,384 | 172,713 | 5,210 | (2,921,894) | - | (2,921,894) |
| Interest on long-term debt | 618,922 | - | - | - | (618,922) | (69,563) | (688,485) |
| Total governmental activities | <u>25,719,995</u> | <u>2,625,420</u> | <u>5,503,496</u> | <u>260,810</u> | <u>(17,330,269)</u> | <u>(69,563)</u> | <u>(17,399,832)</u> |
| Business-type activities: | | | | | | | |
| Stormwater | <u>1,028,082</u> | <u>1,028,456</u> | <u>-</u> | <u>629,504</u> | <u>-</u> | <u>629,878</u> | <u>629,878</u> |
| Total business-type activities | <u>1,028,082</u> | <u>1,028,456</u> | <u>-</u> | <u>629,504</u> | <u>-</u> | <u>629,878</u> | <u>629,878</u> |
| Total | <u>\$ 26,748,077</u> | <u>\$ 3,653,876</u> | <u>\$ 5,503,496</u> | <u>\$ 890,314</u> | <u>(17,330,269)</u> | <u>560,315</u> | <u>(16,769,954)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 4,384,908 | - | 4,384,908 |
| Utility taxes | | | | | 2,921,455 | - | 2,921,455 |
| Franchise fees based on gross receipts | | | | | 1,252,984 | - | 1,252,984 |
| Intergovernmental (unrestricted) | | | | | 6,247,502 | - | 6,247,502 |
| Interest and other income (unrestricted) | | | | | 159,169 | 20,656 | 179,825 |
| Change in net position | | | | | <u>(2,364,251)</u> | <u>580,971</u> | <u>(1,783,280)</u> |
| Net position, Beginning (as restated, see note 1) | | | | | <u>58,375,952</u> | <u>4,336,116</u> | <u>62,712,068</u> |
| Net position, Ending | | | | | <u>\$ 56,011,701</u> | <u>\$ 4,917,087</u> | <u>\$ 60,928,788</u> |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

| | Major Funds | | Other | Total |
|---|---------------|-------------------------------|-----------------------|-----------------------|
| | General | JPA (Caribbean Blvd.) Fund | Governmental Funds | Governmental Funds |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 25,429,920 | \$ - | \$ - | \$ 25,429,920 |
| Restricted cash and cash equivalents | 49,907 | - | 1,958,719 | 2,008,626 |
| Accounts receivable - net | 1,089,465 | 1,267,156 | 284,126 | 2,640,747 |
| Prepays | 362,970 | - | 835 | 363,805 |
| Due from other funds | - | - | 2,976,924 | 2,976,924 |
| Total assets | \$ 26,932,262 | \$ 1,267,156 | \$ 5,220,604 | \$ 33,420,022 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 3,100,243 | \$ 439,019 | \$ 4,944 | \$ 3,544,206 |
| Accrued Liabilities | 22,108 | - | - | 22,108 |
| Other liabilities | 55,695 | - | - | 55,695 |
| Due to other funds | 2,774,982 | 828,137 | 14,655 | 3,617,774 |
| Total liabilities | 5,953,028 | 1,267,156 | 19,599 | 7,239,783 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Business license tax | 46,511 | - | - | 46,511 |
| Total deferred inflows of resources | 46,511 | - | - | 46,511 |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 362,970 | - | - | 362,970 |
| Restricted | 49,907 | - | 5,201,005 | 5,250,912 |
| Assigned | 2,000,000 | - | - | 2,000,000 |
| Unassigned | 18,519,846 | - | - | 18,519,846 |
| Total fund balances | 20,932,723 | - | 5,201,005 | 26,133,728 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 26,932,262 | \$ 1,267,156 | \$ 5,220,604 | \$ 33,420,022 |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

| | | |
|---|---------------------|----------------------|
| Fund balances - total government funds (Page 19) | | \$ 26,133,728 |
| <p>Amounts reported for governmental activities in the statement of net position are different as a result of:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p> | | |
| Governmental capital assets | 94,068,936 | |
| Less accumulated depreciation | <u>(45,903,601)</u> | 48,165,335 |
| <p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p> | | |
| OPEB Liability | (71,000) | |
| Long term debt | (16,908,636) | |
| Net pension liability | (1,923,279) | |
| Compensated absences | (160,474) | |
| Accrued interest payable | <u>(15,072)</u> | (19,078,461) |
| Deferred outflows | | 825,414 |
| Deferred inflows | | <u>(34,315)</u> |
| Net position of governmental activities (Page 17) | | <u>\$ 56,011,701</u> |

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | Major Funds | | Other | Total |
|--|---------------|------------------------------|-----------------------|-----------------------|
| | General | JPA (Caribbean Road) Fund | Governmental Funds | Governmental Funds |
| REVENUES: | | | | |
| Property taxes | \$ 4,384,908 | \$ - | \$ - | \$ 4,384,908 |
| Franchise fees | 1,252,984 | - | - | 1,252,984 |
| Utility taxes | 2,921,455 | - | - | 2,921,455 |
| Charges for services | 444,105 | - | - | 444,105 |
| Intergovernmental | 6,356,934 | 3,657,007 | 1,949,352 | 11,963,293 |
| Licenses and permits | 1,094,979 | - | - | 1,094,979 |
| Impact fees | - | - | 48,515 | 48,515 |
| Fines and forfeitures | 527,560 | - | - | 527,560 |
| Interest | 54,002 | - | 13,367 | 67,369 |
| Rental income | 541,763 | - | - | 541,763 |
| Miscellaneous | 108,813 | - | - | 108,813 |
| Total revenues | 17,687,503 | 3,657,007 | 2,011,234 | 23,355,744 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 4,580,486 | 4,188,052 | 932,222 | 9,700,760 |
| Public safety | 8,824,873 | - | - | 8,824,873 |
| Community development | 1,300,320 | - | - | 1,300,320 |
| Parks and recreation | 1,805,780 | - | 97,713 | 1,903,493 |
| Debt service: | | | | |
| Principal retirement | 1,470,921 | - | - | 1,470,921 |
| Interest | 618,922 | - | - | 618,922 |
| Capital outlay: | | | | |
| General government | 427,265 | - | - | 427,265 |
| Public safety | 25,443 | - | - | 25,443 |
| Parks and recreation | 105,102 | - | - | 105,102 |
| Total expenditures | 19,159,112 | 4,188,052 | 1,029,935 | 24,377,099 |
| Excess (deficiency) of revenues over expenditures | (1,471,609) | (531,045) | 981,299 | (1,021,355) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 609,275 | 531,045 | 3,341 | 1,143,661 |
| Transfers out | (3,341) | - | (1,140,320) | (1,143,661) |
| Debt service - principal | (12,306,539) | - | - | (12,306,539) |
| Proceeds of refunding debt | 12,306,539 | - | - | 12,306,539 |
| Total other financing sources (uses) | 605,934 | 531,045 | (1,136,979) | - |
| Net change in fund balances | (865,675) | - | (155,680) | (1,021,355) |
| Fund balances, beginning | 21,798,398 | - | 5,356,685 | 27,155,083 |
| Fund balances, ending | \$ 20,932,723 | \$ - | \$ 5,201,005 | \$ 26,133,728 |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities are different as a result of:

| | |
|--|----------------|
| Net change in fund balances - total government funds (Page 21) | \$ (1,021,355) |
|--|----------------|

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

| | | |
|----------------------------------|--------------------|-------------|
| Expenditures for capital outlays | 557,810 | |
| Less current year depreciation | <u>(3,328,803)</u> | (2,770,993) |

The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | | |
|--------------------------------------|-------------------|-----------|
| Proceeds from issuance of debt | (12,306,539) | |
| Principal payments on long term debt | <u>13,777,460</u> | 1,470,921 |

Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | | |
|--------------------------|--------------|----------|
| OPEB liability | (7,000) | |
| Compensated absences | (44,888) | |
| Accrued interest payable | <u>9,064</u> | (42,824) |

| | |
|---|-----------------------|
| Change in net position of governmental activities (Page 18) | <u>\$ (2,364,251)</u> |
|---|-----------------------|

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

| | <u>Stormwater</u> |
|---------------------------------------|---------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Accounts receivables | \$ 921,446 |
| Prepays | 145 |
| Due from other funds | <u>640,850</u> |
| Total current assets | <u>1,562,441</u> |
| Non-current assets: | |
| Capital assets, net | <u>5,711,428</u> |
| Total non-current assets | <u>5,711,428</u> |
| Total assets | <u>7,273,869</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Loss on refunding | <u>56,785</u> |
| Total deferred outflows of resources | <u>56,785</u> |
| <u>LIABILITIES AND NET POSITION</u> | |
| Current liabilities: | |
| Accounts payable | 393,737 |
| Current portion of revenue bonds | <u>114,521</u> |
| Total current liabilities | <u>508,258</u> |
| Non-current liabilities: | |
| Revenue bonds | <u>1,905,309</u> |
| Total non-current liabilities | <u>1,905,309</u> |
| Total liabilities | <u>2,413,567</u> |
| Net position: | |
| Net investment in capital assets | 3,748,383 |
| Unrestricted | <u>1,168,704</u> |
| Total net position | <u>\$ 4,917,087</u> |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Stormwater</u> |
|---|---------------------|
| Operating revenues: | |
| Charges for services | \$ 1,028,456 |
| Total revenues | <u>1,028,456</u> |
| Operating expenses: | |
| Operations and maintenance | 860,666 |
| Depreciation | <u>167,416</u> |
| Total operating expenses | <u>1,028,082</u> |
| Operating income | <u>374</u> |
| Non-operating revenues (expenses): | |
| Interest income | 2,226 |
| Interest expense | (69,563) |
| Grant | 629,504 |
| Other | <u>18,430</u> |
| Total non-operating revenues (expenses) | <u>580,597</u> |
| Changes in net position | 580,971 |
| Net position - Beginning | <u>4,336,116</u> |
| Net position - Ending | <u>\$ 4,917,087</u> |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Stormwater</u> |
|---|---------------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 966,780 |
| Cash paid to employees | (171,164) |
| Cash paid to suppliers | <u>(82,103)</u> |
| Net cash provided by operating activities | <u>713,513</u> |
| Cash flows from non-capital financing activities: | |
| Grant received | <u>36,248</u> |
| Net cash provided by non-capital financing activities | <u>36,248</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (665,422) |
| Interest payments | 23,544 |
| Principal payments | <u>(110,109)</u> |
| Net cash used in non-capital financing activities | <u>(751,987)</u> |
| Cash flows from investing activities | |
| Interest income | <u>2,226</u> |
| Net cash provided by investing activities | <u>2,226</u> |
| Net change in cash and cash equivalents | - |
| Cash and cash equivalents - beginning | <u>-</u> |
| Cash and cash equivalents - ending | <u><u>\$ -</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ <u>374</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 167,416 |
| Change in operating assets and liabilities: | |
| Accounts receivables | (61,676) |
| Prepays | 657 |
| Change in due to/from other funds | 426,629 |
| Accounts payable | <u>180,113</u> |
| Net cash provided by operating activities | <u><u>\$ 713,513</u></u> |
| Noncash capital and related financing activities | |
| Deferred loss on refunding | <u><u>\$ (93,107)</u></u> |
| Amortization of deferred loss on refunding | <u><u>\$ 4,792</u></u> |

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Town of Cutler Bay, Florida's (the "Town") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town 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 following is a summary of the more significant policies:

A. Financial Reporting Entity

The Town was incorporated on November 9, 2005 as a municipal corporation, resulting from the election authorized by Resolution R-1318-04 adopted by the Miami-Dade County Board of County Commissioners, and was established to conduct a government, perform municipal functions, and provide services to its citizens, as provided by the Constitution of the State of Florida and the Home Rule Charter of Miami-Dade County. The Town operates under a Council-Manager form of government. The Town Council is responsible for legislative and fiscal control of the Town. A Town Manager is appointed by the Town Council and is responsible for the administration of all Town affairs placed in the manager's charge by charter or action of the Town Council.

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the Town. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Town's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no organizations which met the criteria described above.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has one business-type activity, the stormwater fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead 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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues resulting from expenditure driven transactions such as certain grants are considered collectible at the time the expenditure has been made. 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, insurance claims, pensions and other post-employment benefits are recorded only when payment is due or when the Town has made a decision to fund these obligations with current available resources. Property taxes, communication taxes, gas taxes, sales taxes, utility taxes, franchise fees, 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 Town.

The Town reports the following major governmental funds:

General Fund – This fund is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

JPA (Caribbean Blvd) Fund – This fund was established to account for the revenues derived from Miami-Dade County to be used specifically for road improvements to Caribbean Boulevard within the Town.

The Town reports the following major proprietary fund:

Stormwater Fund - This fund accounts for stormwater fees assessed on property owners. Funds are dedicated to the ongoing renewal and replacement costs of the Town’s stormwater drainage system.

The financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the Town follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government wide and proprietary fund financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. 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 Town’s stormwater fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources and then from the unrestricted resources.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

1. Deposits - The Town's cash and cash equivalents consist of cash on hand and demand deposits.
2. Prepays - Prepaid items are accounted for using the consumption method and recorded as expenditure/expense in the fund level and government-wide financial statements in the period benefited.
3. Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due 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".

4. Restricted Assets - Proceeds from impact fees, CITT surtax and local option gas taxes are classified as restricted in various special revenue funds since these resources are specifically earmarked for restricted purposes including law enforcement, transportation and recreational eligible items.
5. Property Taxes - Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Miami-Dade County (the County) on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. 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 seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for Ad Valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town council and the Miami-Dade County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate to finance general governmental services for the fiscal year ended September 30, 2015 was 2.3907 mills per \$1,000 of assessed valuation.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

6. Capital Assets - Capital assets, which include furniture, equipment, including computers, leasehold improvements and certain infrastructure assets (e.g. roadways, sidewalks, park lands, facilities and improvements) are reported in the government-wide financial statements. Capital assets, excluding infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Infrastructure assets are recorded as capital assets if they have an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 20 |
| Roadways and sidewalks | 40-50 |
| Infrastructure | 25-50 |
| Improvements | 5-10 |
| Furniture, equipment and software | 3-5 |

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and a resulting gain or loss is recorded in the government-wide financial statements.

7. Compensated Absences - It is the Town's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. Other than for the Town Manager as noted below, the Town's sick leave policy does not meet the criteria for accrual under current accounting standards. In the governmental funds, a liability is recorded only when they matured, for example, as a result of employee resignations or retirements. The compensated absences balance is measured using the employees' rates of pay, and associated salary related costs, at the balance sheet date. Compensated absences of governmental funds are typically liquidated from the general fund.

For employees other than the Town Manager, the vacation policy of the Town provides for employees to earn 80 hours of vacation leave during each of the first five years of service. From five through nine years of service, 120 hours are earned each year and for ten or more years of service, 160 hours are earned each year. Pursuant to his contract, the Town Manager receives 184 hours of vacation leave per year.

Unused vacation leave for all employees, excluding the Town Manager, may be carried over to the following year and accumulated up to a maximum of 280 hours. The Town Manager may accrue hours beyond that limit but, upon termination, is only entitled to receive pay for a maximum of 480 hours of accumulated/unused vacation time. All employees who terminate employment under terms of voluntary separation are paid for all unused accumulated vacation leave, within the prescribed limits.

Employees earn 96 hours of sick leave each year with a maximum accumulation of 1,040 hours. Unused sick leave is not paid to employees, other than the Town Manager as conditioned below, upon separation from Town service. Pursuant to his employment contract, the Town Manager, upon separation, is entitled to a payout of his accrued sick leave up to a maximum of 300 hours, unless the Town Manager voluntarily resigns with less than 60 days advance notice or if he is terminated for misconduct or ethical violations, as defined, in which case the Town Manager will then not be entitled to a payout for any accrued vacation or sick leave.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

8. Long-Term Obligations - 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. Bond issuance costs are amortized over the term of the related debt. For proprietary fund types, bonds payable are reported net of the applicable bond premium, discount, and issuance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

9. Grant Revenue - The Town, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any) when all applicable eligibility requirements, including time requirements, are met.

10. Unearned Revenue - Unearned revenues include amounts collected before revenue recognition criteria are met. The deferred items consist primarily of business license renewals received in advance.

11. Net Position - Total equity as of September 30, 2015, is classified into three components of net position:

- Net investment in capital assets
This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- Restricted net position
This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- Unrestricted net position
This category includes all of the remaining net position that does not meet the definition of the other two categories.

12. Fund Balance - As of September 30, 2015, fund balances of the governmental funds are classified as follows:

- Non-spendable
Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted
Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed
Amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making Authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

12. Fund Balance (Continued)

- Assigned
Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the Town Council who has the Authority to assign, modify or rescind amounts to be used for specific purposes. This is delineated in the policy approved by the Council. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type, Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

- Unassigned
This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

| | <u>General</u> | <u>JPA (Caribbean Boulevard) Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-----------------------------|----------------------|---|---|---|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepays | \$ 362,970 | \$ - | \$ - | \$ 362,970 |
| Restricted: | | | | |
| Transportation | - | - | 3,513,042 | 3,513,042 |
| Parks and recreation | - | - | 1,351,635 | 1,351,635 |
| Public safety | 49,907 | - | 144,794 | 194,701 |
| Capital projects | - | - | 191,534 | 191,534 |
| Committed: | | | | |
| Assigned: | | | | |
| Building: capital reserve | 1,000,000 | - | - | 1,000,000 |
| Building: operating reserve | 1,000,000 | - | - | 1,000,000 |
| Unassigned | 18,519,846 | - | - | 18,519,846 |
| Total Fund Balances | <u>\$ 20,932,723</u> | <u>\$ -</u> | <u>\$ 5,201,005</u> | <u>\$ 26,133,728</u> |
| Fund Balances: | | | | |
| Nonspendable | \$ 362,970 | \$ - | \$ - | \$ 362,970 |
| Restricted | 49,907 | - | 5,201,005 | 5,250,912 |
| Committed | - | - | - | - |
| Assigned | 2,000,000 | - | - | 2,000,000 |
| Unassigned | 18,519,846 | - | - | 18,519,846 |
| Total Fund Balances | <u>\$ 20,932,723</u> | <u>\$ -</u> | <u>\$ 5,201,005</u> | <u>\$ 26,133,728</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

12. Fund Balance (Continued)

- Minimum Level of Unassigned Fund Balance Policy

The Town's fund balance policy establishes a minimum unassigned fund balance level of 10% of the next fiscal year's operating expenditure budget for the General Fund excluding capital outlay, debt service, and transfers out.

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

13. Net Position Flow Assumption - Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted-net position is applied.

14. Post Employment Benefits Other Than Pensions (OPEB) - Pursuant to Section 112.0801, Florida Statutes, the Town is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium rates where premiums are determined based upon blended rates used for active employees and retirees. These premium rates were adjusted to reflect differing utilization rates by age and gender and the impact of the Medicare program on claim costs. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The Town currently provides these benefits in accordance with the vesting and retirement requirement of the Town. The Town is financing the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the Town records a Net OPEB obligation in its government-wide financial statements related to the implicit subsidy. For governmental activities, the net other postemployment benefit obligation typically will be liquidated by the general fund. The OPEB plan does not issue separate financial statements.

15. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, postretirement obligations and useful lives and impairment of tangible assets, the determination of the actuarially accrued liability for unpaid claims, which is prepared based upon certain assumptions pertaining to interest rates, inflation rates, etc., among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. 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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

During the fiscal year ended September 30, 2015, the Town implemented the following GASB Statements that had an impact on the financial statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions Plans – an amendment of GASB Statement No. 27.*

This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements.

As a result of the implementation of this standard it was determined that the opening net position of the governmental activities, as of October 1, 2014 was to be restated as follows:

| | |
|---|----------------------|
| Net position - beginning as previously reported | \$ 59,508,132 |
| Record net pension liability | (1,162,345) |
| Record deferred outflows | 858,863 |
| Record deferred inflows | <u>(828,698)</u> |
| Net position - beginning as restated | <u>\$ 58,375,952</u> |

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. The Town has no material violations of finance-related legal and contractual obligations.

Fund Accounting Requirements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance related requirements, and segregation for management purposes.

Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from federal, state, or local requirements. These restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|------------------------|----------------------------------|
| Gas Tax | Roads, sidewalks, streets |
| Transportation Tax | Transportation and roads |
| Various grant programs | Grant program expenditures |
| Police Forfeitures | Law Enforcement |
| Impact Fees | Eligible capacity enhancements |

For the year ended September 30, 2015, the Town complied, in all material respects, with these revenue restrictions.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

Investments

The Town does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218.415. In accordance with Section 218.415 of the Florida Statutes, the Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities and in the Local Government Surplus Trust Funds administered by the State Board of Administration (SBA).

As of September 30, 2015, the Town had no investments.

NOTE 4 - RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2015 were as follows:

| | <u>Taxes</u> | <u>Grants</u> | <u>Fees</u> | <u>Others</u> | <u>Totals</u> |
|------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| General Fund | \$ 929,258 | \$ 8,473 | \$ 19,654 | \$ 132,080 | \$1,089,465 |
| JPA (Caribbean Blvd.) Fund | - | 1,267,156 | - | - | 1,267,156 |
| Non-major governmental funds | 265,530 | 18,596 | - | - | 284,126 |
| Stormwater Fund | - | 641,755 | 165,335 | 114,356 | 921,446 |
| | <u>\$1,194,788</u> | <u>\$1,935,980</u> | <u>\$ 184,989</u> | <u>\$ 246,436</u> | <u>\$3,562,193</u> |

All amounts due from Miami-Dade County, the State of Florida and grants are considered fully collectible.

Payables

The Town's payables at September 30, 2015 were as follows:

| | <u>Vendors</u> | <u>Miami-Dade County</u> | <u>Total</u> |
|------------------------------|--------------------|------------------------------|--------------------|
| General Fund | \$ 962,202 | \$2,138,041 | \$3,100,243 |
| JPA (Caribbean Blvd.) Fund | 439,019 | - | 439,019 |
| Non-major governmental funds | 4,944 | - | 4,944 |
| Stormwater Fund | 331,714 | 62,023 | 393,737 |
| | <u>\$1,737,879</u> | <u>\$2,200,064</u> | <u>\$3,937,943</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2015 was as follows:

| | Balance October 1, <u>2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | Balance September 30, <u>2015</u> |
|--|--------------------------------------|-----------------------|------------------|------------------|---|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 10,400,739 | \$ - | \$ - | \$ - | \$ 10,400,739 |
| Construction in progress | 53,403 | 324,933 | - | (370,649) | 7,687 |
| Total capital assets not being depreciated | <u>10,454,142</u> | <u>324,933</u> | <u>-</u> | <u>(370,649)</u> | <u>10,408,426</u> |
| Capital assets being depreciated: | | | | | |
| Building | 8,554,216 | - | - | - | 8,554,216 |
| Infrastructure | 57,640,563 | - | - | - | 57,640,563 |
| Improvements | 15,045,444 | 136,937 | - | 324,599 | 15,506,980 |
| Computer hardware and software | 918,170 | 28,514 | (15,930) | 46,050 | 976,804 |
| Property under capital lease | 292,512 | - | (189,149) | - | 103,363 |
| Furniture and equipment | 811,158 | 67,426 | - | - | 878,584 |
| Total capital assets being depreciated | <u>83,262,063</u> | <u>232,877</u> | <u>(205,079)</u> | <u>370,649</u> | <u>83,660,510</u> |
| Less accumulated depreciation for: | | | | | |
| Building | (1,990,263) | (427,855) | - | - | (2,418,118) |
| Infrastructure | (33,527,064) | (1,235,444) | - | - | (34,762,508) |
| Improvements | (5,439,562) | (1,539,918) | - | - | (6,979,480) |
| Computer hardware and software | (837,987) | (65,791) | 15,930 | - | (887,848) |
| Property under capital lease | (292,512) | - | 189,149 | - | (103,363) |
| Furniture and equipment | (692,489) | (59,795) | - | - | (752,284) |
| Total accumulated depreciation | <u>(42,779,877)</u> | <u>(3,328,803)</u> | <u>205,079</u> | <u>-</u> | <u>(45,903,601)</u> |
| Total capital assets being depreciated, net | <u>40,482,186</u> | <u>(3,095,926)</u> | <u>-</u> | <u>370,649</u> | <u>37,756,909</u> |
| Governmental activities capital assets, net | <u>\$ 50,936,328</u> | <u>\$ (2,770,993)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 48,165,335</u> |
| | | | | | |
| | Balance October 1, <u>2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | Balance September 30, <u>2015</u> |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | \$ 16,605 | \$ 665,422 | \$ - | \$ - | \$ 682,027 |
| Total capital assets not being depreciated | <u>16,605</u> | <u>665,422</u> | <u>-</u> | <u>-</u> | <u>682,027</u> |
| Capital assets being depreciated: | | | | | |
| Property under capital lease | 29,383 | - | (29,383) | - | - |
| Computer hardware and software | 6,523 | - | - | - | 6,523 |
| Infrastructure | 8,089,046 | - | - | - | 8,089,046 |
| Total capital assets being depreciated | <u>8,124,952</u> | <u>-</u> | <u>(29,383)</u> | <u>-</u> | <u>8,095,569</u> |
| Less accumulated depreciation for: | | | | | |
| Property under capital lease | (29,383) | - | 29,383 | - | - |
| Computer hardware and software | (1,399) | (2,174) | - | - | (3,573) |
| Infrastructure | (2,897,353) | (165,242) | - | - | (3,062,595) |
| Total accumulated depreciation | <u>(2,928,135)</u> | <u>(167,416)</u> | <u>29,383</u> | <u>-</u> | <u>(3,066,168)</u> |
| Total capital assets being depreciated, net | <u>5,196,817</u> | <u>(167,416)</u> | <u>-</u> | <u>-</u> | <u>5,029,401</u> |
| Business-type activities capital assets, net | <u>\$ 5,213,422</u> | <u>\$ 498,006</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,711,428</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense for the governmental activities was charged to functions/programs of the Town as follows:

| | | |
|--|----|-------------------------|
| General government | \$ | 720,905 |
| Public safety | | 9,402 |
| Community development | | 1,231,161 |
| Parks and recreation | | 1,367,335 |
| Total depreciation expense - governmental activities | \$ | <u><u>3,328,803</u></u> |

NOTE 6 - LONG-TERM DEBT

Public Service Tax Revenue Bonds, Series 1999 and 2002 (QNIP Bonds)

As a condition of incorporation, the Town agreed to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 and 2002 (QNIP Bonds) issued prior to the Town's incorporation. The Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the right to receive and apply to debt service on the bonds all of the public service taxes, as defined, collected on behalf of the Town with respect to bonds outstanding at the time of the municipal incorporation. The Town's debt service obligations as to the bonds in each fiscal year shall be its pro rata share of such debt service obligation. The Town's pro rata share will be equal to that percentage of the total debt service accruing on the bonds in such fiscal year calculated by multiplying such total debt service by a fraction the numerator of which will be the total amount of public service taxes collected within the boundaries of the unincorporated area comprising the boundaries of the Town during the fiscal year in which the Town was incorporated and the denominator of which will be the total amount of public service taxes collected in the entire unincorporated area of the County. The balance of the public service taxes collected within the boundaries of the Town are remitted to the Town after the County satisfies the debt service requirements for the bonds. For the year ended September 30, 2015, the public service taxes pledged amounted to \$2,921,455 and the debt service was \$348,924. The pledged revenues provided a coverage ratio of 8.4.

During the fiscal year ended September 30, 2012, the Town refinanced the Public Service Tax Revenue Bonds, Series 1999 and 2002 with the Public Service Tax Refunding Bonds (UMSA), Series 2011.

Debt service requirements to maturity for the fiscal year ending September 30, 2015 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 231,445 | \$ 116,821 | \$ 348,266 |
| 2017 | 240,055 | 107,461 | 347,516 |
| 2018 | 248,870 | 97,752 | 346,622 |
| 2019 | 258,505 | 87,683 | 346,188 |
| 2020 | 268,550 | 77,215 | 345,765 |
| 2021-2025 | 1,320,610 | 216,552 | 1,537,162 |
| 2026-2027 | 285,975 | 21,628 | 307,603 |
| | <u>\$ 2,854,010</u> | <u>\$ 725,112</u> | <u>\$ 3,579,122</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT (Continued)

Notes Payable

On June 14, 2010, the Town executed a loan agreement with a local bank to borrow up to \$13,800,000 (Notes A through E) for the purpose of financing the costs of the acquisition and renovations to the new Town Hall and acquisition of vacant land adjacent to the new Town Hall. Certain of these loans were modified on September 20, 2012, to provide for a revised amortization structure. During the year the Town refunded certain of its existing Notes Payable (the 2010 Series A through E Notes, as amended). Under the terms of the refunding, the Town refunded the three tax-exempt promissory notes (the Series A, C & D Notes), totaling approximately \$6,039,000 and with interest rates ranging from 3.05% to 3.81%, into one new 15 year tax-exempt promissory note (the 2015A Note) bearing interest at 2.5% and refunded the two taxable promissory notes (the Series B & E Notes), totaling approximately \$6,268,000 and with interest rates of 4.42%, into one new 10 year taxable promissory note (the 2015B Note) bearing interest at 2.8%. The two new promissory notes are secured by the Town's share of the Local Government Half-Cent Sales Tax. There is no prepayment penalty associated with either of the two new promissory notes. The refunding resulted in cash flow savings and economic gain of approximately \$1,170,000 and \$876,000 respectively. The 2015A Note and the 2015B Note (the "Notes") are secured by a pledge of the Town's share of the Local Government Half-Cent Sales Tax. For the fiscal year ended September 30, 2015, the Town's share of the Local Government Half-Cent Sales Tax available for this pledge was \$3,146,767 and debt service was \$641,096. The pledged revenues provided a coverage ratio of 4.9.

Also on September 20, 2012, the Town executed a loan agreement with a local bank to borrow \$2,578,000 for the purpose of financing certain costs for the establishment of a high school level curriculum within the Town pursuant to an educational initiative with the Miami-Dade County School Board. The notes are secured by a pledge to budget and appropriate sufficient funds to pay for the principal and interest due on the notes from the Town's Non-Ad Valorem Revenues. For the fiscal year ended September 30, 2015 the Town's legally available Non-Ad Valorem Revenues applicable to this pledge were \$10,155,828, and the debt service was \$342,275. The pledged revenues provided a coverage ratio of 29.7.

Principal and interest payments vary from year to year and interest rates range from 2.18% to 2.8%.

Debt service requirements to maturity for the fiscal year ending September 30, 2015 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 1,255,341 | \$ 349,738 | \$ 1,605,079 |
| 2017 | 1,288,652 | 317,187 | 1,605,839 |
| 2018 | 1,321,297 | 283,782 | 1,605,079 |
| 2019 | 1,355,577 | 249,503 | 1,605,080 |
| 2020 | 1,303,633 | 215,180 | 1,518,813 |
| 2021-2025 | 5,414,503 | 612,754 | 6,027,257 |
| 2026-2030 | 2,115,623 | 140,150 | 2,255,773 |
| | <u>\$ 14,054,626</u> | <u>\$ 2,168,294</u> | <u>\$ 16,222,920</u> |

Stormwater Utility Revenue Bonds

The Town is required to pay the County its pro rata share for the Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued prior to the Town's incorporation. All of the Town's stormwater fees have been pledged as security for the bond payments. For the year ended September 30, 2015 the stormwater fees pledged amounted to \$1,028,456 and the debt service was \$184,468. The pledged revenues provided a coverage ratio of 5.6. On September 16, 2013 the Miami-Dade County Stormwater Utility Revenue Refunding Bonds, Series 2013, refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 1999 and Series 2004, except for the Stormwater Utility Revenue Bonds, Series 2004, maturing on April 1, 2014 and April 1, 2015. As a result of this, the County adjusted the Town's required payment schedule. This resulted in a reduction in the amount of interest to be paid over the remaining life and an increase in the amount of principal to be paid. This resulted in a cash flow savings of approximately \$16,000 per year over the life of the new payment plan to the County. As a result of the increase in principal to be paid, the Town reported a deferred loss on refunding of \$64,898 in the statement of net position which will be amortized to interest expense over the remaining life of the debt. The principal payment for the fiscal year ended September 30, 2015 was \$110,109 and the balance of the remaining principal payments range from \$114,521 to \$178,245 through September 2029.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT (Continued)

Stormwater Utility Revenue Bonds (Continued)

Debt service requirements to maturity for the fiscal year ending September 30, 2015 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 114,521 | \$ 69,886 | \$ 184,407 |
| 2017 | 118,550 | 65,924 | 184,473 |
| 2018 | 122,706 | 61,822 | 184,528 |
| 2019 | 126,863 | 57,576 | 184,439 |
| 2020 | 131,300 | 53,187 | 184,486 |
| 2021-2025 | 727,770 | 194,566 | 922,336 |
| 2026-2029 | 678,122 | 59,653 | 737,775 |
| | <u>\$ 2,019,830</u> | <u>\$ 562,614</u> | <u>\$ 2,582,443</u> |

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2015:

| | <u>Beginning</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> | <u>Due Within One Year</u> |
|----------------------------------|----------------------|----------------------|------------------------|----------------------|--------------------------------|
| Governmental activities: | | | | | |
| QNIP bonds | \$ 3,076,435 | \$ - | \$ (222,425) | \$ 2,854,010 | \$ 231,445 |
| Notes payable | 15,303,122 | 12,306,539 | (13,555,035) | 14,054,626 | 1,255,341 |
| Compensated absences | 115,586 | 157,633 | (112,745) | 160,474 | 51,859 |
| Net OPEB obligation | 64,000 | 13,000 | (6,000) | 71,000 | - |
| Total governmental activities | <u>\$ 18,559,143</u> | <u>\$ 12,477,172</u> | <u>\$ (13,896,205)</u> | <u>\$ 17,140,110</u> | <u>\$ 1,538,645</u> |
| Business-type activities: | | | | | |
| Stormwater utility revenue bonds | \$ 2,129,939 | \$ - | \$ (110,109) | \$ 2,019,830 | \$ 114,521 |
| Total business-type activities | <u>\$ 2,129,939</u> | <u>\$ -</u> | <u>\$ (110,109)</u> | <u>\$ 2,019,830</u> | <u>\$ 114,521</u> |

Compensated absences and the net OPEB obligation are typically liquidated by the general fund for the governmental activities.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2015, were as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|------------------------------|--------------------|--------------------|
| General Fund | \$ - | \$2,774,982 |
| JPA (Caribbean Blvd.) Fund | - | 828,137 |
| Non-major governmental funds | 2,976,924 | 14,655 |
| Stormwater Fund | 640,850 | - |
| | <u>\$3,617,774</u> | <u>\$3,617,774</u> |

The outstanding balances between funds result primarily from revenues received in and expenditures made by the general fund on behalf of special revenue and other funds.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfer activity for the year ended September 30, 2015 was as follows:

| | Transfers In* | Transfers Out* |
|------------------------------|---------------|----------------|
| General Fund | \$ 609,275 | \$ 3,341 |
| JPA (Caribbean Blvd.) Fund | 531,045 | - |
| Non-major governmental funds | 3,341 | 1,140,320 |
| | \$ 1,143,661 | \$ 1,143,661 |

*Transfers in/out during the fiscal year are as follows:

- \$531,045 was transferred from the CITT Fund (a non-major governmental fund) to the JPA (Caribbean Blvd) Fund (a major governmental fund) to fund the Town's portion of roadway enhancements and project oversight costs related to that JPA roadway improvement project.
- \$584,654 was transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund to transfer gas taxes used for sidewalk repairs.
- \$3,341 was transferred from the General Fund to the Special Revenue – Transportation fund (a non-major governmental fund) for the Town's match portion of the MPO grant that was completed in fiscal year 2015.
- \$24,621 of police impact fees were transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund to reimburse the General Fund for impact fee eligible police equipment expenditures paid from General Fund monies.

NOTE 8 - RETIREMENT PLANS

Florida Retirement System Overview

The Town participates in the Florida Retirement System ("the FRS"), a cost-sharing, multiple-employer, public employee retirement plan, which covers all of the Town's full-time employees. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective October 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Town are eligible to enroll as members of the State- administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site.

(http://www.dms.myflorida.com/workforce_operations/retirement/publications).

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Plan Description

The FRS Pension Plan (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 are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected Town Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the 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 (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Benefits Provided (Continued)

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</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 up to age 63 or with 31 years of service | 1.63 |
| Retirement up to age 64 or with 32 years of service | 1.65 |
| Retirement up to 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 up to age 66 or with 34 years of service | 1.63 |
| Retirement up to age 67 or with 35 years of service | 1.65 |
| Retirement up to age 68 or with 36 or more years of service | 1.68 |
| Elected County Officers | 3.00 |
| Senior Management Service Class | 2.00 |
| Special Risk Regular | |
| Service from December 1, 1970 through September 30, 1974 | 2.00 |
| Service on or after October 1, 1974 | 3.00 |

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2014 through June 30, 2015 were as follows:

| Class | Percent of Gross Salary | |
|--|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (*)</u> |
| FRS, Regular | 3.00 | 7.37 |
| FRS, Elected County Officers | 3.00 | 43.24 |
| FRS, Senior Management Service | 3.00 | 21.14 |
| FRS, Special Risk Regular | 3.00 | 19.82 |
| DROP- Applicable to members from all of the above classes | 0.00 | 12.28 |

*Employer rates include 1.26% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04% for administrative costs of the Investment Plan.

The Town's contributions for FRS totaled \$219,174 and employee contributions totaled \$64,869 for the fiscal year ended September 30, 2015.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the Town reported a liability of \$1,161,135 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Town's proportionate share of the net pension liability was based on the Town's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating member. At June 30, 2015, the Town's proportionate share was 0.0090%, which was an increase from its proportionate share of 0.0079% measured at June 30, 2014.

For the fiscal year ended September 30, 2015, the Town recognized pension expense of \$231,119 related to the Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | 122,581 | 27,539 |
| Change of assumptions | 77,068 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 277,259 |
| Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions | 664,982 | - |
| Town Pension Plan contributions subsequent to the measurement date | 49,439 | - |
| Total | <u>914,070</u> | <u>304,798</u> |

The deferred outflows of resources related to pensions, totaling \$49,439, resulting from the Town's 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending <u>September 30,</u> | Deferred outflows <u>(inflows), net</u> |
|--|--|
| 2016 | \$ 94,900 |
| 2017 | \$ 94,900 |
| 2018 | \$ 94,900 |
| 2019 | \$ 94,900 |
| 2020 | \$ 150,141 |
| Thereafter | \$ 30,090 |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2015, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.60% |
| Salary Increases | 3.25% average, including inflation |
| Investment Rate of Return | 7.65%, 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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return

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

| <u>Asset Class</u> | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|-----------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash | 1.00% | 3.11% | 3.10% | 1.65% |
| Intermediate-Term Bonds | 18.00% | 4.18% | 4.05% | 5.15% |
| High Yield Bonds | 3.00% | 6.79% | 6.25% | 10.95% |
| Broad US Equities | 26.50% | 8.51% | 6.95% | 18.90% |
| Developed Foreign Entities | 21.20% | 8.66% | 6.85% | 20.40% |
| Emerging Market Equities | 5.30% | 11.58% | 7.60% | 31.15% |
| Private Equity | 6.00% | 11.80% | 8.11% | 30.00% |
| Hedge Funds/Absolute Return | 7.00% | 5.81% | 5.35% | 10.00% |
| Real Estate (Property) | <u>12.00%</u> | 7.11% | 6.35% | 13.00% |
| Total | <u>100.00%</u> | | | |
| Assumed Inflation - Mean | | 2.60% | | 2.00% |

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

Discount Rate

The discount rate used to measure the net pension liability of the Plan was 7.65 percent. The 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 calculating the total pension liability is equal to the long-term expected rate of return.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

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

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the Town's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.65 percent) or one percentage point higher (8.65 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|----------------|--------------------------|----------------|
| | <u>(6.65%)</u> | <u>(7.65%)</u> | <u>(8.65%)</u> |
| Town's proportionate share of the net pension liability | \$ 3,008,762 | \$ 1,161,135 | \$ (376,395) |

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report (see above).

Town Allocation

The Town's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2015, and pension expense / adjustment for the fiscal year ended September 30, 2015 was allocated as follows:

| | FRS Pension | | | | |
|-------------------------|-------------------------------|----------------------------------|--|---|---|
| | <u>Percent Allocation</u> | <u>Net Pension Liability</u> | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> | <u>Pension Expense / Adjustment</u> |
| Governmental Activities | 100.00% | \$ 1,161,135 | \$ 914,070 | \$ 304,798 | \$ (231,119) |

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2015 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, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

The Retiree Health Insurance Subsidy Program (HIS) (Continued)

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, 2015, the HIS contribution for the period July 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20 percent and 1.26 percent, respectively. The Town contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Town's contributions to the HIS Plan totaled \$28,567 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the Town reported a net pension liability of \$762,143 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2014, and was recalculated and projected to the measurement date of June 30, 2015 using a standard actuarial roll-forward technique. The Town's proportionate share of the net pension liability was based on the Town's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Town's proportionate share was 0.0075 percent, which was an increase from its proportionate share of 0.0073 percent measured at June 30, 2014.

For the fiscal year ended September 30, 2015, the Town recognized pension expense of \$68,450 related to the HIS Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows or resources and deferred inflows of resources related to the HIS Plan from the following sources:

| Description | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | - | - |
| Change of assumptions | 59,961 | - |
| Net difference between projected and actual earnings on HIS Plan investments | 413 | - |
| Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions | 62,773 | - |
| Town HIS Plan contributions subsequent to the measurement date | 9,085 | - |
| Total | <u>132,232</u> | <u>-</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

The Retiree Health Insurance Subsidy Program (HIS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to pensions, totaling \$9,085, resulting from the Town's 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending <u>September 30,</u> | Deferred outflows <u>(inflows), net</u> |
|--|--|
| 2016 | \$ 23,706 |
| 2017 | \$ 23,706 |
| 2018 | \$ 23,706 |
| 2019 | \$ 23,706 |
| 2020 | \$ 23,602 |
| Thereafter | \$ 4,719 |

Actuarial Assumptions

The HIS pension as of July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------|------------------------------------|
| Inflation | 2.60% |
| Salary Increases | 3.25% average, including inflation |
| Municipal Bond Rates | 3.80% |

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability for the HIS Plan was 3.80 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using a discount rate of 3.80 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (2.80 percent) or one percentage point higher (4.80 percent) than the current rate:

| | 1% Decrease <u>(2.80%)</u> | Current Discount Rate <u>(3.80%)</u> | 1% Increase <u>(4.80%)</u> |
|--|-------------------------------|--|-------------------------------|
| Town's proportionate share of the net pension liability | \$ 868,426 | \$ 762,143 | \$ 673,518 |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - RETIREMENT PLANS (Continued)

The Retiree Health Insurance Subsidy Program (HIS) (Continued)

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 (see above).

Town Allocation

The Town's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2015, and pension expense / adjustment for the fiscal year ended September 30, 2015 was as follows:

| | HIS Plan | | | | |
|-------------------------|-------------------------------------|--|--|---|---|
| | <u>Percent</u> <u>Allocation</u> | <u>Net</u> <u>Pension</u> <u>Liability</u> | <u>Deferred</u> <u>Outflow of</u> <u>Resources</u> | <u>Deferred Inflow</u> <u>of Resources</u> | <u>Pension Expense /</u> <u>Adjustment</u> |
| Governmental Activities | 100.00% | \$ 762,143 | \$ 132,232 | \$ - | \$ (68,450) |

NOTE 9 - RISK MANAGEMENT

The Town 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.

The Town participates in the Florida League of Cities (FLC) risk pool. This is a statewide pool with several hundred governmental members. FLC provides the Town with auto liability, general liability, property and workers' compensation coverage. There is no self-insured retention for the Town, excluding a \$1,000 per occurrence property deductible. FLC provides \$1,000,000 for general liability and statutorily required coverage for workers' compensation.

During its past three years, the Town has not incurred any significant claims nor have there been any significant reductions in coverage.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Claims and Lawsuits

As of September 30, 2015, the Town was a defendant in four claims/lawsuits. Although the outcomes of these claims/lawsuits are not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Agreement with Miami-Dade County for Stormwater Utility Billing

On June 20, 2008, the Town executed an agreement with Miami-Dade County for the County to administer, bill and collect the stormwater utility service charges for the Town. The County bills the Town \$0.85 per bill and also deducts the Town's pro-rata share of debt service on 1999 and 2004 Stormwater Bonds issued by the County. The agreement expires on June 20, 2018 and may be extended for an additional ten (10) year period.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Agreement with Miami-Dade County for Local Police Patrol Services

On May 4, 2010, the Town executed an agreement with Miami-Dade County for local police patrol services. Services to the Town under the contract commenced on August 20, 2009. This agreement expired on August 20, 2014. In January 2015, a new agreement was entered into retroactive to August 20, 2014. The County provides a quarterly reconciliation to the Town whereby these monthly budgeted amounts are compared with actual costs incurred and the resulting difference is billed or credited to the Town. Payments for the services provided by the County for subsequent fiscal years shall be based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. For fiscal year 2015, approximately \$8,542,000 was paid by the Town for such services. The current agreement expires on August 20, 2019.

Agreement with Miami-Dade County School Board

In May 2012, the Town entered into an Interlocal agreement with the Miami-Dade County School Board (the "School Board") to provide for the establishment of three choice academies of study at existing Town schools which brought to the Town its first ever high school level curriculum. The upfront cost to the Town was \$2.75 million, \$2 million of which was a one-time initial capital investment for construction of facilities, \$450,000 was for the initial iPrep Academy cost, and \$300,000 was the initial investment for the Cambridge Curriculum.

The costs of the Cambridge Curriculum are subject to annual renewal and could exceed the \$300,000 initial cost if requested by the School Board and approved by the Town Council. The iPrep Academy contribution noted above is the Town's maximum contribution for the first three years of the program. After the third year, contributions of up to \$150,000 a year may be requested for replacement of equipment, subject to approval by the Town Council.

The amount approved by the Town Council for the fiscal year 2015-2016 school year was \$300,000.

Agreement with the Town Manager

The contract with the current Town Manager provides for a severance payment to him should the Town Council wish to terminate the Town Manager for convenience. The severance payment, which is payable in lump sum upon termination or within 30 days thereafter at the Town Council's option, shall be equal to twenty weeks of his regular base salary at the time of termination. The Town shall also continue to pay the premium for the Town Manager's health insurance for twenty weeks after the effective date of his termination. No other fringe benefits will be payable under this provision.

The terms of this severance provision do not apply if the Town Manager is terminated for misconduct and/or for violating ethical standards, as defined.

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description:

The Town has a single-employer health insurance post retirement benefit plan. Retirees can continue the same medical coverage they had (including family coverage) as active employees. As required by Florida Law, retirees under age 65 are required to have access to their current plan if they pay the full premium. This is a benefit to retirees because the cost of health insurance for retirees under age 65 exceeds the full premium. Employees will subsidize the cost of retirees under the Group Coverage. There is no benefit for retirees over age 65.

Funding Policy:

These benefits are financed on a pay-as-you-go basis.

An actuarial valuation was performed as of September 30, 2014 to determine the Net OPEB obligation. The plan is not funded. The valuation used the projected unit cost method, with linear pro-rata to assumed benefit commencement.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation:

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period not exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

| | |
|--|-------------------------|
| Annual required contribution | \$ 13,000 |
| Interest on net OPEB obligation | 3,000 |
| Adjustment to annual required contribution | <u>(3,000)</u> |
| Annual OPEB cost (expense) | 13,000 |
| Payments made | <u>6,000</u> |
| Increase in net OPEB obligation | 7,000 |
| Net OPEB obligation - beginning of year | <u>64,000</u> |
| Net OPEB obligation - end of year | <u><u>\$ 71,000</u></u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---|----------------------------|
| September 30, 2015 | \$ 13,000 | 46% | \$ 71,000 |
| September 30, 2014 | 13,000 | - | 64,000 |
| September 30, 2013 | 12,000 | - | 51,000 |
| September 30, 2012 | 12,000 | - | 39,000 |

Funded Status and Funding Progress:

As of September 30, 2015, the most recent actuarial valuation date, the plan was 0% funded. The unfunded actuarial accrued liability (UAAL) is \$68,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,884,000 and the ratio of the UAAL to the covered payroll was 3.6 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5.2% initially, gradually decreasing over time. By 2030 the rate of increase is 5.0% percent. The rates included a 3.2% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over thirty years, as of October 1, 2009.

Schedule of Funding Progress for the Town

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b - a) / c |
|-----------------------------|-------------------------------------|---------------------------------------|-----------------------------------|-------------------------|------------------------|--|
| September 30, 2009 | - | \$ 21,000 | \$ 21,000 | 0% | \$ 1,200,000 | 1.8% |
| September 30, 2012 | - | \$ 39,000 | \$ 39,000 | 0% | \$ 1,500,000 | 2.6% |
| September 30, 2015 | - | \$ 68,000 | \$ 68,000 | 0% | \$ 1,884,000 | 3.6% |

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive/(Negative) |
|--|--------------------|---------------------|----------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 4,343,737 | \$ 4,343,737 | \$ 4,384,908 | \$ 41,171 |
| Franchise fees | 1,130,000 | 1,130,000 | 1,252,984 | 122,984 |
| Utility taxes | 2,600,000 | 2,850,000 | 2,921,455 | 71,455 |
| Charges for services | 295,000 | 295,000 | 444,105 | 149,105 |
| Intergovernmental | 6,089,422 | 6,254,422 | 6,356,934 | 102,512 |
| Licenses and permits | 1,205,000 | 1,045,000 | 1,094,979 | 49,979 |
| Fines and forfeitures | 430,000 | 430,000 | 527,560 | 97,560 |
| Interest | 40,000 | 40,000 | 54,002 | 14,002 |
| Rental income | 550,000 | 550,000 | 541,763 | (8,237) |
| Miscellaneous | 37,700 | 112,700 | 108,813 | (3,887) |
| Total revenues | <u>16,720,859</u> | <u>17,050,859</u> | <u>17,687,503</u> | <u>636,644</u> |
| Expenditures: | | | | |
| General government | 2,816,983 | 4,667,121 | 2,692,423 | 1,974,698 |
| Legislative | 184,063 | 184,063 | 148,511 | 35,552 |
| Town clerk | 493,957 | 493,957 | 249,099 | 244,858 |
| Finance | 467,401 | 467,401 | 388,975 | 78,426 |
| Town attorney | 425,000 | 500,000 | 453,789 | 46,211 |
| Town Hall building | 2,276,652 | 12,871,370 | 1,975,502 | 10,895,868 |
| Community development | 1,615,991 | 1,470,991 | 1,300,320 | 170,671 |
| Public works | 1,198,047 | 1,348,047 | 1,189,295 | 158,752 |
| Parkss and recreation | 1,949,220 | 2,099,220 | 1,910,882 | 188,338 |
| Police services | 9,295,317 | 9,045,317 | 8,850,316 | 195,001 |
| Total expenditures | <u>20,722,631</u> | <u>33,147,487</u> | <u>19,159,112</u> | <u>13,988,375</u> |
| Excess (deficiency) of revenues over expenditures | <u>(4,001,772)</u> | <u>(16,096,628)</u> | <u>(1,471,609)</u> | <u>14,625,019</u> |
| Other financing sources (uses): | | | | |
| Appropriation of prior year fund balance | 18,950,817 | 18,742,475 | - | (18,742,475) |
| Nondspendable | (250,000) | (250,000) | - | 250,000 |
| Contingency reserve | (45,000) | (45,000) | - | 45,000 |
| Insurance contingencies | (7,699,345) | (7,699,345) | - | 7,699,345 |
| Grant match reserve | (1,200,000) | (1,200,000) | - | 1,200,000 |
| Building capital reserve | (250,000) | (250,000) | - | 250,000 |
| Building operating reserve | (1,000,000) | (1,000,000) | - | 1,000,000 |
| Restricted building loan reserve | (1,000,000) | (1,000,000) | - | 1,000,000 |
| Other reserves | (3,060,700) | (3,060,700) | - | 3,060,700 |
| Revenue stabilization reserve | (500,000) | (500,000) | - | 500,000 |
| Tax equalization reserve | (500,000) | (500,000) | - | 500,000 |
| Transfers in | 556,000 | 556,000 | 609,275 | 53,275 |
| Transfers out | - | (3,341) | (3,341) | - |
| Proceeds of refunding debt | - | 12,306,539 | 12,306,539 | - |
| Town Hall debt service | - | - | (12,306,539) | (12,306,539) |
| Total other financing sources | <u>4,001,772</u> | <u>16,096,628</u> | <u>605,934</u> | <u>(15,490,694)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>(865,675)</u> | <u>(865,675)</u> |
| Fund balances - beginning | | | <u>21,798,398</u> | |
| Fund balances - ending | | | <u>\$ 20,932,723</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - JPA (CARIBBEAN BLVD) FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | <u>\$ 2,845,000</u> | <u>\$ 3,695,000</u> | <u>\$ 3,657,007</u> | <u>\$ (37,993)</u> |
| Total revenues | <u>2,845,000</u> | <u>3,695,000</u> | <u>3,657,007</u> | <u>(37,993)</u> |
| Expenditures: | | | | |
| General government | <u>3,350,000</u> | <u>4,350,000</u> | <u>4,188,052</u> | <u>161,948</u> |
| Total expenditures | <u>3,350,000</u> | <u>4,350,000</u> | <u>4,188,052</u> | <u>161,948</u> |
| Excess (deficiency) of revenues over expenditures | <u>(505,000)</u> | <u>(655,000)</u> | <u>(531,045)</u> | <u>123,955</u> |
| Other financing sources: | | | | |
| Transfers in | <u>505,000</u> | <u>655,000</u> | <u>531,045</u> | <u>(123,955)</u> |
| Total other financing sources | <u>505,000</u> | <u>655,000</u> | <u>531,045</u> | <u>(123,955)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, Beginning | | | <u>-</u> | |
| Fund balances, Ending | | | <u>\$ -</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2015

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Town Manager submits to the Town Council 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.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of two resolutions - one fixing a millage rate and another adopting the final budget.
- d. Appropriations which are neither expended, encumbered, nor specifically designated to be carried over lapse at the end of the fiscal year.
- e. The Town prepares and adopts a budget for the General Fund and for all other funds known as of the October 1 fiscal year start date. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for principal payments on their debt. No differences exist between the budgetary or GAAP basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Town Council. The Town Manager may transfer any unencumbered line item allocation of funds, or any portion thereof, to another line item classification within the same department. Amendments to total budgeted appropriations of any of the Town's departments must be approved by the Town Council. Therefore, the legal level of control (level of which expenditures may not exceed the budget) is at the department level.
- f. Formal budgetary integration is employed as a management control device. Additionally, the Town does not utilize encumbrance accounting.

Supplemental appropriations for the fiscal year ended September 30, 2015 were as follows:

In November 2015, the Town Council passed a budget amendment by resolution (#15-78) to:

1. In the General Fund, increase revenues by \$12,636,539. This reflected increases to debt proceeds for loan refunding (\$12,306,539), utility taxes-electricity (\$250,000), local government half-cent sales tax (\$165,000), and a parks grant (\$75,000), offset by a decrease in building permits (\$160,000), with a corresponding decrease to appropriation of prior year fund balance (\$12,636,539).
2. In the General Fund, increase expenditures by \$12,428,197, with a corresponding increase to appropriation of prior year fund balance. The increase in General Fund expenditures is comprised of (a) in the General Government department, increases to debt service - principal (\$1,824,317) and debt service – interest (\$25,821) (b) in the Town Attorney department, an increase in professional fees (\$75,000), (c) in the Community Development department, and decrease in other contractual services (\$145,000), (d) in the Public Works department, an increase in other contractual services (\$150,000), (e) in the Police Services department, a decrease in professional services (\$250,000), (f) in the Parks department, an increase in other contractual services (\$150,000), (g) in the Town Hall Building department, an increase in debt service – principal (\$10,594,718), and, finally, an increase in interfund transfers out (\$3,341).
3. In the Special Revenue – Transportation fund, an increase in grant revenues (\$3,342) and interfund transfers in (\$3,341), offset by increased expenditures for professional services (\$6,683).
4. In the Special Revenue – JPA (Caribbean Blvd) Fund, an increase in grant revenues (\$850,000) and interfund transfers in (\$150,000), offset by increased expenditures for other contractual services (\$1,000,000).
5. In the Special Revenue – CITT Fund, an increase in interfund transfers out (\$150,000).
6. In the Stormwater Fund (a proprietary fund), an increase grant revenue (\$400,000).

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

The General Fund, Special Revenue Fund, The Children's Trust Fund, JPA (Caribbean Blvd) Fund, CITT Fund, Transportation Fund, Capital Projects Fund and the Stormwater Fund have legally adopted budgets which were passed prior to the October 1, 2014 fiscal year start date. All funds with legally adopted budgets have been included as either a budgetary comparison schedule in the required supplementary information section or as a schedule of revenues, expenditures and changes in fund balance – budget vs. actual (governmental funds) or a schedule of revenues, expenses and changes in net position – budget vs. actual (proprietary fund) in the combining financial statements section.

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2015**

| | <u>2014</u> | <u>2015</u> |
|--|-------------|--------------|
| Authority's proportion of the FRS net pension liability | 0.0079% | 0.0090% |
| Authority's proportionate share of the FRS net pension liability | \$ 479,192 | \$ 1,161,135 |
| Authority's covered employee payroll | 2,191,509 | 2,292,976 |
| Authority's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll | 21.87% | 50.64% |
| FRS Plan fiduciary net position as a percentage of the total pension liability | 96.09% | 92.00% |

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2015**

| | <u>2014</u> | <u>2015</u> |
|---|------------------|------------------|
| Contractually required FRS contribution | \$ 172,030 | \$ 219,174 |
| FRS contribution in relation to the contractually required contribution | <u>(172,030)</u> | <u>(219,174)</u> |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered payroll | 2,191,509 | 2,292,976 |
| FRS contribution as a percentage of covered employee payroll | 7.85% | 9.56% |

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2014 and 2015 are available.

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2015**

| | <u>2014</u> | <u>2015</u> |
|--|-------------|-------------|
| Authority's proportion of the HIS net pension liability | 0.0073% | 0.0075% |
| Authority's proportionate share of the HIS net pension liability | \$ 683,152 | \$ 762,143 |
| Authority's covered employee payroll | 2,191,509 | 2,292,976 |
| Authority's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll | 31.17% | 33.24% |
| HIS Plan fiduciary net position as a percentage of the total pension liability | 0.99% | 0.50% |

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2015**

| | <u>2014</u> | <u>2015</u> |
|---|-----------------|-----------------|
| Contractually required HIS contribution | \$ 25,029 | \$ 28,567 |
| HIS contribution in relation to the contractually required contribution | <u>(25,029)</u> | <u>(28,567)</u> |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered payroll | 2,191,509 | 2,292,976 |
| HIS contribution as a percentage of covered employee payroll | 1.14% | 1.25% |

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2014 and 2015 are available.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenue that is legally restricted to expenditure for particular purposes.

Special Revenue Fund – This fund was established to account for impact fees and gas tax revenues that are restricted to use for specific purposes.

The Children’s Trust Fund – This fund was established to account for revenues derived from the grant from The Children’s Trust of Miami Dade County to be used specifically for children’s programs at the Town’s parks.

Transportation Fund – This fund was established to account for the revenues derived from grants and others to be used specifically for transportation related projects within the Town.

CITT Fund – This fund was established to account for the revenues derived from the County Charter Transit System Surtax to be used specifically for eligible transit and transportation related expenditures.

Capital Projects Funds

Capital project funds are used to account for financial resources to be used for acquisition or construction of major capital assets other than those financed by proprietary or trust funds.

Capital Projects Fund – This fund was established to account for state and local grants and other revenues to be used on various park improvement projects within the Town.

TOWN OF CUTLER BAY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

| | Special Revenue Funds | | | | Capital Projects | Total Nonmajor Governmental Funds |
|--------------------------------------|-------------------------|------------------------|---------------------------------|---------------------|--------------------------|--|
| | Special Revenue Fund | Transportation Fund | The Children's Trust Fund | CITT Fund | Capital Projects Fund | |
| <u>ASSETS</u> | | | | | | |
| Restricted cash and cash equivalents | \$ 1,958,719 | \$ - | \$ - | \$ - | \$ - | \$ 1,958,719 |
| Accounts receivables, net | 18,293 | - | 18,596 | 247,237 | - | 284,126 |
| Prepays | - | - | 835 | - | - | 835 |
| Due from other funds | 390,604 | - | - | 2,586,320 | - | 2,976,924 |
| Total assets | <u>\$ 2,367,616</u> | <u>\$ -</u> | <u>\$ 19,431</u> | <u>\$ 2,833,557</u> | <u>\$ -</u> | <u>\$ 5,220,604</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 4,776 | \$ 168 | \$ - | \$ 4,944 |
| Due to other funds | - | - | 14,655 | - | - | 14,655 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>19,431</u> | <u>168</u> | <u>-</u> | <u>19,599</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted | <u>2,367,616</u> | <u>-</u> | <u>-</u> | <u>2,833,389</u> | <u>-</u> | <u>5,201,005</u> |
| Total fund balances | <u>2,367,616</u> | <u>-</u> | <u>-</u> | <u>2,833,389</u> | <u>-</u> | <u>5,201,005</u> |
| Total liabilities and fund balances | <u>\$ 2,367,616</u> | <u>\$ -</u> | <u>\$ 19,431</u> | <u>\$ 2,833,557</u> | <u>\$ -</u> | <u>\$ 5,220,604</u> |

TOWN OF CUTLER BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | Special Revenue Funds | | | | Capital Projects | Total Nonmajor Governmental Funds |
|--|-------------------------|------------------------|---------------------------------|---------------------|--------------------------|--|
| | Special Revenue Fund | Transportation Fund | The Children's Trust Fund | CITT Fund | Capital Projects Fund | |
| Revenues: | | | | | | |
| Intergovernmental | \$ 212,294 | \$ 3,342 | \$ 97,713 | \$ 1,636,003 | \$ - | \$ 1,949,352 |
| Impact fees | 48,515 | - | - | - | - | 48,515 |
| Interest | 6,397 | - | - | 6,970 | - | 13,367 |
| Total revenues | <u>267,206</u> | <u>3,342</u> | <u>97,713</u> | <u>1,642,973</u> | <u>-</u> | <u>2,011,234</u> |
| Expenditures: | | | | | | |
| General government | - | 6,683 | - | 925,539 | - | 932,222 |
| Parks and recreation | - | - | 97,713 | - | - | 97,713 |
| Total expenditures | <u>-</u> | <u>6,683</u> | <u>97,713</u> | <u>925,539</u> | <u>-</u> | <u>1,029,935</u> |
| Excess (deficiency) of revenues over expenditures | <u>267,206</u> | <u>(3,341)</u> | <u>-</u> | <u>717,434</u> | <u>-</u> | <u>981,299</u> |
| Other financing sources: | | | | | | |
| Transfers in | - | 3,341 | - | - | - | 3,341 |
| Transfers out | (609,275) | - | - | (531,045) | - | (1,140,320) |
| Total other financing sources (uses) | <u>(609,275)</u> | <u>3,341</u> | <u>-</u> | <u>(531,045)</u> | <u>-</u> | <u>(1,136,979)</u> |
| Net change in fund balance | <u>(342,069)</u> | <u>-</u> | <u>-</u> | <u>186,389</u> | <u>-</u> | <u>(155,680)</u> |
| Fund balances, beginning | <u>2,709,685</u> | <u>-</u> | <u>-</u> | <u>2,647,000</u> | <u>-</u> | <u>5,356,685</u> |
| Fund balances, ending | <u>\$ 2,367,616</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,833,389</u> | <u>\$ -</u> | <u>\$ 5,201,005</u> |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget |
|--|-------------------------|--------------------|---------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$ 198,467 | \$ 198,467 | \$ 212,294 | \$ 13,827 |
| Impact fees | 145,000 | 145,000 | 48,515 | (96,485) |
| Interest | <u>3,000</u> | <u>3,000</u> | <u>6,397</u> | <u>3,397</u> |
| Total revenues | <u>346,467</u> | <u>346,467</u> | <u>267,206</u> | <u>(79,261)</u> |
| Other financing uses: | | | | |
| Appropriation of prior year fund balance | 2,765,073 | 2,765,073 | - | (2,765,073) |
| Reserve for future police impact fees | (118,906) | (118,906) | - | 118,906 |
| Reserve for future park impact fees | (971,878) | (971,878) | - | 971,878 |
| Reserve for future public works projects | (428,729) | (428,729) | - | 428,729 |
| Reserve for future road impact fee projects | (335,071) | (335,071) | - | 335,071 |
| Reserve for future public buildings projects | (200,956) | (200,956) | - | 200,956 |
| Transfers out | <u>(1,056,000)</u> | <u>(1,056,000)</u> | <u>(609,275)</u> | <u>446,725</u> |
| Total other financing use | <u>(346,467)</u> | <u>(346,467)</u> | <u>(609,275)</u> | <u>(262,808)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>(342,069)</u> | <u>(342,069)</u> |
| Fund balances, beginning | | | <u>2,709,685</u> | |
| Fund balances, ending | | | <u>\$ 2,367,616</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - THE CHILDREN'S TRUST FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|----------------------------|-------------------------|----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ 111,756 | \$ 111,756 | \$ 97,713 | \$ (14,043) |
| Total revenues | <u>111,756</u> | <u>111,756</u> | <u>97,713</u> | <u>(14,043)</u> |
| Expenditures: | | | | |
| Parks and recreation | <u>111,756</u> | <u>111,756</u> | <u>97,713</u> | <u>14,043</u> |
| Total expenditures | <u>111,756</u> | <u>111,756</u> | <u>97,713</u> | <u>14,043</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning | | | <u>-</u> | |
| Fund balances, ending | | | <u>\$ -</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CITT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget |
|--|-------------------------|------------------|---------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$ 1,450,000 | \$ 1,450,000 | \$ 1,636,003 | \$ 186,003 |
| Interest | <u>5,000</u> | <u>5,000</u> | <u>6,970</u> | <u>1,970</u> |
| Total revenues | <u>1,455,000</u> | <u>1,455,000</u> | <u>1,642,973</u> | <u>187,973</u> |
| Expenditures: | | | | |
| General government | <u>1,411,996</u> | <u>1,411,996</u> | <u>925,539</u> | <u>486,457</u> |
| Total expenditures | <u>1,411,996</u> | <u>1,411,996</u> | <u>925,539</u> | <u>486,457</u> |
| Excess (deficiency) of revenues over expenditures | <u>43,004</u> | <u>43,004</u> | <u>717,434</u> | <u>674,430</u> |
| Other financing sources: | | | | |
| Appropriation of prior year fund balance | 2,344,576 | 2,494,576 | - | (2,494,576) |
| Reserve for future expenditure | (1,882,580) | (1,882,580) | | 1,882,580 |
| Transfers out | <u>(505,000)</u> | <u>(655,000)</u> | <u>(531,045)</u> | <u>123,955</u> |
| Total other financing sources | <u>(43,004)</u> | <u>(43,004)</u> | <u>(531,045)</u> | <u>(488,041)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>186,389</u> | <u>186,389</u> |
| Fund balances, beginning | | | <u>2,647,000</u> | |
| Fund balances, ending | | | <u>\$ 2,833,389</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - TRANSPORTATION FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 3,342 | \$ 3,342 | \$ - |
| Total revenues | <u>-</u> | <u>3,342</u> | <u>3,342</u> | <u>-</u> |
| Expenditures: | | | | |
| General Government | <u>-</u> | <u>6,683</u> | <u>6,683</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>6,683</u> | <u>6,683</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(3,341)</u> | <u>(3,341)</u> | <u>-</u> |
| Other financing sources: | | | | |
| Transfers in | <u>-</u> | <u>3,341</u> | <u>3,341</u> | <u>-</u> |
| Total other financing sources | <u>-</u> | <u>3,341</u> | <u>3,341</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning | | | <u>-</u> | |
| Fund balances, ending | | | <u>\$ -</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Grants | \$ - | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Capital outlay: | | | | |
| Parks and recreation | <u>500,000</u> | <u>500,000</u> | <u>-</u> | <u>500,000</u> |
| Total expenditures | <u>500,000</u> | <u>500,000</u> | <u>-</u> | <u>500,000</u> |
| Deficiency of revenues under expenditures before other financing sources | <u>(500,000)</u> | <u>(500,000)</u> | <u>-</u> | <u>500,000</u> |
| Other financing sources: | | | | |
| Transfers in | <u>500,000</u> | <u>500,000</u> | <u>-</u> | <u>(500,000)</u> |
| Total other financing sources | <u>500,000</u> | <u>500,000</u> | <u>-</u> | <u>(500,000)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning of year | | | <u>-</u> | |
| Fund balances, end of year | | | <u>\$ -</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET VS ACTUAL - STORMWATER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget |
|---|-------------------------|---------------------|---------------------------|--------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Positive (Negative)</u> |
| Operating revenues: | | | | |
| Charges for services | \$ 950,000 | \$ 950,000 | \$ 1,028,456 | \$ 78,456 |
| Total operating revenues | <u>950,000</u> | <u>950,000</u> | <u>1,028,456</u> | <u>78,456</u> |
| Operating expenses: | | | | |
| Operations and maintenance | <u>2,023,722</u> | <u>2,023,722</u> | <u>1,028,082</u> | <u>995,640</u> |
| Total operating expenses | <u>2,023,722</u> | <u>2,023,722</u> | <u>1,028,082</u> | <u>995,640</u> |
| Operating loss | <u>(1,073,722)</u> | <u>(1,073,722)</u> | <u>374</u> | <u>1,074,096</u> |
| Non-operating revenues (expenses): | | | | |
| Grants | 300,000 | 700,000 | 629,504 | (70,496) |
| Other | - | - | 18,430 | 18,430 |
| Interest income | - | - | 2,226 | 2,226 |
| Interest expense | <u>-</u> | <u>-</u> | <u>(69,563)</u> | <u>(69,563)</u> |
| Total non-operating revenues (expenses) | <u>300,000</u> | <u>700,000</u> | <u>580,597</u> | <u>(119,403)</u> |
| Changes in net position | <u>(773,722)</u> | <u>(373,722)</u> | <u>580,971</u> | <u>954,693</u> |
| Net position, beginning | <u>3,999,453</u> | <u>3,999,453</u> | <u>4,336,116</u> | |
| Net position, ending | <u>\$ 3,225,731</u> | <u>\$ 3,625,731</u> | <u>\$ 4,917,087</u> | |

See notes to budgetary comparison schedule

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Cutler Bay's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

| | <u>Page</u> |
|---|--------------|
| Financial Trends | 67-71 |
| <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 72-76 |
| <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 77-78 |
| <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 79-80 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i> | |
| Operating Information | 81-83 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i> | |

TOWN OF CUTLER BAY, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (1)
(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 73,058 | \$ 9,479,324 | \$ 40,987,278 | \$ 36,283,066 | \$ 36,899,978 | \$ 41,728,510 | \$ 38,086,861 | \$ 35,405,031 | \$ 32,556,771 | \$ 31,256,699 |
| Restricted | 994,197 | 1,355,365 | 2,030,550 | 1,887,878 | 4,366,337 | 3,001,303 | 5,155,469 | 5,423,140 | 5,359,233 | 5,250,912 |
| Unrestricted | <u>1,374,021</u> | <u>4,603,866</u> | <u>8,890,979</u> | <u>12,283,344</u> | <u>14,899,090</u> | <u>16,400,954</u> | <u>17,822,255</u> | <u>19,647,398</u> | <u>21,592,128</u> | <u>19,504,090</u> |
| Total governmental activities net position | <u>\$ 2,441,276</u> | <u>\$ 15,438,555</u> | <u>\$ 51,908,807</u> | <u>\$ 50,454,288</u> | <u>\$ 56,165,405</u> | <u>\$ 61,130,767</u> | <u>\$ 61,064,585</u> | <u>\$ 60,475,569</u> | <u>\$ 59,508,132</u> | <u>\$ 56,011,701</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ - | \$ - | \$ - | \$ 235,923 | \$ 3,049,733 | \$ 3,103,107 | \$ 3,054,780 | \$ 3,252,882 | \$ 3,233,375 | \$ 3,748,383 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | - | - | 84,567 | 486,401 | 830,138 | 764,999 | 1,060,938 | 1,000,073 | 1,102,740 | 1,168,704 |
| Total business-type activities net position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 84,567</u> | <u>\$ 722,324</u> | <u>\$ 3,879,871</u> | <u>\$ 3,868,106</u> | <u>\$ 4,115,718</u> | <u>\$ 4,252,955</u> | <u>\$ 4,336,115</u> | <u>\$ 4,917,087</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 73,058 | \$ 9,479,324 | \$ 40,987,278 | \$ 36,518,989 | \$ 39,949,711 | \$ 44,831,617 | \$ 41,141,641 | \$ 38,657,913 | \$ 35,790,146 | \$ 35,005,082 |
| Restricted | 994,197 | 1,355,365 | 2,030,550 | 1,887,878 | 4,366,337 | 3,001,303 | 5,155,469 | 5,423,140 | 5,359,233 | 5,250,912 |
| Unrestricted | <u>1,374,021</u> | <u>4,603,866</u> | <u>8,975,546</u> | <u>12,769,745</u> | <u>15,729,228</u> | <u>17,165,953</u> | <u>18,883,193</u> | <u>20,647,471</u> | <u>22,694,868</u> | <u>20,672,794</u> |
| Total primary government net position | <u>\$ 2,441,276</u> | <u>\$ 15,438,555</u> | <u>\$ 51,993,374</u> | <u>\$ 51,176,612</u> | <u>\$ 60,045,276</u> | <u>\$ 64,998,873</u> | <u>\$ 65,180,303</u> | <u>\$ 64,728,524</u> | <u>\$ 63,844,247</u> | <u>\$ 60,928,788</u> |

(1) - Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

TOWN OF CUTLER BAY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (1)
(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|----------------------|----------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,266,246 | \$ 2,852,271 | \$ 3,436,645 | \$ 3,565,748 | \$ 4,256,359 | \$ 4,604,808 | \$ 9,891,870 | \$ 8,791,886 | \$ 10,559,285 | \$ 10,446,141 |
| Public safety | 5,363,660 | 6,249,705 | 6,871,073 | 7,890,206 | 7,490,653 | 8,055,192 | 8,093,112 | 7,935,541 | 8,040,961 | 8,834,295 |
| Community development | 70,757 | 1,211,490 | 1,957,968 | 2,898,067 | 2,859,147 | 2,568,161 | 2,534,614 | 3,100,748 | 2,576,918 | 2,538,437 |
| Parks and recreation | 652,494 | 931,051 | 1,438,346 | 1,576,740 | 1,624,291 | 1,729,029 | 2,784,113 | 3,045,599 | 3,186,576 | 3,282,201 |
| Interest on long-term debt | 906 | 4,570 | 7,199 | 6,087 | 300,708 | 678,969 | 569,292 | 693,494 | 685,863 | 618,922 |
| Total governmental activities | 8,354,063 | 11,249,087 | 13,711,231 | 15,936,848 | 16,531,159 | 17,636,160 | 23,873,001 | 23,567,268 | 25,049,603 | 25,719,995 |
| Business-type activities: | | | | | | | | | | |
| Stormwater | - | - | 18,796 | 390,732 | 465,206 | 1,005,774 | 921,574 | 765,001 | 881,372 | 1,028,082 |
| Interest on long-term debt | - | - | 48,588 | 194,244 | 194,280 | 114,095 | 111,070 | 107,847 | 55,157 | 69,563 |
| Total business-type activities | - | - | 67,384 | 584,976 | 659,486 | 1,119,869 | 1,032,644 | 872,848 | 936,529 | 1,097,645 |
| Total primary government expenses | \$ 8,354,063 | \$ 11,249,087 | \$ 13,778,615 | \$ 16,521,824 | \$ 17,190,645 | \$ 18,756,029 | \$ 24,905,645 | \$ 24,440,116 | \$ 25,986,132 | \$ 26,817,640 |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 140,310 | \$ 10,914 | \$ 39,737 | \$ 139,451 | \$ 548,152 | \$ 868,797 | \$ 678,010 | \$ 747,983 | \$ 714,016 | \$ 655,583 |
| Public safety | 144,735 | 348,726 | 443,701 | 395,610 | 519,974 | 444,159 | 746,851 | 635,494 | 604,101 | 692,474 |
| Community development | - | 833,563 | 792,172 | 723,271 | 1,050,184 | 1,004,857 | 1,165,854 | 2,310,194 | 1,379,074 | 1,094,979 |
| Parks and recreation | 555,857 | 221,865 | 136,593 | 140,853 | 3,631,061 | 306,739 | 412,148 | 787,381 | 216,547 | 182,384 |
| Operating grants and contributions | 349,393 | 586,295 | 249,051 | 384,452 | 1,238,145 | 465,658 | 6,003,742 | 4,127,545 | 5,838,648 | 5,503,496 |
| Capital grants and contributions | 137,881 | 9,319,655 | 32,573,921 | 715,331 | 787,789 | 5,758,822 | 740,758 | 197,882 | 612,014 | 260,810 |
| Total governmental activities program revenues | 1,328,176 | 11,321,018 | 34,235,175 | 2,498,968 | 7,775,305 | 8,849,032 | 9,747,363 | 8,806,479 | 9,364,400 | 8,389,726 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Stormwater | - | - | 150,693 | 986,119 | 981,683 | 988,796 | 986,525 | 1,007,439 | 967,654 | 1,028,456 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | 49,400 | - |
| Capital grants and contributions | - | - | - | 150,456 | 364,570 | 100,812 | 291,494 | - | - | 629,504 |
| Total business-type activities program revenues | - | - | 150,693 | 1,136,575 | 1,346,253 | 1,089,608 | 1,278,019 | 1,007,439 | 1,017,054 | 1,657,960 |
| Total primary government revenues | \$ 1,328,176 | \$ 11,321,018 | \$ 34,385,868 | \$ 3,635,543 | \$ 9,121,558 | \$ 9,938,640 | \$ 11,025,382 | \$ 9,813,918 | \$ 10,381,454 | \$ 10,047,686 |
| Net revenue (expense): | | | | | | | | | | |
| Governmental activities | \$ (7,025,887) | \$ 71,931 | \$ 20,523,944 | \$ (13,437,880) | \$ (8,755,854) | \$ (8,787,128) | \$ (14,125,638) | \$ (14,760,789) | \$ (15,685,203) | \$ (17,330,269) |
| Business-type activities | - | - | 83,309 | 551,599 | 686,767 | (30,261) | 245,375 | 134,591 | 80,525 | 560,315 |
| Total primary government net revenues (expenses) | \$ (7,025,887) | \$ 71,931 | \$ 20,607,253 | \$ (12,886,281) | \$ (8,069,087) | \$ (8,817,389) | \$ (13,880,263) | \$ (14,626,198) | \$ (15,604,678) | \$ (16,769,954) |

TOWN OF CUTLER BAY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (1)
(ACCRUAL BASIS OF ACCOUNTING)
(CONTINUED)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 3,591,359 | \$ 5,335,778 | \$ 6,667,064 | \$ 6,599,152 | \$ 5,448,770 | \$ 4,215,773 | \$ 4,254,352 | \$ 4,113,511 | \$ 4,423,111 | \$ 4,384,908 |
| Utility taxes | 1,288,432 | 1,836,054 | 2,155,040 | 2,186,688 | 2,379,305 | 2,412,904 | 2,472,062 | 2,640,920 | 2,920,053 | 2,921,455 |
| Franchise fees based on gross receipts | 960,000 | 1,373,216 | 1,636,231 | 1,791,088 | 1,864,675 | 1,419,636 | 1,616,617 | 1,531,087 | 1,240,721 | 1,252,984 |
| Unrestricted intergovernmental revenue | 3,581,552 | 4,118,670 | 5,123,456 | 5,463,037 | 5,074,418 | 5,386,442 | 5,653,427 | 5,815,863 | 6,063,408 | 6,247,502 |
| Unrestricted interest earnings | 43,806 | 237,033 | 305,716 | 197,380 | 108,463 | 63,707 | 63,705 | 70,392 | 70,473 | 54,002 |
| Miscellaneous revenues | 2,014 | 24,597 | 58,801 | 19,194 | - | 271,010 | - | - | - | 105,167 |
| Gains (losses) on disposal of capital assets | - | - | - | - | - | - | (707) | - | - | - |
| Total governmental activities | <u>9,467,163</u> | <u>12,925,348</u> | <u>15,946,308</u> | <u>16,256,539</u> | <u>14,875,631</u> | <u>13,769,472</u> | <u>14,059,456</u> | <u>14,171,773</u> | <u>14,717,766</u> | <u>14,966,018</u> |
| Business-type activities: | | | | | | | | | | |
| Interest earnings | - | - | 1,258 | 4,820 | 3,227 | 1,514 | 2,237 | 2,646 | 2,637 | 2,226 |
| Miscellaneous revenues | - | - | - | - | - | - | - | - | - | 18,430 |
| Total business-type activities | <u>-</u> | <u>-</u> | <u>1,258</u> | <u>4,820</u> | <u>3,227</u> | <u>1,514</u> | <u>2,237</u> | <u>2,646</u> | <u>2,637</u> | <u>20,656</u> |
| Total primary government | <u>\$ 9,467,163</u> | <u>\$ 12,925,348</u> | <u>\$ 15,947,566</u> | <u>\$ 16,261,359</u> | <u>\$ 14,878,858</u> | <u>\$ 13,770,986</u> | <u>\$ 14,061,693</u> | <u>\$ 14,174,419</u> | <u>\$ 14,720,403</u> | <u>\$ 14,986,674</u> |
| Transfers | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ (81,338) | \$ (408,660) | \$ (16,982) | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | - | - | - | 81,338 | 408,660 | 16,982 | - | - | - | - |
| Total primary government | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 2,441,276 | \$ 12,997,279 | \$ 36,470,252 | \$ 2,737,321 | \$ 5,711,117 | \$ 4,965,362 | \$ (66,182) | \$ (589,016) | \$ (967,437) | \$ (2,364,251) |
| Business-type activities | - | - | 84,567 | 637,757 | 1,098,654 | (11,765) | 247,612 | 137,237 | 83,162 | 580,971 |
| Total primary government | <u>\$ 2,441,276</u> | <u>\$ 12,997,279</u> | <u>\$ 36,554,819</u> | <u>\$ 3,375,078</u> | <u>\$ 6,809,771</u> | <u>\$ 4,953,597</u> | <u>\$ 181,430</u> | <u>\$ (451,779)</u> | <u>\$ (884,275)</u> | <u>\$ (1,783,280)</u> |

(1) - Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

TOWN OF CUTLER BAY, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| General fund: | | | | | | | | | | |
| Nonspendable | \$ 38,033 | \$ 257,118 | \$ 289,207 | \$ 271,536 | \$ 318,729 | \$ 234,197 | \$ 333,852 | \$ 401,549 | \$ 433,700 | \$ 362,970 |
| Restricted | - | - | - | - | - | - | - | 2,542 | 2,548 | 49,907 |
| Assigned | - | 1,000,000 | 3,000,000 | 3,690,000 | 3,800,000 | 5,300,000 | 5,860,700 | 5,395,000 | 5,060,700 | 2,000,000 |
| Unassigned | <u>1,326,292</u> | <u>3,406,217</u> | <u>5,669,213</u> | <u>8,423,267</u> | <u>10,903,244</u> | <u>11,023,623</u> | <u>11,781,272</u> | <u>14,047,222</u> | <u>16,301,450</u> | <u>18,519,846</u> |
| Total general fund | <u>\$ 1,364,325</u> | <u>\$ 4,663,335</u> | <u>\$ 8,958,420</u> | <u>\$ 12,384,803</u> | <u>\$ 15,021,973</u> | <u>\$ 16,557,820</u> | <u>\$ 17,975,824</u> | <u>\$ 19,846,313</u> | <u>\$ 21,798,398</u> | <u>\$ 20,932,723</u> |
| All other governmental funds: | | | | | | | | | | |
| Restricted | <u>\$ 994,197</u> | <u>\$ 1,353,855</u> | <u>\$ 2,030,550</u> | <u>\$ 1,887,878</u> | <u>\$ 4,366,337</u> | <u>\$ 3,001,303</u> | <u>\$ 5,155,469</u> | <u>\$ 5,420,598</u> | <u>\$ 5,356,686</u> | <u>\$ 5,201,005</u> |
| Total all other governmental funds | <u>\$ 994,197</u> | <u>\$ 1,353,855</u> | <u>\$ 2,030,550</u> | <u>\$ 1,887,878</u> | <u>\$ 4,366,337</u> | <u>\$ 3,001,303</u> | <u>\$ 5,155,469</u> | <u>\$ 5,420,598</u> | <u>\$ 5,356,686</u> | <u>\$ 5,201,005</u> |

(1) - Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

TOWN OF CUTLER BAY, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 3,591,359 | \$ 5,335,778 | \$ 6,667,064 | \$ 6,599,152 | \$ 5,448,770 | \$ 4,215,773 | \$ 4,254,352 | \$ 4,113,511 | \$ 4,423,111 | \$ 4,384,908 |
| Licenses and permits | 127,260 | 1,065,638 | 1,117,357 | 1,023,098 | 1,308,923 | 972,479 | 1,125,494 | 2,195,599 | 1,379,074 | 1,094,979 |
| Utility taxes | 1,288,432 | 1,836,054 | 2,155,040 | 2,186,688 | 2,379,305 | 2,412,904 | 2,472,062 | 2,640,920 | 2,920,053 | 2,921,455 |
| Franchise fees | 960,000 | 1,373,216 | 1,636,231 | 1,791,088 | 1,864,675 | 1,419,636 | 1,616,617 | 1,531,087 | 1,240,721 | 1,252,984 |
| Intergovernmental revenue | 4,058,570 | 4,915,333 | 5,980,712 | 6,516,513 | 6,751,576 | 11,603,916 | 12,160,953 | 10,141,289 | 12,108,477 | 11,963,293 |
| Charges for services | 700,592 | 349,430 | 311,519 | 376,087 | 3,987,314 | 408,889 | 417,966 | 472,880 | 462,867 | 444,105 |
| Interest and other | 44,826 | 261,630 | 364,517 | 262,881 | 565,096 | 1,313,897 | 1,760,082 | 1,882,515 | 1,515,307 | 1,294,020 |
| Total revenues | <u>10,771,039</u> | <u>15,137,079</u> | <u>18,232,440</u> | <u>18,755,507</u> | <u>22,305,659</u> | <u>22,347,494</u> | <u>23,807,526</u> | <u>22,977,801</u> | <u>24,049,610</u> | <u>23,355,744</u> |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,245,553 | 2,748,244 | 3,294,772 | 3,415,710 | 4,463,461 | 3,606,047 | 9,175,385 | 8,016,148 | 9,819,200 | 9,700,760 |
| Public safety | 5,363,617 | 6,224,741 | 6,815,994 | 7,837,236 | 7,440,693 | 8,007,537 | 8,066,879 | 7,918,949 | 8,030,573 | 8,824,873 |
| Community development | 70,757 | 1,185,763 | 1,509,035 | 1,448,464 | 1,418,418 | 1,163,575 | 1,195,292 | 1,780,152 | 1,282,914 | 1,300,320 |
| Parks and recreation | 652,494 | 915,464 | 1,181,067 | 1,292,713 | 1,246,524 | 1,270,547 | 1,548,745 | 1,647,765 | 1,816,070 | 1,903,493 |
| Capital outlay | 141,934 | 494,454 | 438,337 | 1,364,026 | 10,797,042 | 10,832,039 | 2,176,667 | 582,433 | 314,439 | 557,810 |
| Debt service: | | | | | | | | | | |
| Principal | 7,384 | 44,835 | 71,113 | 77,956 | 234,524 | 227,764 | 82,639 | 204,180 | 212,380 | 1,470,921 |
| Interest | 906 | 4,570 | 7,199 | 6,087 | 300,708 | 657,312 | 567,749 | 692,556 | 685,863 | 618,922 |
| Total expenditures | <u>8,482,645</u> | <u>11,618,071</u> | <u>13,317,517</u> | <u>15,442,192</u> | <u>25,901,370</u> | <u>25,764,821</u> | <u>22,813,356</u> | <u>20,842,183</u> | <u>22,161,439</u> | <u>24,377,099</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,288,394</u> | <u>3,519,008</u> | <u>4,914,923</u> | <u>3,313,315</u> | <u>(3,595,711)</u> | <u>(3,417,327)</u> | <u>994,170</u> | <u>2,135,618</u> | <u>1,888,171</u> | <u>(1,021,355)</u> |
| Other financing sources (uses): | | | | | | | | | | |
| Capital lease proceeds | 70,128 | 121,537 | 74,980 | 51,734 | - | - | - | - | - | - |
| Transfers | - | - | - | (81,338) | (408,660) | (16,982) | - | - | - | - |
| Debt proceeds | - | - | - | - | 9,120,000 | 3,605,122 | 2,578,000 | - | - | 12,306,539 |
| Debt service - principal refunded | - | - | - | - | - | - | - | - | - | (12,306,539) |
| Total other financing sources (uses): | <u>70,128</u> | <u>121,537</u> | <u>74,980</u> | <u>(29,604)</u> | <u>8,711,340</u> | <u>3,588,140</u> | <u>2,578,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 2,358,522</u> | <u>\$ 3,640,545</u> | <u>\$ 4,989,903</u> | <u>\$ 3,283,711</u> | <u>\$ 5,115,629</u> | <u>\$ 170,813</u> | <u>\$ 3,572,170</u> | <u>\$ 2,135,618</u> | <u>\$ 1,888,171</u> | <u>\$ (1,021,355)</u> |
| Debt service as a percentage of noncapital expenditures | 0.10% | 0.44% | 0.61% | 0.60% | 3.54% | 5.93% | 3.15% | 4.43% | 4.11% | 8.77% |

(1) - Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

TOWN OF CUTLER BAY, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS (1)
(ACCRUAL BASIS OF ACCOUNTING)

| <u>Fiscal Year</u> | <u>Property Taxes</u> | | <u>Intergovernmental</u> | <u>Franchise Fees</u> | <u>Licenses and</u> | | <u>Charges for</u> | <u>Interest and</u> | <u>Total</u> |
|--------------------|------------------------|--------------------|--------------------------|-----------------------|---------------------|-----------------|--------------------|---------------------|--------------|
| | <u>General Purpose</u> | <u>Utility Tax</u> | | | <u>Permits</u> | <u>Services</u> | | | |
| 2006 | \$ 3,591,359 | \$ 1,288,432 | \$ 4,058,570 | \$ 960,000 | \$ 127,260 | \$ 700,592 | \$ 44,826 | \$ 10,771,039 | |
| 2007 | 5,335,778 | 1,836,054 | 4,915,333 | 1,373,216 | 1,065,638 | 349,430 | 261,630 | 15,137,079 | |
| 2008 | 6,667,064 | 2,155,040 | 5,980,712 | 1,636,231 | 1,117,357 | 311,519 | 364,517 | 18,232,440 | |
| 2009 | 6,599,152 | 2,186,688 | 6,516,513 | 1,791,088 | 1,023,098 | 376,087 | 262,881 | 18,755,507 | |
| 2010 | 5,448,770 | 2,379,305 | 6,751,576 | 1,864,675 | 1,308,923 | 3,987,314 | 565,096 | 22,305,659 | |
| 2011 | 4,215,773 | 2,412,904 | 11,603,916 | 1,419,636 | 972,479 | 408,889 | 1,313,897 | 22,347,494 | |
| 2012 | 4,254,352 | 2,472,062 | 12,160,953 | 1,616,617 | 1,125,494 | 417,966 | 1,760,082 | 23,807,526 | |
| 2013 | 4,113,511 | 2,640,920 | 10,141,289 | 1,531,087 | 2,195,599 | 472,880 | 1,882,515 | 22,977,801 | |
| 2014 | 4,423,111 | 2,920,053 | 12,108,477 | 1,240,721 | 1,379,074 | 462,867 | 1,515,307 | 24,049,610 | |
| 2015 | 4,384,908 | 2,921,455 | 11,963,293 | 1,252,984 | 1,094,979 | 444,105 | 1,294,020 | 23,355,744 | |

(1) - Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

TOWN OF CUTLER BAY, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (1)
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT AS NOTED)

| <u>Fiscal Year</u> | <u>Real Property</u> | | <u>Personal Property</u> | <u>Net Assessed Value</u> | <u>Total Direct Tax Rate (2)</u> | <u>Estimated Actual Value</u> | <u>Net Assessed Value as a Percentage of Estimated Actual Value</u> |
|--------------------|-----------------------------|----------------------------|--------------------------|---------------------------|----------------------------------|-------------------------------|---|
| | <u>Residential Property</u> | <u>Commercial Property</u> | | | | | |
| 2006 | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| 2007 | \$ 1,752,683 | \$ 431,400 | \$ 46,852 | \$ 2,230,935 | 2.4470 | \$ 3,548,313 | 62.87% |
| 2008 | 2,231,296 | 495,928 | 55,318 | 2,782,542 | 2.4470 | 4,362,898 | 63.78% |
| 2009 | 2,213,948 | 538,463 | 59,422 | 2,811,833 | 2.4470 | 4,529,632 | 62.08% |
| 2010 | 1,683,995 | 492,970 | 66,639 | 2,243,604 | 2.5888 | 3,397,498 | 66.49% |
| 2011 | 1,220,537 | 446,953 | 67,175 | 1,734,665 | 2.5888 | 2,532,903 | 68.49% |
| 2012 | 1,232,081 | 430,445 | 65,033 | 1,727,559 | 2.5702 | 2,537,919 | 68.07% |
| 2013 | 1,207,112 | 428,425 | 65,435 | 1,700,972 | 2.5702 | 2,490,028 | 68.31% |
| 2014 | 1,260,094 | 433,470 | 67,151 | 1,760,715 | 2.5702 | 2,566,716 | 68.60% |
| 2015 | 1,415,618 | 423,658 | 66,336 | 1,905,612 | 2.3907 | 2,971,427 | 64.13% |

Note: Property in the Town is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3% per year or the amount of the Consumer Price Index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

Source: Miami-Dade County Property Appraisal office.

(1) The Town incorporated in November 2005 and its first year of setting its millage rate was fiscal year 2007. Therefore, information for fiscal

(2) Property tax rates are assessed per \$1,000 of taxable assessed valuation.

TOWN OF CUTLER BAY, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS (2)
LAST TEN FISCAL YEARS (1)

| <u>Fiscal Year</u> | <u>DIRECT RATES</u> | | <u>OVERLAPPING RATES</u> | | | | | | <u>Total Direct and Overlapping Rates</u> |
|--------------------|---------------------------|---------------------|--------------------------|---------------------|-------------|--------------------------|---------------|--------------------|---|
| | <u>Town of Cutler Bay</u> | | <u>County</u> | | | <u>Special Districts</u> | | | |
| | <u>Operating Millage</u> | <u>Town Millage</u> | <u>County-wide</u> | <u>Debt Service</u> | <u>Fire</u> | <u>Library</u> | <u>School</u> | <u>State/Other</u> | |
| 2006 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| 2007 | 2.4470 | 2.4470 | 5.6150 | 0.2850 | 2.6510 | 0.4860 | 8.1050 | 1.1578 | 20.7468 |
| 2008 | 2.4470 | 2.4470 | 4.5796 | 0.2850 | 2.2487 | 0.3842 | 7.9480 | 1.0808 | 18.9733 |
| 2009 | 2.4470 | 2.4470 | 4.8379 | 0.2850 | 2.2271 | 0.3822 | 7.7970 | 1.0797 | 19.0559 |
| 2010 | 2.5888 | 2.5888 | 4.8379 | 0.2850 | 2.2271 | 0.3822 | 7.9950 | 1.1585 | 19.4745 |
| 2011 | 2.5888 | 2.5888 | 5.4275 | 0.4450 | 2.5953 | 0.2840 | 8.2490 | 1.1585 | 20.7481 |
| 2012 | 2.5702 | 2.5702 | 4.8050 | 0.2850 | 2.4627 | 0.1795 | 8.0050 | 0.9708 | 19.2782 |
| 2013 | 2.5702 | 2.5702 | 4.7035 | 0.2850 | 2.4627 | 0.1725 | 7.9980 | 0.9634 | 19.1553 |
| 2014 | 2.5702 | 2.5702 | 4.7035 | 0.4220 | 2.4623 | 0.1725 | 7.9770 | 0.9455 | 19.2530 |
| 2015 | 2.3907 | 2.3907 | 4.6669 | 0.4500 | 2.4321 | 0.2840 | 7.9740 | 0.9187 | 19.1164 |

(1) The Town incorporated in November 2005 and its first year of setting its millage rate was fiscal year 2007. Therefore, information

(2) Overlapping rates are those of local and county governments and other taxing districts that apply to property owners within the

Additional information:

Property tax rates are assessed per \$1,000 of taxable assessed \

Tax rate limits:

| | |
|--------|---------------|
| Town | 10.0000 mills |
| County | 10.0000 mills |
| School | 10.0000 mills |
| State | 10.0000 mills |

Source: Miami-Dade County Property Appraisal office.

TOWN OF CUTLER BAY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO
(AMOUNTS EXPRESSED IN THOUSANDS)

| 2015 | | | 2010 | | |
|-----------------------------------|-------------------------------|--|-------------------------------------|-------------------------------|--|
| <u>Taxpayer</u> | <u>Assessed Valuation</u> | <u>Percentage Total Assessed Valuation</u> | <u>Taxpayer</u> | <u>Assessed Valuation</u> | <u>Percentage Total Assessed Valuation</u> |
| Southland Mall Properties LLC | \$ 90,621 | 4.76% | Southland Mall Properties LLC | \$ 73,001 | 3.30% |
| South Dade Shopping LLC | 31,100 | 1.63% | Wri Tc S Dade Shopping Center LLC | 33,000 | 1.50% |
| Florida Power & Light Company | 27,493 | 1.44% | Florida Power and Light | 23,163 | 1.00% |
| Equity One FL Portfolio Inc | 20,040 | 1.05% | Equity One Inc | 19,375 | 0.90% |
| Bill Ussery Motors of Cutler Bay | 13,877 | 0.73% | Pride Homes | 19,274 | 0.90% |
| Healthsouth Rehab Hosp of Mia LLC | 13,300 | 0.70% | Bill Ussery Motors of Cutler Bay | 17,402 | 0.80% |
| The Realty Associates Fund IX L P | 12,955 | 0.68% | Old Cutler Towne Center | 12,518 | 0.60% |
| A & E Partners Holding LLC | 11,000 | 0.58% | Sears Roebuck & Co | 11,829 | 0.50% |
| Quail Roost Investors Joint | 9,600 | 0.50% | A&E Partners Holding LLC | 11,000 | 0.50% |
| Sears Roebuck & Co | 8,886 | 0.47% | Quail Roost Investors Joint Venture | 10,990 | 0.50% |
| | <u>\$ 238,872</u> | <u>12.54%</u> | | <u>\$ 231,552</u> | <u>10.50%</u> |

Source: Miami-Dade County Property Appraisal office.

TOWN OF CUTLER BAY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (1)

| <u>Fiscal Year</u> | <u>Total Taxes Levied for Fiscal Year</u> | <u>Collected Within the Fiscal Year of Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections to Date</u> | |
|--------------------|---|---|------------------------|--|----------------------------------|------------------------|
| | | <u>Amount</u> | <u>Percent of Levy</u> | | <u>Amount</u> | <u>Percent of Levy</u> |
| 2006 | (1) | (1) | (1) | (1) | (1) | (1) |
| 2007 | \$ 5,459,098 | \$ 5,193,807 | 95.1% | \$ 141,971 | \$ 5,335,778 | 97.7% |
| 2008 | \$ 6,808,880 | \$ 6,372,439 | 93.6% | \$ 294,625 | \$ 6,667,064 | 97.9% |
| 2009 | \$ 6,880,555 | \$ 6,371,429 | 92.6% | \$ 227,723 | \$ 6,599,152 | 95.9% |
| 2010 | \$ 5,808,242 | \$ 5,282,098 | 90.9% | \$ 166,672 | \$ 5,448,770 | 93.8% |
| 2011 | \$ 4,490,701 | \$ 4,139,724 | 92.2% | \$ 76,049 | \$ 4,215,773 | 93.9% |
| 2012 | \$ 4,440,172 | \$ 4,211,235 | 94.8% | \$ 43,117 | \$ 4,254,352 | 95.8% |
| 2013 | \$ 4,371,838 | \$ 4,065,237 | 93.0% | \$ 48,274 | \$ 4,113,511 | 94.1% |
| 2014 | \$ 4,525,390 | \$ 4,320,764 | 95.5% | \$ 102,347 | \$ 4,423,111 | 97.7% |
| 2015 | \$ 4,555,747 | \$ 4,242,833 | 93.1% | \$ 142,075 | \$ 4,384,908 | 96.3% |

(1) The Town incorporated in November 2005 and its first year of setting its millage rate was fiscal year 2007. Therefore, information for fiscal periods prior to that are not available.

Note: Total adjusted tax levy is based on final assessed property tax values by Miami-Dade County Department of Property Appraisal Office after the Property Appraisal Adjustment Board has completed hearings on the tax roll, and before discounts.

| | |
|--------------------|------------------|
| Discounts Allowed: | |
| November | 4% |
| December | 3% |
| January | 2% |
| February | 1% |
| April | Taxes delinquent |

Source: Miami-Dade County Tax Collector's Office.

TOWN OF CUTLER BAY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (1)

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | Government | Personal Income (2) | Per Capita (2) |
|-------------|-------------------------|---------------|----------------|--------------------------|---------------|----------------|------------|---------------------|----------------|
| | Interlocal Debt | Notes Payable | Capital Leases | Interlocal Debt | Notes Payable | Capital Leases | | | |
| 2006 | \$ - | \$ - | \$ 62,744 | \$ - | \$ - | \$ - | \$ 62,744 | 0.005% | \$ 1.69 |
| 2007 | - | - | 139,447 | - | - | - | 139,447 | 0.010% | 3.45 |
| 2008 | - | - | 143,314 | - | - | - | 143,314 | 0.010% | 3.47 |
| 2009 | - | - | 117,092 | - | - | 21,583 | 138,675 | 0.009% | 3.34 |
| 2010 | 4,016,565 | 9,120,000 | 57,843 | 2,363,850 | - | 14,653 | 15,572,911 | 1.803% | 378.04 |
| 2011 | 3,562,490 | 12,725,122 | 13,144 | 2,283,653 | - | 7,444 | 18,591,853 | 1.209% | 457.43 |
| 2012 | 3,492,995 | 15,303,122 | - | 2,200,395 | - | - | 20,996,512 | 1.304% | 506.66 |
| 2013 | 3,288,815 | 15,303,122 | - | 2,113,950 | - | - | 20,705,887 | 1.235% | 492.59 |
| 2014 | 3,076,435 | 15,303,122 | - | 2,129,939 | - | - | 20,509,496 | 1.140% | 477.59 |
| 2015 | 2,854,010 | 14,054,626 | - | 2,019,830 | - | - | 18,928,466 | n/a | 429.13 |

(1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

(2) See the schedule of Demographics and Economic Statistics for the personal income and per capita.

n/a All data necessary for computation not available.

TOWN OF CUTLER BAY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT AS NOTED)

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Amount Applicable to Cutler Bay</u> |
|-----------------------------------|---------------------------------|--|--|
| Overlapping debt: | | | |
| Miami-Dade County Schools (2) | \$ 365,012 | 0.91% | \$ 3,316 |
| Miami-Dade County (3) | <u>1,384,231</u> | 0.91% | <u>12,574</u> |
| Subtotal overlapping debt | 1,749,243 | | 15,890 |
| Direct debt: | | | |
| Town of Cutler Bay | <u>16,909</u> | 100.00% | <u>16,909</u> |
| Total direct and overlapping debt | <u>\$ 1,766,152</u> | | <u>\$ 32,799</u> |

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total taxable assessed value, as reported by the Property Appraiser for current fiscal year's budget.

(2) Miami-Dade County Schools, General Finance Department

(3) Miami-Dade County, Finance Department (includes General Obligation and Special Obligation Bonds)

TOWN OF CUTLER BAY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (1)

| <u>Fiscal Year</u> | <u>Population (2)</u> | <u>Personal Income (in thousands) (3)</u> | <u>Per Capita Personal Income (4)</u> | <u>Unemployment Rate (5)</u> |
|--------------------|-----------------------|---|---|----------------------------------|
| 2006 | 37103 | \$ 1,296,156 | \$ 34,934 | 3.1% |
| 2007 | 40468 | 1,431,272 | 35,368 | 3.6% |
| 2008 | 41300 | 1,482,133 | 35,887 | 5.6% |
| 2009 | 41579 | 1,511,687 | 36,357 | 12.3% |
| 2010 | 41194 | 1,509,925 | 36,654 | 11.1% |
| 2011 | 40644 | 1,537,725 | 37,834 | 9.4% |
| 2012 | 41441 | 1,610,397 | 38,860 | 8.4% |
| 2013 | 42035 | 1,676,355 | 39,880 | 7.6% |
| 2014 | 42944 | 1,798,623 | 41,883 | 7.0% |
| 2015 | 44109 | n/a | n/a | 6.2% |

(1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

(2) Population estimate based on data published by the University of Florida, Bureau of Economic and Business Research, except for 2006 which is from Adopted Operating Budget.

(3) Personal income is the Miami-Dade per capita personal income applied to the Cutler Bay population.

(4) Per Capita Personal Income is for Miami-Dade County from the U.S. Department of Commerce, Bureau of Economic Analysis.

(5) Bureau of Labor Statistics, Unemployment Statistics, Miami-Miami Beach-Kendall, FL

n/a Data not available.

TOWN OF CUTLER BAY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

| 2015 | | | 2010 | | |
|-------------------------------|------------------|----------------------------|-------------------------------|------------------|----------------------------|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage of Total</u> | <u>Employer</u> | <u>Employees</u> | <u>Percentage of Total</u> |
| Alorica | 1,537 | 43.7% | Alorica (formerly PRC, INC) | 1,537 | 46.2% |
| East Ridge Retirement Village | 272 | 7.7% | East Ridge Retirement Village | 267 | 8.0% |
| Publix Supermarkets | 207 | 5.9% | Publix Supermarkets | 235 | 7.1% |
| Health South Rehabilitation | 180 | 5.1% | Sears Roebuck & Co | 183 | 5.5% |
| Kmart | 147 | 4.2% | Health South Rehabilitation | 162 | 4.9% |
| Macy's | 125 | 3.6% | JC Penney | 114 | 3.4% |
| McDonalds | 100 | 2.8% | Best Buy | 103 | 3.1% |
| Mercedes Benz | 99 | 2.8% | Macy's | 99 | 3.0% |
| Sears Roebuck & Co | 97 | 2.8% | Mercedes Benz | 99 | 3.0% |
| Olive Garden | 90 | 2.6% | Winn Dixie Stores | 96 | 2.9% |
| Winn Dixie Stores | 89 | 2.5% | Southland Mall 16 | 80 | 2.4% |
| JC Penney | 83 | 2.4% | CAC Florida Medical | 61 | 1.8% |
| Town of Cutler Bay | 79 | 2.2% | Toys R Us | 50 | 1.5% |
| Ross Stores | 72 | 2.0% | Town of Cutler Bay | 49 | 1.5% |
| Applebee's | 68 | 1.9% | Peterson's Harley-Davidson | 41 | 1.2% |
| Buffalo Wild Wings | 60 | 1.7% | Ross Stores | 40 | 1.2% |
| Regal Cinemas Inc 16 | 60 | 1.7% | Old Navy | 35 | 1.1% |
| Denny's | 55 | 1.6% | Jo Ann Fabrics & Crafts | 29 | 0.9% |
| Peterson's Harley-Davidson | 51 | 1.4% | La Quinta Inns | 25 | 0.8% |
| TJ Maxx | 49 | 1.4% | Hair Ego | 24 | 0.7% |
| | <u>3,520</u> | <u>100.0%</u> | | <u>3,329</u> | <u>100.0%</u> |

Source: Town of Cutler Bay local business tax registrations

TOWN OF CUTLER BAY, FLORIDA
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (1)

| Function: | Fiscal Year | | | | | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Legislative | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Clerk | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 3 | 1 |
| General government | 3 | 6 | 7 | 7 | 7 | 7 | 8 | 10 | 10 | 11 |
| Community development | - | 5 | 9 | 9 | 8 | 7 | 6 | 7 | 7 | 8 |
| Public works | - | 5 | 5 | 4 | 5 | 5 | 4 | 6 | 6 | 6 |
| Parks | - | 13 | 14 | 14 | 16 | 14 | 17 | 17 | 17 | 19 |
| Public safety: | | | | | | | | | | |
| Police | n/a (2) |
| Civilian administrative staff | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | <u>9</u> | <u>36</u> | <u>42</u> | <u>42</u> | <u>43</u> | <u>41</u> | <u>42</u> | <u>48</u> | <u>48</u> | <u>50</u> |

(1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

(2) Police services contracted through Miami-Dade County.

Source: Town of Cutler Bay Finance Department

TOWN OF CUTLER BAY, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (1)

| Function/program: | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | <u>2006</u> | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Public safety: | | | | | | | | | | |
| Number of emergency calls for service | 708 | 1,157 | 1,285 | 1,195 | 1,162 | 991 | 945 | 987 | 950 | 1,112 |
| Number of priority calls for service | n/a | 1,120 | 1,195 | 1,031 | 933 | 874 | 832 | 747 | 692 | 804 |
| Number of non-emergency calls for service | 7,381 | 21,118 | 23,922 | 16,744 | 23,775 | 15,942 | 14,991 | 14,001 | 13,985 | 14,447 |
| Number of arrests | 455 | 1,324 | 1,212 | 1,063 | 1,141 | 1,081 | 1,188 | 1,149 | 1,272 | 1,061 |
| Number of sworn personnel | 36 | 44 | 46 | 51 | 50 | 51 | 50 | 50 | 52 | 51 |
| Building and zoning: | | | | | | | | | | |
| Number of building permits issued | n/a (2) | 2,297 | 2,176 | 1,854 | 3,121 | 2,669 | 2,684 | 4,657 | 2,436 | 2,343 |
| Number of certificates of use issued | n/a (2) | 185 | 152 | 147 | 57 | 124 | 127 | 113 | 100 | 87 |
| Number of occupational licenses issued | n/a (2) | 605 | 787 | 812 | 813 | 794 | 898 | 839 | 890 | 888 |
| Culture and recreation | | | | | | | | | | |
| Number of parks | n/a (2) | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 9 | 9 |

(1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

(2) The Town did not take over this function until fiscal year 2007. Information prior to the take-over date is not available.

n/a data not available for this period.

Source: Various Town departments

TOWN OF CUTLER BAY, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (1)

| Function/program: | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Culture and recreation: | | | | | | | | | | |
| Parks | n/a (2) | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 9 | 9 |
| Swimming pools | n/a (2) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | n/a (2) | 3 | 3 | 3 | 3 | 5 | 5 | 5 | 5 | 5 |
| Playgrounds | n/a (2) | 3 | 3 | 3 | 3 | 4 | 5 | 5 | 5 | 5 |
| Soccer/football/lacrosse fields | n/a (2) | 2 | 2 | 3 | 3 | 3 | 5 | 5 | 5 | 5 |
| Baseball fields | n/a (2) | 3 | 3 | 3 | 3 | 3 | 6 | 6 | 6 | 6 |
| Picnic shelters | n/a (2) | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public works: | | | | | | | | | | |
| Streets (length in feet) | n/a (3) | n/a (3) | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 |
| Sidewalks (area in square feet) | n/a (3) | n/a (3) | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 |

(1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.

(2) The Town did not take over this function until fiscal year 2007. Information prior to the take-over date is not available.

(3) The Town did not take over this function until fiscal year 2008. Information prior to the take-over date is not available.

Source: Town of Cutler Bay Parks and Public Works departments.

COMPLIANCE SECTION



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**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**

Honorable Mayor and Members of the Town Council
Town of Cutler Bay, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, (the 'Town') as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 24, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alberni Caballero & Fierman, LLP

Alberni, Caballero & Fierman, LLP
Coral Gables, Florida
June 24, 2016



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

Honorable Mayor and Members of the Town Council
Town of Cutler Bay, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Cutler Bay, Florida (the "Town") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 24, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on Compliance with the Requirements of Section 218.415 Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports, which are dated June 24, 2016, 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. There were no findings or recommendations made in the preceding annual financial audit report.

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. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and state awarding agencies, and applicable management of the Town of Cutler bay, and members of the Town Council and is not intended to be and should not be used by anyone other than these specified parties.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 24, 2016



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members of the Town council
Town of Cutler Bay, Florida

We have examined the Town of Cutler Bay, Florida, (the "Town") compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2015. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 24, 2016