



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

June 26, 2020

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, (the 'Town') for the fiscal year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 August 20, 2019. 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 2019. 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 estimates affecting the Town's financial statements were:

Management's estimate of collectability of accounts receivable and postretirement obligations. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures 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 disclosure of subsequent events in Note 12 to the financial statements.

The disclosure of restatement of beginning net position/fund balance in Note 13 to the financial statements.

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

Difficulties Encountered in Performing the Audit

We encountered no 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 resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like 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 auditors' 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

We applied certain limited procedures to the Management's Discussion and Analysis, the Budgetary Comparison Schedules and the GASB – required supplementary pension, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Non-major Fund Financial Statements and the Schedule of Expenditures of Federal Awards, which accompany the Town's financial statements but are not RSI. With respect to this supplementary information, 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 the 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.

We were not engaged to report on the Introductory Section and the Statistical Section, which accompany the Town's financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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,

Caballero Fierman Llerena & Garcia, LLP

TOWN OF CUTLER BAY, FLORIDA



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TOWN OF CUTLER BAY, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

Prepared By
Robert Daddario, CPA
Finance Director

TOWN OF CUTLER BAY, FLORIDA

TABLE OF CONTENTS

SEPTEMBER 30, 2019

| | <u>PAGES</u> |
|---|---------------------|
| I. INTRODUCTORY SECTION (Unaudited) | |
| Letter of Transmittal | i-xiv |
| GFOA Certificate of Achievement | xv |
| List of Elected Town Officials | xvi |
| Organizational Chart | xvii |
| II. FINANCIAL SECTION | |
| Independent Auditors' Report | 1-2 |
| Management's Discussion And Analysis (Required Supplementary Information) | 3-24 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 25 |
| Statement of Activities | 26 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 27 |
| Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds | 28 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 29 |
| Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 30 |
| Statement of Net Position - Proprietary Fund | 31 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund | 32 |
| Statement of Cash Flows - Proprietary Fund | 33 |
| Notes to Financial Statements | 34-58 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule – General Fund | 59 |
| Budgetary Comparison Schedule – CITT Fund | 60 |
| Notes to Budgetary Comparison Schedule | 61-62 |
| Schedule of the Town's Proportionate Share of the Net Pension Liability - FRS | 63 |
| Schedule of the Town's Contributions - FRS | 63 |
| Schedule of the Town's Proportionate Share of the Net Pension Liability - HIS | 64 |
| Schedule of the Town's Contributions - HIS | 64 |
| COMBINING FINANCIAL STATEMENTS | |
| Combining Balance Sheet- Non-major Governmental Funds | 65 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds | 66 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund | 67 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Transportation Fund | 68 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Safe Routes to School Fund | 69 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Bike and Pedestrian Fund | 70 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – The Children's Trust Fund | 71 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Lighting Fund | 72 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – DJJ Fund | 73 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget vs. Actual – Capital Projects (Parks) Fund | 74 |
| Schedule of Revenues, Expenses and Changes in Net Position - Budget vs. Actual - Stormwater Fund | 75 |

TOWN OF CUTLER BAY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2019
(CONTINUED)

| | <u>PAGES</u> |
|---|---------------------|
| III. STATISTICAL SECTION (Unaudited) | |
| Net Position by Component | 76 |
| Changes in Net Position | 77-78 |
| Fund Balances of Governmental Funds | 79 |
| Changes in Fund Balances of Governmental Funds | 80 |
| General Governmental Tax Revenues by Source | 81 |
| Assessed Value and Estimated Actual Value of Taxable Property | 82 |
| Property Tax Rates Direct and Overlapping Governments | 83 |
| Principal Property Taxpayers | 84 |
| Property Tax Levies and Collections | 85 |
| Ratios of Outstanding Debt By Type | 86 |
| Direct and Overlapping Governmental Activities Debt | 87 |
| Demographic and Economic Statistics | 88 |
| Principal Employers | 89 |
| Full-Time Equivalent Town Government Employees by Function | 90 |
| Operating Indicators By Function | 91 |
| Capital Asset Statistics By Function/Program | 92 |
| IV. COMPLIANCE SECTION | |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 93-94 |
| Independent Auditors' Report on Compliance for its Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 95-96 |
| Schedule of Expenditures of Federal Awards | 97 |
| Notes to Schedule of Expenditures of Federal Awards | 98 |
| Schedule of Findings and Questioned Costs | 99-100 |
| Management Letter in Accordance with the Rules of the Auditor General of the State of Florida | 101-102 |
| Independent Accountants' Report on Compliance pursuant to Section 218.415 Florida Statutes | 103 |

INTRODUCTORY SECTION



June 26, 2020

Dear Residents:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Cutler Bay, Florida, (the “Town”) for the fiscal year ended September 30, 2019, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the 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 Caballero Fierman Llerena & Garcia, 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, 2019 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 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 (5) 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 (2) 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 45,400 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 that gripped the United States during the 2008 to 2012 time period. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking. Property values within the Town saw significant declines from 2008 through 2012 (an approximate 40% decline from the 2008 valuation level). Since 2012, property values within the Town have increased each year (from 2013 through 2019), reflecting a gain of approximately 55% from the 2012 bottom, although the Town's property values remain below the 2008 peak. The Town has seen encouraging signs in building activity and new development within the Town in recent years which have extended into fiscal year 2020 with significant new planned projects in process.

The Town has been impacted by the COVID-19 pandemic that has shut down the United States economy since mid-March 2020. While reopening certain aspects of the local economy is just now starting, it may take at least several months before the economy returns to pre-pandemic levels. There is a risk that a resurgence of the virus after reopening the local economy could result in another shutdown. While we are not yet able to assess the impacts, current or future, of the pandemic on the Town's operations, the Town maintains strong reserves to help it weather such emergencies.

Additionally, since property values for ad valorem purposes are assessed as of January 1st, the current pandemic situation is not expected to negatively impact the Town's property tax base that will be certified by the Miami-Dade County Property Appraiser on July 1, 2020. This certified value will be used to establish the Town's fiscal year 2021 budget. Based on a January 1, 2020 valuation date, the Town anticipates property values to show positive growth. Should the pandemic effects linger through 2020, there is a risk that property values could deteriorate and the values assessed on January 1, 2021 could be negatively impacted (which could negatively impact the Town's fiscal year 2022 budget).





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.

Prior to the COVID-19 pandemic, the economy at the national, State and local levels were performing at historically high levels while unemployment levels were near historic lows. As a result of the pandemic, the economy came to a standstill in March 2020 and unemployment nationwide surged. The latest unemployment reports from the U.S. Bureau of Labor Statistics before the nationwide shutdown of the economy (February 2020) indicated that the Miami-Dade County unemployment rate decreased to 2.3%, down from 3% (revised) in March 2019. The unemployment rate for March 2020, when businesses started to be impacted by the pandemic, was estimated at 4.1% for Miami-Dade County, and the rate climbed to 13.2% (preliminary) for April 2020. By comparison, the March and April 2020 unemployment rates statewide for the State of Florida were 4.4% and 12.9% (preliminary), respectively, and both the local and statewide rates are slightly better than the national unemployment rates for those periods (4.4% and 14.7%, respectively). Businesses in Florida have begun to reopen in May 2020, although at a slower pace for the Southeast quadrant of the State which includes Miami-Dade County. While there was strong concern that unemployment could soar to 20-25% or more, positive news was revealed when the national unemployment rate dipped to 13.3% (preliminary) for May 2020.

The Town’s economic development mission has two (2) major components: (1) direct communication and marketing; and (2) availability of non-financial incentives. Direct communication and marketing are a joint outreach effort that includes the elected body, the 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 (2) distinct programs:

- Expedited building permits, courtesy inspections, and accessibility to the building official and senior inspectors.
- 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. The 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 past years include 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 addition, the Town continues to be Certified "Silver" by the Florida Green Building Coalition and has been awarded the Sustainability Award for the Town's Green Master Plan by the Florida Planning and Zoning Association.

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 finance energy efficient improvements, such as solar panels, wind generators, insulation, roofing, impact windows or shutters for their property. 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. Additional information regarding the PACE program can be found at https://ygrene.us/fl/green_corridor/about

The Town continues 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 Business Corridor.

In fiscal year 2019 and 2020, there were no major changes to the Town's 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 that are 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.

The South Miami-Dade Performing Arts Center continued to be a major attraction for residents and visitors to the south Dade region, 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 the South Dade community. 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.





The recently adopted Town Land Development Regulations provide a 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 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.

New residential developments in recent years 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.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Opportunity Zones

The Federal Government Tax Cuts and Jobs Act of 2017 created "Opportunity Zones", which provide, under certain conditions, for preferential tax treatment for new investments in designated economically-distressed communities. Certain areas in the Town, including our Town Center District in which Town owned properties are located, are designated Opportunity Zones. This designation benefits the Town as it attempts to bring in new investment to facilitate the redevelopment of our commercial corridor. It also provides potential opportunities for the Town should it wish to sell any of its Town owned property, within this district.

The Opportunity Zone designation also opens up possibilities for the Town to acquire land or exchange its real property for other parcels. The Town could, for example, sell its Town Hall building property and lease back space or it could exchange its property for other centrally located properties within the Town (that may or may not be on an Opportunity Zone designated area).

Franchise Fees

Since incorporation, the Town's electrical franchise fees from Florida Power & Light ("FPL") have been received through an Interlocal Agreement ("Agreement") with the County. The Agreement is scheduled to terminate in May 2020, at which point the Town is eligible to have its own Agreement directly with FPL. To prepare for this transition, the Town adopted Ordinance #18-04 on October 17, 2018 formally granting FPL a thirty-year (30) franchise to operate in the Town, effective upon the earlier of the scheduled termination of the County's Agreement with FPL or upon the effective date of a new Agreement between the County and FPL. Once implemented, the Town's electrical franchise fee revenue should increase dramatically from the current approximate \$1 million level. It is quite likely that the franchise fees generated by this new Agreement in its first full year could be in the \$2 million to \$2.5 million range.





Transportation 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. Over the past several years, the Town, pursuant to a “Joint Project Agreement” (i.e., the “JPA”) with the County, in which the County provided funding of approximately \$18 million, successfully completed two specified road improvement projects within the Town’s boundaries, Old Cutler Road (a State designated historic road) and Caribbean Boulevard, which is a main roadway that runs through the heart of town. The Town and the County recently agreed on a new approximate \$9 million JPA project for Franjo Road for which the Design Phase is expected to commence in fiscal year 2021.

These roadway projects are 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.

Other significant projects completed in recent years included:

- Sidewalk enhancement project in a local neighborhood near Cutler Bay Middle School funded by an FDOT Safe Routes to School grant and with a Town contribution using The People’s Transportation Plan (“PTP”) surtax funds transferred from the Citizens’ Independent Transportation Trust (“CITT”) Fund, and
- Sidewalk extension project around Cutler Bay Middle School funded with Road Impact Fees.
- a FDOT Transportation Alternatives Program (“TAP”) grant for another sidewalk project in Town (known as the Manta Drive Sidewalk Project) funded with the TAP grant and PTP surtax funds transferred from the CITT Fund;
- Sidewalk enhancement project in a local neighborhood near Gulfstream Elementary School funded by an FDOT Safe Routes to School grant and with a Town contribution using PTP surtax funds transferred from the CITT Fund;
- a “Smart Moves” Master Plan funded by a Miami Dade Transit Planning Organization grant and the Town’s PTP surtax funds.



In September 2018, the Town was notified that it was awarded a Strategic Miami Area Rapid Transit (SMART) Plan Demonstration grant from the Florida Department of Transportation (through the Miami-Dade Transit Planning Organization). The grant aims to promote “on demand” transit opportunities. The Town will utilize the grant to implement Business Express Service shuttles that will operate during peak AM and PM business hours, transporting residents directly to the South-Dade Transitway. The project will help ease congestion by allowing Town residents to leave their vehicles at home and be shuttled to several transit stops along the South Dade Transitway. The grant award is \$192,500 per year for three (3) years and requires a Town match of \$192,500. The Town will utilize its transit related PTP surtax funds for match purposes.

The aforementioned PTP surtax funds are being received pursuant to an Interlocal agreement with the County (in February 2012) to allow the Town to receive funds from 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 \$1.5 million to \$1.8 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. Since being awarded these funds, the transportation portion of the PTP surtax funds have been used for Town-wide road resurfacing projects, traffic calming projects, and to provide for the Town’s share of costs on the previously noted JPA roadway projects, as well as on other transportation eligible 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.

Through fiscal year 2013, the municipal circulator bus operated on a fixed route three (3) 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 (5) 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 (2) additional days and extending the operating hours, monthly ridership has exceeded 5,000 riders per month.

Additionally, the Town has utilized the “transit” related PTP surtax funds for the design and construction of decorative bus shelters and benches. It is anticipated that these decorative shelters will be constructed throughout the Town, replacing older existing bus shelters with advertisement panels.





Stormwater Initiatives

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 \$3.7 million of stormwater drainage improvement projects. 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.

In fiscal year 2017, the Town was awarded a State of Florida Department of Environmental Protection (FDEP) grant in the amount of \$374,000 for a major stormwater drainage project along SW 100th Avenue known as the “Point Royale Stormwater Retrofit” project, an approximate \$956,000 project. Additionally, the Town received a State appropriation, also through FDEP, in the amount of \$165,000 for the Saga Bay 1.2 Sub-basin stormwater project, an approximate \$607,000 project. In addition to the aforementioned grant and State appropriation, the Town utilized PTP surtax funds transferred from the CITT Fund (see above) as well as accumulated earnings in the Stormwater Fund to complete these projects. Construction of these drainage improvement projects commenced late in fiscal year 2018 and were completed in fiscal year 2019.

In fiscal year 2019, the Town adopted a Watershed plan which will enable it, once approved by the regulators, to qualify for a Level 4 status in the Community Rating System for flood insurance purposes. With this rating, Town residents will benefit from a 30% discount on their flood insurance premiums.

Parks and Recreation

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 \$3.5 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. 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 and was improved by the Town to include outdoor exercise equipment stations along the walking trails.

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. Since initial development, the Town added playground equipment for children at this park which included safety surfacing, a shade structure, and additional sidewalk capacity, a lightning detection system, and two (2) sand volleyball courts. The Town has also been awarded a \$200,000 grant from FDEP for the construction of an approximate \$600,000 canoe/kayak launch at the Lakes by the Bay Park. The Town is utilizing park impact fees to cover the remaining cost of the project, which is expected to be completed in fiscal year 2020.

Franjo Park, which houses three (3) little league size baseball fields, was severely damaged in September 2017 by Hurricane Irma. Given the extent of damage and age of the park facility, the park needs to essentially be rebuilt from the ground up and brought up to code. These additional rebuild costs are not covered by insurance or FEMA reimbursement and, as a result, the Town is funding the restoration of this park with General Fund monies. An approximate \$700,000 separate lighting portion of this park renovation project has already been completed. While the fiscal year 2020 budget provided \$1.2 million for the remaining restoration of this park, the lowest responsive bid for this restoration work was approximately \$2.6 million. The Town Council has voted to move forward with this project and the additional funds will be provided by General Fund reserves. The Town's strong fund balance reserves positions it to be able to fund this project without adverse consequence to the Town's financial health. The remaining restoration work is expected to commence in June 2020 and is anticipated to take ten (10) months to complete.

In late April 2020, the Town executed a Letter of Intent ("LOI"), pursuant to Resolution No. 20-18, to acquire an approximate 8.45 acre parcel of land along Old Cutler Road for \$8.45 million. The land is adjacent to the South Florida Water Management District's protected wetlands and the Town intends to preserve this environmentally sensitive parcel as a nature preserve. The acquisition is subject to appraisal which is currently being performed. The LOI requires a \$3 million deposit from the Town within sixty (60) days of the execution of the LOI and the balance of the purchase price is due by December 31, 2020. If the balance of the purchase price is not paid by December 31st, interest on the balance shall accrue at a rate of 3% through the date of closing. If the balance due is not paid by June 30, 2021, the property shall revert to the seller and the seller shall be entitled to retain the \$3 million deposit. It is currently anticipated that the Town would finance the acquisition of this parcel with long-term debt. Notwithstanding, Town staff is aggressively seeking out grants and other sources of funds that might be available for environmentally sensitive lands that could help the Town recoup some of the cost of this acquisition.



Town Hall Property

In fiscal year 2019, the Town had entered into a Letter of Intent with a local land owner to exchange the Town Hall building property and an adjacent land parcel owned by the Town, both located in the “Town Center District”, for a 16 acre land parcel located in the center of Town along Old Cutler Road. As part of the proposed deal, the Town would agree to enter into a five (5) year leaseback of its existing office space (with three (3) two-year renewals). Both parties conducted their due diligence in the Fall of 2019 and the transaction closed on January 9, 2020 (Ordinance No. 19-12). The primary motivations for entering into such a transaction were:

- Remove up to 480 units from possible development along Old Cutler Road, a highly congested historic roadway running through the center of Town;
- Develop a true Town Hall municipal complex with amenities that can serve as a Town gathering point and be enjoyed by all residents;
- Leave a legacy for future generations to enjoy.

Over the course of 2020 and 2021, the Town will be scheduling public involvement meetings so that residents can have input as to how this 16-acre site should be developed. In order to finance such a complex, the Town will most likely seek approval from the electorate for the issuance of General Obligation Bonds. At this time, we anticipate that the entire process, from initial conceptualization to buildout, will be a 3 to 7-year process. During the General Obligation Bond Campaign, the Town staff will continue to operate from its formerly owned offices as a leaseback tenant.

Interlocal Debt

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, 2019 and 2018 were approximately \$345,765 and \$346,622, respectively. The Town’s pro rate 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.





Cash Management

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 fiscal year 2019 and 2018 the Town earned approximately \$250,200 and \$154,200, respectively, in investment income. Interest rates had been trending higher as the overall economy improved, however it remains uncertain what impacts, if any, the COVID-19 pandemic will have on interest rates for the remainder of fiscal year 2020 and into fiscal year 2021.

The Town Council and Town Management closely monitor the resources available to the Town and its use. At September 30, 2019, the total fund balance of the General Fund is approximately \$18.14 million, a decrease of approximately \$460,000 from September 30, 2018. This total fund balance represents approximately 90.2% of total fiscal year 2019 general fund expenditures (and represents approximately 101.2% of fiscal year 2019 general fund expenditures excluding debt service and capital outlay).

Approximately \$16.67 million of the General Fund's total fund balance of \$18.14 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 82.9% of total fiscal year 2019 general fund expenditures (and represents approximately 93.1% of fiscal year 2019 general fund expenditures excluding debt service and capital outlay). Approximately \$1 million, or 5.5%, 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 \$390,700) to indicate that it is not available for new spending because it has already been committed for prepaid expenses and as "restricted" (approximately \$74,100) 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, 2018. 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, 2019 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, Caballero Fierman Llerena & Garcia, 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



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, 2018

Christopher P. Morill

Executive Director/CEO

TOWN OF CUTLER BAY, FLORIDA

List of Elected Town Officials

September 30, 2019

Council-Manager Form of Government

TOWN COUNCIL

Tim Meerbott, Mayor

Sue Ellen Loyzelle, Vice Mayor

Robert Duncan, Councilmember, Seat 1

Michael P. Callahan, Councilmember, Seat 2

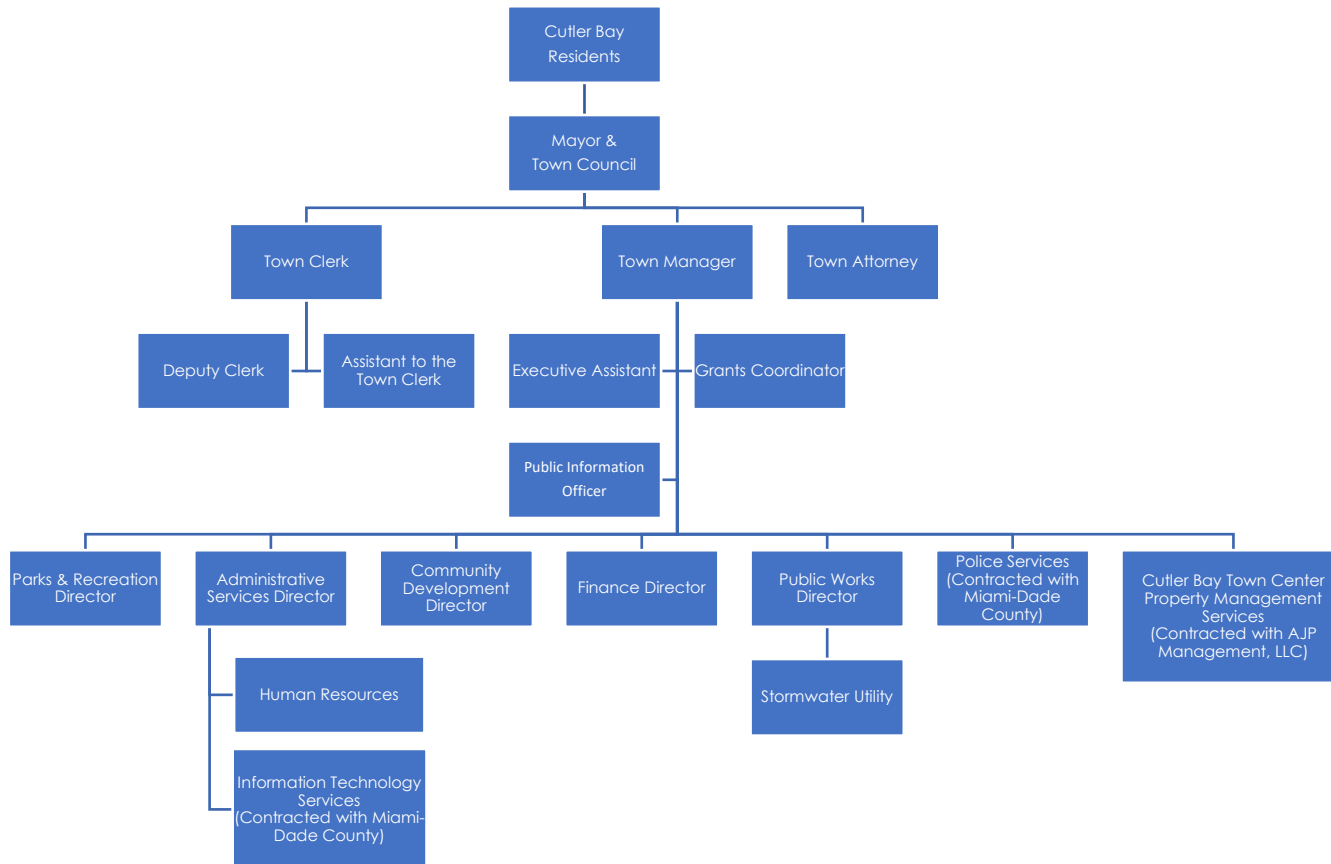
Roger Coriat, Councilmember, Seat 3

Prepared by:

Finance Department and Administration



Town of Cutler Bay Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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, 2019, 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 Town'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 Town'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, 2019, 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.

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 the Town's Net Pension Liabilities and Contributions on pages 3-24 and 59-64, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Uniform Guidance and the 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 and the schedule of expenditures of federal awards 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 26, 2020, 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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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, 2019 with a comparative analysis with the prior fiscal year.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at September 30, 2019 by approximately \$53.78 million (net position). Of this amount, approximately \$15.31 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 \$888,500 from the total net position balance at September 30, 2018. The net decrease results primarily from the Town's fiscal year 2019 operations (an approximate \$115,100 decrease) as well as by a restatement of beginning net position (an approximate \$773,300 decrease) as discussed more fully in Note 13 to the financial statements.
- As of September 30, 2019, the Town's governmental funds reported combined ending fund balances of approximately \$23.47 million, a decrease of approximately \$377,500 from the September 30, 2018 balances, due primarily to the Town's current operations during the fiscal year offset by capital expenditures and debt service (an approximate \$395,800 increase in fund balance), offset by an approximate \$773,300 decrease as a result of a restatement of beginning fund balance (as discussed more fully in Note 13 to the financial statements). This combined fund balance represents 121% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2019, unassigned fund balance for the General Fund was approximately \$16.67 million, or 83% of total General Fund expenditures, versus \$17.09 million and 85%, respectively, at September 30, 2018 (as restated). The approximate \$423,000 decrease in unassigned fund balance results primarily from fiscal year 2019 operations (an approximate \$459,900 decrease) as well as by the changes in the composition of the other classifications of fund balance. The Town's unassigned fund balance at September 30, 2019 remains strong and is a positive indicator of the Town's financial health.
- The Town records the activity of its stormwater utility (a business type activity) in the Stormwater Fund, an enterprise fund. In fiscal year 2019, the stormwater utility's net position increased by approximately \$624,500. This increase resulted primarily from an operating loss of approximately \$15,100 which was generated from approximately \$1,028,500 in charges for services and approximately \$1,043,600 in operating expenses, including approximately \$197,400 in depreciation. Operating loss was offset by net non-operating revenues of approximately \$322,700, comprised of interest income of approximately \$3,900 and a capital grant contribution of approximately \$380,400, reduced by interest expense of approximately \$61,600, and by transfers in of approximately \$316,900.
- At September 30, 2019, the General Fund's fund balance of approximately \$18.14 million is comprised of approximately \$390,700 classified as "Nonspendable", approximately \$74,100 classified as "Restricted", approximately \$1 million classified as "Assigned", and approximately \$16.67 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, deferred outflows of resources and liabilities, and deferred inflows of resources with the difference among these components 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, 2019

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 CITT 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 CITT Fund. Budgetary comparison schedules have been provided for the General Fund and the CITT Fund to demonstrate compliance with their respective budgets.

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.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Overview of the Financial Statements (Continued)

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 \$888,500 during fiscal year 2019 (approximately \$115,200 due from operations as well as approximately \$773,300 due from a restatement of beginning net position. As a result, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources were approximately \$53.78 million and \$54.67 million, respectively, at September 30, 2019 and 2018. See the table below.

The largest portion of the Town's assets at September 30, 2019 consists of capital assets (approximately \$45.3 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 2019 were infrastructure and improvement projects related to roadways, parks and stormwater drainage.

Other significant assets at September 30, 2019 and 2018 include cash and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$25.8 million at September 30, 2019, decreased approximately \$300,000 from the fiscal 2018 total primarily resulting from fiscal year 2019 operating activities, adjusted for changes in the timing of the liquidation of assets and liabilities. Receivables decreased approximately \$320,100 primarily as a result of the timing of reimbursements due from others for Town projects.

Of this \$320,100 decrease in total receivables, approximately \$291,000 relates to a decrease in grant receivables, as follows:

- In the General Fund, there was a net decrease in grant receivables of approximately \$528,100, primarily related to FEMA public assistance at the end of fiscal year 2019 (approximately \$69,200) versus FEMA public assistance grant receivables at the end of fiscal year 2018 (approximately \$590,300). The remaining change relates to an approximate \$7,000 decrease in a local grant from Miami-Dade County related to a NEAT Streets initiative.
- In the CITT Fund, higher revenue receivables derived from the CITT program at the end of fiscal year 2018 versus fiscal 2019 represented an approximate \$132,900 decrease in receivables. The decrease in receivables was partially offset by the recording of a receivable for revenues unavailable at the fiscal year end which were recorded as a deferred inflow of resources, the net change of this was an increase in receivables of approximately \$2,900.
- In the Safe Routes to School Fund, the Gulfstream Elementary project recorded a grant receivable of approximately \$346,700 at the end of fiscal year 2019 for which there was no corresponding receivable at the end of fiscal year 2018 as the project did not start until fiscal year 2019.
- The Town operates park programs for youths funded in part from The Children's Trust and the Department of Juvenile Justice (DJJ). As of fiscal year-end 2019, grant receivables from The Children's Trust was approximately \$8,100 less than the fiscal year-end 2018 balance, while the grant receivables from the DJJ were approximately \$700 less than the prior year-end. These two park grants resulted in a net decrease in receivables of approximately \$8,800.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

- In the Transportation Fund, grant receivables decreased by approximately \$270,300. In the fiscal 2018 period, a grant funded sidewalk project was accounted for in the Transportation Fund with a resulting receivable due from the grant for this project at the end of fiscal year 2018 of approximately \$290,100. There was no corresponding receivable for this project at the end of fiscal year 2019. During fiscal year 2019, the Town commenced a grant funded mobility hub study. At year end fiscal 2019, the Town recorded a receivable from this grant of approximately \$19,800, representing an approximate \$270,300 decrease in grant receivables in this fund in fiscal year 2019.
- The Town received a grant to upgrade certain lighting fixtures in one of its parks to LED lights. This project, accounted for in the Lighting Fund, commenced in fiscal year 2019 and the Town recorded a grant receivable of \$86,000 at the end of fiscal year 2019. There was no corresponding receivable for this project at the end of fiscal year 2018.
- The Town receives from the State a share of the 2nd Local Option Gas Tax, a capital grant recorded in the Special Revenue Fund that can only be used for specified capital projects. The receivable at the end of fiscal year 2019 was approximately \$1,000 more than the corresponding fiscal year 2018 amount.
- In the Stormwater Fund (a proprietary fund), two grant funded projects were commenced which resulted in grants receivable at the end of fiscal year 2018 of approximately \$158,600. These projects were completed in fiscal year 2019 resulting in grant receivables of \$374,000 at the end of the fiscal year, an increase of approximately \$215,400 over the fiscal year 2018 period.

Receivables at September 30, 2019 and 2018 consist primarily of amounts due from the County (\$374,000 and \$388,500, respectively) as well as intergovernmental receivables due from the State (\$487,900 and \$498,400, respectively), and receivables from various grants (\$1,152,700 versus \$1,659,100, respectively). The remainder of the governmental activities receivables balance is comprised of balances from other miscellaneous sources (\$33,500 and \$31,000, respectively at September 30, 2019 and 2018). Stormwater Fund receivables were approximately \$567,500 at September 30, 2019 versus \$358,700 at September 30, 2018.

The receivables due from the County at September 30, 2019 and 2018 related primarily to the timing of property and utility taxes, and Clerk of the Court remittances due the Town at those dates. The decrease in the fiscal year 2019 balance relative to the fiscal year 2018 balance relates primarily to the fact that the outstanding property taxes and Clerk of Court remittances due the Town at September 30, 2019 were approximately \$25,300 and \$4,200, respectively, less than the respective amounts outstanding at September 30, 2018. This decrease was partially offset by an approximate \$15,100 increase in utility tax receivables at the end of fiscal year 2019 versus the fiscal year 2018 balance. The balance of the change is the result of small, miscellaneous increases and decreases in various categories. These changes are not considered material for further discussion.

The receivables due from the State at September 30, 2019 and 2018 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. The net decrease in this receivable balance for the fiscal year 2019 period results primarily to decreases of approximately \$11,900 and \$1,600 for communication services taxes and sales taxes, respectively, offset by an approximate increase of \$3,000 for local option gas taxes. These changes are not considered material for further discussion.

The increase in grant receivables at September 30, 2019 over the September 30, 2018 balance is due to a combination of factors related to Town grants which were discussed in detail above.

The increase in other miscellaneous receivables at September 30, 2019 versus the September 30, 2018 balance is due primarily to increased receivables at year-end fiscal 2019 from tenants (approximately \$2,100) and from solid waste franchise fees (approximately \$600) versus the fiscal 2018 period. The balance of the difference is comprised of minor increases and decreases from different revenue sources. These changes are not considered material for further discussion.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

In the Stormwater Fund, a proprietary fund, the increase in receivables at September 30, 2019 versus the corresponding fiscal year 2018 period, results primarily an approximate \$215,400 increase in grant receivables, as discussed above, offset by an approximate \$6,600 decrease in stormwater fees receivable. This increase in receivables was offset by an approximate decrease in pooled cash of approximately \$877,500, resulting in a net decrease in current and other assets in the Stormwater Fund of approximately \$668,700 (pooled cash went from an approximate \$792,200 balance at September 30, 2018 to an approximate \$85,300 overdrawn balance due to the General Fund at September 30, 2019 primarily due to the timing of collections from grants).

Deferred outflows of resources decreased approximately \$397,400 at September 30, 2019 versus the balance at September 30, 2018. This results primarily from the changes required by the current year GASB 68 valuation (approximately \$393,300), offset by adjustment of the Town's pro-rata share of the loss on the County's refunding of the Stormwater Utility Revenue Bonds (approximately \$4,100).

Long-term debt decreased approximately \$1.4 million in fiscal year 2019 primarily resulting from scheduled debt service payments on the Town's existing debt offset by an increase in net pension liability of approximately \$317,400 pursuant to GASB 68.

The approximate \$437,000 decrease in other liabilities primarily reflects an approximate \$76,000 net decrease in other liabilities relating to security, park and developer deposits and permit surcharge reserves, by an approximate \$360,000 decrease in accounts payable and an approximate \$1,500 decrease in accrued interest.

The decrease in accounts payable relates primarily to the timing of vendor payments and are impacted by the timing of Town projects. The year-end fiscal 2019 decrease in accounts payable results primarily from an approximate \$408,500 decrease in accounts payable in the CITT Fund and an approximate \$248,100 decrease in accounts payable in the Stormwater Fund, offset by an approximate \$298,200 increase in accounts payable in non-major governmental funds (primarily increases in accounts payable of approximately \$221,700 for the Safe Routes to School Fund, \$120,700 for the Lighting Fund and \$8,600 for the Capital Projects (Parks) Fund, offset by an approximate decrease in accounts payable of \$51,500 for the Transportation Fund). The balance of the change is the result of small, miscellaneous increases and decreases in various categories.

Deferred inflows of resources at September 30, 2019 reflects an increase of approximately \$640,300 versus the balance at September 30, 2018 primarily as a result of an approximate \$639,400 increase in revenue received in advance, consisting of business license taxes received in advance (an approximate \$1,000 increase) and other deferred revenue (primarily an approximate \$682,100 increase related to electric franchise fees received in advance offset by an approximate \$43,700 decrease in deferred revenue from utilization of funds received and deferred in fiscal year 2018 used in fiscal year 2019 pertaining to FEMA grants). The small remaining balance of the increase pertains to the increase in pension expenses pursuant to the current year GASB 68 valuation.

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TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

Town of Cutler Bay
Statement of Net Position
September 30,
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | |
|----------------------------------|----------------------------|-----------|-----------------------------|----------|-----------|-----------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | Percent Change |
| Current and other assets | \$ 28,367 | \$ 28,290 | \$ 484 | 1,153 | \$ 28,851 | \$ 29,443 | -2.0% |
| Capital assets | 38,621 | 40,666 | 6,646 | 5,723 | 45,267 | 46,389 | -2.4% |
| Total assets | 66,988 | 68,956 | 7,130 | 6,876 | 74,118 | 75,832 | -2.3% |
| Deferred outflows of resources | 1,489 | 1,882 | 41 | 45 | 1,530 | 1,927 | -20.6% |
| Long-term debt | 15,136 | 16,435 | 1,536 | 1,663 | 16,672 | 18,098 | -7.9% |
| Other liabilities | 3,997 | 4,187 | 111 | 358 | 4,108 | 4,545 | -9.6% |
| Total liabilities | 19,133 | 20,622 | 1,647 | 2,021 | 20,780 | 22,643 | -8.2% |
| Deferred inflows of resources | 1,088 | 448 | - | - | 1,088 | 448 | 142.9% |
| Net position | | | | | | | |
| Net investment in capital assets | 27,912 | 29,728 | 5,150 | 4,105 | 33,062 | 33,833 | -2.3% |
| Restricted | 5,407 | 4,546 | - | - | 5,407 | 4,546 | 18.9% |
| Unrestricted | 14,936 | 15,494 | 374 | 794 | 15,310 | 16,288 | -6.0% |
| Total net position | \$ 48,255 | \$ 49,768 | \$ 5,524 | \$ 4,899 | \$ 53,779 | \$ 54,667 | -1.6% |

The balance of unrestricted net position (approximately \$15.3 million and \$16.3 million, respectively at September 30, 2019 and 2018) may be used to meet the Town's ongoing obligations to citizens and creditors.

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TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

At September 30, 2019 and 2018, 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 \$740,000 for the year ended September 30, 2019 versus a decrease of approximately \$611,000 for fiscal year 2018, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities

Business-type activities increased net position by approximately \$625,000 for the year ended September 30, 2019 versus an increase in net position of approximately \$43,000 for the year ended September 30, 2018, representing the results of the Town's operations of the stormwater utility.

| Town of Cutler Bay Changes in Net Position For The Fiscal Year Ended (in thousands) | | | | | | | |
|--|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|---------------------------|
| | Governmental Activities | | Business-Type Activities | | Total | | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>Percent Change</u> |
| Revenues | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 2,532 | \$ 2,579 | \$ 1,029 | \$ 1,037 | \$ 3,561 | \$ 3,616 | -1.5% |
| Operating grants and contributions | 2,975 | 2,984 | - | - | 2,975 | 2,984 | -0.3% |
| Capital grants and contributions | 385 | 542 | 381 | 159 | 766 | 701 | 9.3% |
| General revenues: | | | | | | | |
| Taxes and franchise fees | 16,928 | 16,596 | - | - | 16,928 | 16,596 | 2.0% |
| Other | 294 | 686 | 4 | 5 | 298 | 691 | -56.9% |
| Total revenues | <u>23,114</u> | <u>23,387</u> | <u>1,414</u> | <u>1,201</u> | <u>24,528</u> | <u>24,588</u> | -0.2% |
| Expenses | | | | | | | |
| General government | 6,789 | 7,706 | 1,044 | 1,131 | 7,833 | 8,837 | -11.4% |
| Public safety | 10,048 | 9,442 | - | - | 10,048 | 9,442 | 6.4% |
| Parks and recreation | 3,707 | 3,686 | - | - | 3,707 | 3,686 | 0.6% |
| Community development | 2,656 | 2,733 | - | - | 2,656 | 2,733 | -2.8% |
| Interest on long-term debt | 337 | 392 | 62 | 66 | 399 | 458 | -12.9% |
| Total expenses | <u>23,537</u> | <u>23,959</u> | <u>1,106</u> | <u>1,197</u> | <u>24,643</u> | <u>25,156</u> | -2.0% |
| Change in net position before transfers | (423) | (572) | 308 | 4 | (115) | (568) | -79.8% |
| Transfers | <u>(317)</u> | <u>(39)</u> | <u>317</u> | <u>39</u> | <u>-</u> | <u>-</u> | N/A |
| Increase (decrease) in net position | <u>(740)</u> | <u>(611)</u> | <u>625</u> | <u>43</u> | <u>(115)</u> | <u>(568)</u> | -79.8% |
| Net position, beginning | 49,768 | 50,379 | 4,899 | 4,856 | 54,667 | 55,235 | -1.0% |
| Restatement of beginning net position | <u>(773)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(773)</u> | <u>-</u> | N/A |
| Net position, beginning (as restated) | <u>48,995</u> | <u>50,379</u> | <u>4,899</u> | <u>4,856</u> | <u>53,894</u> | <u>55,235</u> | |
| Net position, ending | <u>\$ 48,255</u> | <u>\$ 49,768</u> | <u>\$ 5,524</u> | <u>\$ 4,899</u> | <u>\$ 53,779</u> | <u>\$ 54,667</u> | -1.6% |

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

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

Governmental activities

- Taxes and franchise fees (\$16.9 million and \$17.2 million, respectively, for fiscal year 2019 and fiscal year 2018) comprised 73.2% and 73.4%, respectively, of total revenues of \$23.1 million and \$23.4 million for fiscal year 2019 and fiscal year 2018, respectively, with property taxes representing the largest single tax source (\$5.9 million and \$5.4 million in fiscal year 2019 and 2018, respectively). Total fiscal year 2019 revenues decreased approximately 1.2%.
- Charges for services in fiscal year 2019 decreased from fiscal year 2018 by approximately \$46,800 primarily as a result of decreased building permit fees (approximately \$117,200), code compliance violation fines (approximately \$19,800), local business tax receipts (approximately \$6,500), zoning fees and other permits and licenses (approximately \$10,300 and \$6,200, respectively), judgements and fines (approximately \$46,200), burglar alarm fines and fees (approximately \$11,200), and lien search fees (approximately \$2,900), offset by increased rental income (approximately \$156,600), park fees (approximately \$14,100), and school crossing guard fees (approximately \$2,800). The balance of the decrease is the sum of other small increases and decreases between the years.
- Operating and capital grants and contributions decreased approximately \$166,000 primarily as a result of an approximate \$123,500 decrease related to CITT Surtax revenues, an approximate \$212,200 net decrease in revenues of the Transportation Fund (an approximate \$257,900 decrease related to the Manta Drive sidewalk project which was completed in fiscal year 2019 offset by an approximate \$45,700 increase related to a grant funded mobility hub study), an approximate \$300,100 net decrease in FEMA grants related to Hurricane Irma (an approximate \$322,500 decrease in Federal share offset by an approximate \$22,400 increase in State share), and an approximate \$2,600 decrease in park grant revenues from the Department of Juvenile Justice. These decreases were offset by an approximate \$346,700 increase in revenues of the Safe Routes to School Fund related to the Gulfstream Elementary project, an approximate \$86,000 increase in revenues of the Lighting Fund related to a grant funded LED lighting project at one of the Town's parks, an approximate \$43,900 increase in park grant revenues from The Children's Trust, and an approximate \$14,700 increase in impact fees. The remaining change results primarily from an approximate \$18,900 decrease in grant revenues related to several smaller grants in fiscal year 2019 versus fiscal year 2018.
- Taxes and franchise fees increased approximately \$332,000 resulting primarily to increased property taxes (approximately \$440,400), utility taxes (approximately \$21,700), sales taxes (approximately \$50,700), and municipal revenue sharing (approximately \$10,000), offset by decreases in franchise fees (approximately \$111,900) and communications services taxes (approximately \$77,800). The balance of the change results from a combination of smaller changes in various accounts.
- Operating and capital grants and contributions (\$2,975,000 and \$385,000 at September 30, 2019 and \$2,984,000 and \$542,000 at September 30, 2018, respectively) account for 14.5% and 15.1% of total revenues at September 30, 2019 and 2018, respectively. The amounts in both the fiscal year 2019 and fiscal year 2018 periods are comprised primarily of 2nd 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% and 11% of total revenues for fiscal years 2019 and 2018, respectively. These amounts consist primarily of building and zoning fees, park service fees, rental income, and public safety fees and fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The decrease in these revenues in fiscal year 2019 resulted primarily from decreases in building and zoning fees, code compliance violation fines, judgements and fines, burglar alarm fees and fines, local business tax receipt, and lien search fees, offset by increases in rental income, park fees, and school crossing guard fees.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Expenses for governmental activities decreased approximately \$422,000, resulting primarily from an approximate \$917,000 decrease in expenses related to general government, an approximate \$77,000 decrease in expenses related to community development, and an approximate \$55,000 decrease in interest on long-term debt, offset by increases of approximately \$606,000 in expenses related to public safety and approximately \$21,000 in expenses related to parks and recreation. 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, as follows:
 1. Expenses related to CITT surtax funded roadway resurfacing and transit related projects decreased approximately \$1,261,000 in fiscal year 2019 due to project scheduling.
 2. Expenses related to the Safe Routes to School Fund increased approximately \$360,000. In fiscal year 2019, the Town commenced and substantially completed a project at Gulfstream Elementary and expended approximately \$436,000, versus \$76,000 expended in fiscal year 2018 to complete a previous Complete Streets project.
 3. The Transportation Fund expended approximately \$64,000 in fiscal year 2019 related to a grant funded mobility hub study. There was no corresponding expense for fiscal year 2018.

Non roadway/transportation project related items that contributed to the net change of general government expenses included a decrease in depreciation expense (approximately \$11,000) and an increase in pension expense (approximately \$129,000 based on the current year pension valuation).

Additionally, general government expenses decreased approximately \$271,000 primarily as a result of:

1. The Mayor & Council department expenses decreased approximately \$7,000 primarily as a result of decreased health insurance premiums (approximately \$11,000) due to certain Council members not participating in the Town's health insurance plan, offset by an approximate \$5,000 increase in travel due to increased travel to The State Capitol for Town related business. The balance of the difference relates from a combination of smaller changes in various accounts.
2. The Town Clerk department expenses increased approximately \$82,000 primarily as a result of increases for contractual services (approximately \$48,000) resulting from increased election costs, for salaries and benefits (approximately \$22,000) resulting from merit and cost of living pay changes and the Assistant to the Town Clerk position being active a full year in fiscal year 2019, for other current charges (approximately \$10,000) reflecting increased legal advertising costs, and for repairs and maintenance (approximately \$4,000) reflecting increased maintenance costs for web site and agenda management software. The balance of the difference relates from a combination of smaller changes in various accounts.
3. The Town Attorney department expenses decreased approximately \$122,000 in fiscal year 2019 versus the fiscal year 2018 period primarily as a result of fewer services performed for the Town in the current period. The Town contracts for these services.
4. The General Government department expenses increased approximately \$49,000 primarily as a result of increases for salaries and benefits (approximately \$85,000) resulting from merit and cost of living pay changes, for communications and freight (approximately \$24,000) resulting from increased internet and communication costs, and for property and casualty insurance (approximately \$7,000) resulting from higher premiums in the current period, offset by decreases for other contractual services (approximately \$31,000) resulting from no GOB related expenses in the current period, for repairs and maintenance (approximately \$19,000) resulting from decreased network related work performed, and for professional services (approximately \$8,000) reflecting no financial advisory services in the current year (approximate \$20,000 decrease) offset by increased professional services for lobbyists (\$10,000) and special magistrate services (\$2,000). The balance of the difference relates from a combination of smaller changes in various accounts.
5. The Finance department expenses increased approximately \$17,000 primarily as a result of increases for salaries and benefits (approximately \$17,000) resulting from merit and cost of living pay changes and for accounting and audit (approximately \$8,000) resulting from increased audit fees and fees for a required other post-employment benefits valuation, offset by a decrease of

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- approximately \$9,000 for repairs and maintenance reflecting reduced software maintenance costs. The balance of the difference relates from a combination of smaller changes in various accounts.
6. The Public Works department expenses decreased approximately \$152,000 as a result of decreased expenses for contractual services (approximately \$136,000) primarily resulting from reduced costs related to Hurricane Irma in the current period (approximate \$120,000 decrease) and elimination of holiday lighting at certain Town intersections in 2019 (approximately \$6,000), and for repairs and maintenance (approximate \$19,000 decrease) resulting from the Town's fleet being updated in fiscal year 2018 and less was spent on the fleet in the current period. The balance of the difference relates from a combination of smaller changes in various accounts.
 7. The Town Hall Building department expenses decreased approximately \$139,000 resulting primarily from decreased expenses for professional services (approximately \$74,000) resulting from decreased broker commissions, for repairs and maintenance and contractual services (approximately \$43,000 and \$39,000, respectively) resulting from decreased maintenance type services for the building in the current period, and for operating supplies (approximately \$12,000) resulting from less purchases of building related maintenance supplies, offset by increased expenses for utilities (approximately \$9,000) due to increased operating costs and for rentals (approximately \$22,000) resulting from increased rental of temporary, portable air conditioning units to service the various building suites while the main HVAC system was down for repairs. The balance of the difference relates from a combination of smaller changes in various accounts.
- Expenses for public safety increased approximately \$606,000 primarily due to costs related to contracted police services with the County. Professional services, for local patrol and optional police services, increased approximately \$626,000 and depreciation increased approximately \$1,500. These increases were offset by decreased expenses for printing (approximately \$14,000) and supplies (approximately \$6,000). The balance of the difference results from a combination of smaller changes in various accounts.
 - Expenses for parks and recreation expenses increased approximately \$21,000 primarily as a result of an increased expenses for administering grant funded park programs (approximate \$41,000 increase), as well as increased pension expense (approximate \$117,000 increase) due to the current year pension valuation, increased salaries and benefits (approximately \$6,000) resulting from merit and cost of living pay changes, and increased utility costs at Town parks (approximately \$6,000). These increases were offset by decreases in non-capital repairs and maintenance and contractual services (approximate \$94,000 and \$39,000 decreases, respectively) for work done at Town parks in fiscal year 2018 related to post-Hurricane Irma services which did not recur in fiscal year 2019, and for decreased compensated absences (approximately \$14,000). The balance of the difference relates from a combination of smaller changes in various accounts.
 - Expenses for community development decreased approximately \$77,000 primarily due to decreases in salaries and benefits (approximately \$143,000), primarily related to a restructuring of the department as well as a vacancy in the department Director position for part of fiscal year 2019, as well as decreases in other contractual services (approximately \$83,000) related to reduced payments made to the contractor that performs the Town's permit and inspection functions (primarily related to decreased building permit revenues which are shared with the contractor), and in compensated absences (approximately \$6,000). These decreases were partially offset by increases in depreciation expense (approximately \$32,000), pension expense (approximately \$28,000), and professional services (approximately \$96,000). The increase in professional services resulted from utilizing Town consultants to provide department Director related functions while the position remained vacant, as well as to perform various studies for the Town including a traffic methodology study, a water supply study and a resiliency study, as well as for continued work on the Town's land development regulations. The balance of the difference relates from a combination of smaller changes in various accounts.
 - Interest on long-term debt decreased approximately \$55,000, primarily as a result of scheduled debt amortization.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Transfers out increased approximately \$278,000 reflecting increased transfers out from the CITT Fund (a major governmental fund) to the Stormwater Fund (a proprietary fund) for use on the transportation/roadway related costs of two drainage projects completed in fiscal year 2019.

Business-type activities

- Charges for services for stormwater fees, which represent 72.8% and 86.3% of total revenues for fiscal years 2019 and 2018, 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. Capital grants and contributions increased approximately \$222,000 related to two grants awarded to the Town for the construction of two drainage improvement projects which were completed in fiscal year 2019.
- Total expenses of the stormwater utility decreased approximately \$91,000 reflecting decreased operating expenses of approximately \$87,000 and decreased interest expense of approximately \$4,000. Operating expenses decreased primarily as a result of an approximate \$57,000 decrease in professional services as a result of reduced use of consultants in fiscal year 2019 and an approximate \$52,000 decrease in contractual services primarily due to the fiscal year 2018 period including some post-Hurricane Irma cleanup and restoration work that did not recur. These decreases were offset by an approximate \$4,500 increase in salaries and benefits, reflecting merit and cost of living pay changes, an approximate \$2,500 increase in printing costs related to community outreach efforts, and an approximate \$16,000 increase in depreciation expense. The balance of the difference relates from a combination of smaller changes in various accounts.
- Interest expense decreased approximately \$4,000, primarily as a result of scheduled debt amortization.
- Transfers in increased approximately \$278,000 reflecting increased transfers in from the CITT Fund (a major governmental fund) for use on the transportation/roadway related costs of two drainage projects completed in fiscal year 2019.

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.

As of September 30, 2019, and 2018, the Town's governmental funds reported combined ending fund balances of \$23.47 million and \$23.85 million, respectively. As discussed more fully in Note 13 to the financial statements, the Town recorded an adjustment of approximately \$773,300 to restate beginning fund balance to \$23.07 million. The fiscal year 2019 operations increased fund balance by approximately \$396,000 primarily from normal current operating activities (approximate \$3.78 million increase) increased by transfers in (approximately \$1,087,300) and offset by capital expenditures (approximately \$1.11 million), debt service (approximately \$1.95 million), and transfers out (approximately \$1,404,300).

Total revenues for fiscal year 2019 decreased approximately \$96,000 from fiscal year 2018 levels, due primarily to several factors, as follows:

- Ad valorem revenues increased in fiscal year 2019 approximately \$440,400 as a result of increased property values and the timing of collections.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

Governmental funds (continued)

- Utility taxes increased approximately \$21,700 primarily as a result of growth in the Town and increased utilization of utility related services.
- Franchise fees decreased approximately \$111,900 primarily as a result of electric franchise fees pursuant to the Town's Interlocal agreement with the County.
- Building activity in Town remained strong in fiscal 2019, however licenses and permit revenues decreased approximately \$141,100 from fiscal year 2018 levels. Building permit and zoning related fees decreased approximately \$133,700 and local business tax receipts decreased approximately \$6,500. Other license fees, primarily alcoholic beverage licenses, account for the remaining decrease in this category.
- Impact fees increased approximately \$14,700 relating to the timing of application for new project developments within Town subject to impact fee assessments.
- Intergovernmental revenues decreased approximately \$1,200, primarily resulting from:
 - a) Revenue from the CITT surtax funds increased approximately \$53,700 in fiscal year 2019 versus the 2018 period.
 - b) The grant funded Gulfstream Elementary Safe Routes to School project commenced and was substantially completed in fiscal year 2019, resulting in increased grant revenues of approximately \$346,700. There were no corresponding grant revenues for this project in fiscal year 2018.
 - c) The Transportation Fund had an approximate \$212,200 decrease in revenues primarily as a result of substantial completion of the Complete Streets project, known as Manta Drive, in fiscal year 2018. Revenues from this project decreased approximately \$257,800 in fiscal year 2019. This decrease was offset by an approximate \$45,600 in grant revenues related to a mobility hub study in fiscal year 2019.
 - d) The Town was awarded a grant to upgrade certain of its lights at one of its parks. This project commenced and was substantially completed in fiscal year 2019, resulting in an approximate \$86,000 in revenues.
 - e) The Town is a recipient of two grants, one from The Children's Trust ("TCT") and one from the Department of Juvenile Justice ("DJJ"), to provide after school programs for children. Revenues from the TCT grant increased in fiscal year 2019 approximately \$43,900 offset by an approximate \$2,600 decrease in DJJ grant revenues.
 - f) Sales tax revenues increased approximately \$50,700, and State revenue sharing increased approximately \$10,000, offset by a decrease in communication services tax revenues of approximately \$77,800.
 - g) Hurricane Irma FEMA reimbursements decreased in fiscal year 2019 by approximately \$300,100.
 - h) The balance of the intergovernmental revenue difference relates primarily from a combination of smaller changes in various accounts.
- Rental income increased approximately \$156,600 primarily as a result of higher occupancy rates in the Town's office building in fiscal year 2019.
- Fines and forfeitures decreased approximately \$65,900 resulting primarily from decreased revenue from traffic enforcement fines (approximately \$46,100) and from code enforcement fines (approximately \$19,800)
- Interest income increased approximately \$97,200 due primarily to a better interest rate environment in fiscal year 2019.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

Governmental funds (continued)

- Miscellaneous revenues decreased approximately \$489,500 primarily from decreased insurance proceeds related to Hurricane Irma claims (approximately \$309,400), as well as from decreases related to items in fiscal year 2018 that did not recur in fiscal year 2019, including gains from vehicle fleet lease termination (approximately \$68,000), and refunds related to expiration of the Town's school initiative with Miami-Dade County Public Schools (approximately \$115,000). The balance of the difference is comprised of minor small increases and decreases from various revenue sources.
- Grants and Contributions decreased by \$19,500 resulting from grants received in fiscal year 2018 from other non-governmental organizations that did not recur in fiscal year 2019.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources.

The Town's total debt service decreased approximately \$750 in fiscal year 2019 versus the amounts in fiscal year 2018. This debt service results from the normal amortization of the Town's outstanding debt.

Capital expenditures decreased approximately \$169,500 in fiscal year 2019 versus the fiscal year 2018 period primarily as a result of the following:

- In the CITT Fund, the Town constructed fewer decorative shelters resulting in a decrease of approximately \$361,900.
- Two sidewalk related projects were substantially completed in fiscal year 2018 and, as a result, approximately \$538,600 less was spent in fiscal year 2019 on these projects.
- Work continued in fiscal year 2019 related to the restoration of Franjo Park and to the construction of a canoe/kayak launch at Lakes By The Bay Park, resulting in an approximate \$507,500 increase in expenditures.
- The Town commenced and substantially completed in fiscal year 2019 a grant funded LED lighting project at one of its parks, resulting in an approximate \$135,800 increase in expenditures.
- The Town commenced a grant funded bike/pedestrian transportation project in fiscal year 2019 resulting in an approximate \$59,000 increase in expenditures.
- In the General Fund, public safety capital expenditures decreased approximately \$12,300 as a result of no capital outlay items being made in fiscal year 2019. Community development capital expenditures increased approximately \$1,950 as a result of computer equipment purchased in fiscal year 2019. There were no corresponding purchases for this department in fiscal year 2018. General government capital expenditures increased approximately \$42,600 primarily as a result of improvements made to the Town Hall building and parking lot, offset by decreased expenditures made for computer hardware and software. Parks and recreation capital expenditures account for in the General Fund decreased approximately \$3,500 as a result of fewer improvements made to park properties in fiscal year 2019.
- The balance of the difference relates from a combination of smaller changes in various accounts.

Transfers out (approximately \$1,404,300) reflect:

- transfers of CITT surtax funds from the CITT Fund to (1) the Safe Routes to School Fund (approximately \$89,000), (2) the Transportation Fund (approximately \$36,400), (3) the Bike and Pedestrian Fund (approximately \$59,000) and (4) the Stormwater Fund, a proprietary fund, (approximately \$316,900) to fund eligible transportation expenditures;
- transfer of gas taxes (approximately \$272,900) from the Special Revenue Fund to the General Fund for sidewalk repairs;
- transfer of park impact fees (approximately \$8,200) from the Special Revenue Fund to the Capital Projects Fund for cost of added park capacity;
- transfer of approximately \$572,100 from the General Fund to the Capital Projects (Parks) Fund to pay for the cost of infrastructure improvements not eligible to be paid with park impact fees;
- transfer of approximately \$49,800 from the General Fund to the Lighting Fund as the Town's match for an LED lighting grant.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

Governmental funds (continued)

This represented an increase of approximately \$690,800 from the fiscal year 2018 transfers out, primarily as a result of:

- Increased transfers out from the General Fund (approximately \$565,700) to the Capital Projects (Parks) Fund (approximate \$515,900 increase) for the Franjo Park restoration project and to the Lighting Fund (approximate \$49,800 increase) for the LED lighting project.
- Increased transfers out from the CITT Fund (approximately \$325,100) to the Stormwater Fund, a proprietary fund, (approximate \$278,000 increase), to the Bike and Pedestrian Fund (approximate \$59,000 increase), to the Safe Routes to School Fund (approximate \$13,200 increase), offset by decreased transfers out to the Transportation Fund (approximate \$25,100 decrease).
- Decreased transfers out from the Special Revenue Fund (approximately \$200,000) reflecting decreased road impact fees transferred out to the Sidewalk Fund (approximate \$237,400 decrease) as that project was completed in fiscal year 2018 and decreased park impact fees transferred out to the Capital Projects (Parks) Fund (approximate \$8,300 decrease) related to funding for the canoe/kayak launch project, offset by increased gas taxes transferred out to the General Fund for sidewalk related projects (approximate \$45,700 increase).

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2019 increased approximately \$412,700 over fiscal year 2018 amounts due primarily to the reasons stated in the preceding paragraph (exclusive of the amount transferred to the Stormwater Fund, a proprietary fund, the transfer in for which is reflected in the Stormwater Fund's Statement of Revenues, Expenses, and Changes in Net Position).

Approximately 71% and 74% of the combined ending fund balance, or \$16.67 million and \$17.09 million (as restated), respectively, constitutes "Unassigned" fund balance at September 30, 2019 and 2018 (as restated), respectively, which is available for spending at the Town's discretion. Approximately 4.3% and 4.3% of the combined ending fund balance, or \$1 million and \$1 million, respectively, constitutes "Assigned" fund balance at September 30, 2019 and 2018 (as restated), respectively. Assigned fund balances are intended to be used for the specific purposes indicated. Approximately 23% and 19.7% of the combined ending fund balance, or \$5.41 million and \$4.55 million, respectively, at September 30, 2019 and 2018 (as restated) 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, 2019 and 2018, unassigned fund balance of the General Fund was \$16.67 million and \$17.09 million (as restated), 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, 2019 represents 83% of total General Fund expenditures (85% at September 30, 2018, as restated), while total fund balance of the General Fund represents 90% of that same total fund expenditure amount (93% at September 30, 2018, as restated). 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 \$459,900 during fiscal year 2019, versus an approximate increase of \$617,700 during fiscal year 2018. The fiscal year 2019 decrease primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$2,083,400 surplus), increased by transfers in (approximately \$272,900) and offset by capital expenditures (approximately \$243,400), transfers out (approximately \$621,900), and debt service (approximately \$1,950,900).

Revenues of the General Fund in fiscal year 2019 were approximately \$448,900 less than fiscal year 2018, as a result of the following:

- Ad valorem revenues increased in fiscal year 2019 approximately \$440,400 as a result of increased property values and the timing of collections.
- Utility taxes increased approximately \$21,700 primarily as a result of growth in the Town and increased utilization of utility related services.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

General Fund (continued)

- Franchise fees decreased approximately \$111,900 primarily as a result of electric franchise fees pursuant to the Town's Interlocal agreement with the County.
- Building activity in Town remained strong in fiscal 2019, however licenses and permit revenues decreased approximately \$141,100 from fiscal year 2018 levels. Building permit and zoning related fees decreased approximately \$133,700 and local business tax receipts decreased approximately \$6,500. Other license fees, primarily alcoholic beverage licenses, account for the remaining decrease in this category.
- Intergovernmental revenues decreased approximately \$316,600, primarily resulting from:
 - a) Sales tax revenues increased approximately \$50,700, and State revenue sharing increased approximately \$10,000, offset by a decrease in communication services tax revenues of approximately \$77,800.
 - b) Hurricane Irma FEMA reimbursements decreased in fiscal year 2019 by approximately \$300,100.
 - c) The balance of the intergovernmental revenue difference relates primarily from a combination of smaller changes in various accounts.
- Rental income increased approximately \$156,600 primarily as a result of higher occupancy rates in the Town's office building in fiscal year 2019.
- Fines and forfeitures decreased approximately \$65,900 resulting primarily from decreased revenue from traffic enforcement fines (approximately \$46,100) and from code enforcement fines (approximately \$19,800)
- Interest income increased approximately \$74,300 due primarily to a better interest rate environment in fiscal year 2019.
- Miscellaneous revenues decreased approximately \$489,500 primarily from decreased insurance proceeds related to Hurricane Irma claims (approximately \$309,400), as well as from decreases related to items in fiscal year 2018 that did not recur in fiscal year 2019, including gains from vehicle fleet lease termination (approximately \$68,000), and refunds related to expiration of the Town's school initiative with Miami-Dade County Public Schools (approximately \$115,000). The balance of the difference is comprised of minor small increases and decreases from various revenue sources.
- Grants and Contributions decreased by \$19,500 resulting from grants received in fiscal year 2018 from other non-governmental organizations that did not recur in fiscal year 2019.
- The remaining difference in the change in revenue from fiscal year 2018 levels is a combination of other small net changes in other revenue categories.

Current expenditures of the General Fund in fiscal year 2019 increased approximately \$80,800 versus the expenditure total in fiscal year 2018 due to the following primary reasons:

- General government expenditures decreased approximately \$271,000 primarily as a result of:
 - 1. The Mayor & Council department expenses decreased approximately \$7,000 primarily as a result of decreased health insurance premiums (approximately \$11,000) due to certain Council members not participating in the Town's health insurance plan, offset by an approximate \$5,000 increase in travel due to increased travel to The State Capitol for Town related business. The balance of the difference relates from a combination of smaller changes in various accounts.
 - 2. The Town Clerk department expenses increased approximately \$82,000 primarily as a result of increases for contractual services (approximately \$48,000) resulting from increased election costs, for salaries and benefits (approximately \$22,000) resulting from merit and cost of living pay changes and the Assistant to the Town Clerk position being active a full year in fiscal year 2019, for other current charges (approximately \$10,000) reflecting increased legal advertising costs, and for

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

General Fund (continued)

- repairs and maintenance (approximately \$4,000) reflecting increased maintenance costs for web site and agenda management software. The balance of the difference relates from a combination of smaller changes in various accounts.
3. The Town Attorney department expenses decreased approximately \$122,000 in fiscal year 2019 versus the fiscal year 2018 period primarily as a result of fewer services performed for the Town in the current period. The Town contracts for these services.
 4. The General Government department expenses increased approximately \$49,000 primarily as a result of increases for salaries and benefits (approximately \$85,000) resulting from merit and cost of living pay changes, for communications and freight (approximately \$24,000) resulting from increased internet and communication costs, and for property and casualty insurance (approximately \$7,000) resulting from higher premiums in the current period, offset by decreases for other contractual services (approximately \$31,000) resulting from no GOB related expenses in the current period, for repairs and maintenance (approximately \$19,000) resulting from decreased network related work performed, and for professional services (approximately \$8,000) reflecting no financial advisory services in the current year (approximate \$20,000 decrease) offset by increased professional services for lobbyists (\$10,000) and special magistrate services (\$2,000). The balance of the difference relates from a combination of smaller changes in various accounts.
 5. The Finance department expenses increased approximately \$17,000 primarily as a result of increases for salaries and benefits (approximately \$17,000) resulting from merit and cost of living pay changes and for accounting and audit (approximately \$8,000) resulting from increased audit fees and fees for a required other post-employment benefits valuation, offset by a decrease of approximately \$9,000 for repairs and maintenance reflecting reduced software maintenance costs. The balance of the difference relates from a combination of smaller changes in various accounts.
 6. The Public Works department expenses decreased approximately \$152,000 as a result of decreased expenses for contractual services (approximately \$136,000) primarily resulting from reduced costs related to Hurricane Irma in the current period (approximate \$120,000 decrease) and elimination of holiday lighting at certain Town intersections in 2019 (approximately \$6,000), and for repairs and maintenance (approximate \$19,000 decrease) resulting from the Town's fleet being updated in fiscal year 2018 and less was spent on the fleet in the current period. The balance of the difference relates from a combination of smaller changes in various accounts.
 7. The Town Hall Building department expenses decreased approximately \$139,000 resulting primarily from decreased expenses for professional services (approximately \$74,000) resulting from decreased broker commissions, for repairs and maintenance and contractual services (approximately \$43,000 and \$39,000, respectively) resulting from decreased maintenance type services for the building in the current period, and for operating supplies (approximately \$12,000) resulting from less purchases of building related maintenance supplies, offset by increased expenses for utilities (approximately \$9,000) due to increased operating costs and for rentals (approximately \$22,000) resulting from increased rental of temporary, portable air conditioning units to service the various building suites while the main HVAC system was down for repairs. The balance of the difference relates from a combination of smaller changes in various accounts.
- Public safety expenditures increased approximately \$604,100 primarily as a result of:
 1. Professional services, for local patrol and optional police services contracted through Miami-Dade County, increased approximately \$626,000. There were no changes in staffing levels in fiscal year 2019. These increases were offset by decreased expenses for printing (approximately \$14,000) and supplies (approximately \$6,000). The balance of the difference results from a combination of smaller changes in various accounts.
 - Parks and recreation expenditures decreased approximately \$122,500, primarily as a result of:
 1. Salaries and benefits increased approximately \$6,000 due to merit and cost of living pay changes
 2. Utility costs at Town parks increased approximately \$6,000.
 3. Non-capital repairs and maintenance and contractual services decreased approximately \$94,000 and \$39,000, respectively for work done at Town parks in fiscal year 2018 related to post-Hurricane Irma services which did not recur in fiscal year 2019.
 4. The balance of the difference results from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

General Fund (continued)

- Community development expenditures decreased approximately \$129,900 primarily due to:
 1. Salaries and benefits decreased approximately \$143,000, primarily related to a restructuring of the department as well as a vacancy in the department Director position for part of fiscal year 2019.
 2. Other contractual services decreased approximately \$83,000 related to reduced payments made to the contractor that performs the Town's permit and inspection functions (primarily related to decreased building permit revenues which are shared with the contractor).
 3. Professional services increased approximately \$96,000. The increase in professional services resulted from utilizing Town consultants to provide department Director related functions while the position remained vacant, as well as to perform various studies for the Town including a traffic methodology study, a water supply study and a resiliency study, as well as for continued work on the Town's land development regulations.
 4. The balance of the difference relates from a combination of smaller changes in various accounts.

Also, as discussed above, the General Fund experienced an approximate \$750 decrease in debt service, resulting from the normal amortization of the Town's outstanding debt.

Capital outlay in the General Fund increased approximately \$28,700 in fiscal year 2019. Public safety capital expenditures decreased approximately \$12,300 as a result of no capital outlay items being made in fiscal year 2019. Community development capital expenditures increased approximately \$1,950 as a result of computer equipment purchased in fiscal year 2019. There were no corresponding purchases for this department in fiscal year 2018. General government capital expenditures increased approximately \$42,600 primarily as a result of improvements made to the Town Hall building and parking lot, offset by decreased expenditures made for computer hardware and software. Parks and recreation capital expenditures account for in the General Fund decreased approximately \$3,500 as a result of fewer improvements made to park properties in fiscal year 2019. The balance of the difference relates from a combination of smaller changes in various accounts.

General Fund transfers out in fiscal year 2019 increased approximately \$565,700 over fiscal year 2018 as a result of increased funding from the General Fund for park capital projects, including the Franjo Park restoration project (approximately \$515,900) accounted for in the Capital Projects (Parks) Fund and for the LED lighting project (approximately \$49,800) accounted for in the Lighting Fund. General Fund transfers in increased approximately \$45,700, reflecting increased transfers in of gas taxes from the Special Revenue Fund for sidewalk repairs.

CITT Fund

In February 2012, the Town entered into an Interlocal agreement with the County to allow the Town to receive funds from the People's Transportation Plan ("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.

In fiscal year 2019, the CITT Fund received intergovernmental revenues from this program of approximately \$1,933,100, an increase of approximately \$53,700 from the prior year. The CITT Fund earned interest income of approximately \$32,500 in fiscal year 2019 (versus approximately \$18,300 in fiscal year 2018). Total expenditures decreased approximately \$1.62 million from fiscal year 2018. This resulted primarily from decreased roadway resurfacing projects in fiscal year 2019 (approximate \$1.2 million decrease), decreased transit related expenditures (approximately \$362,000) for bus shelter design/construction and circulator bus enhancement costs, and decreased professional services (approximately \$65,900) for design and project oversight costs, as well as for development of a traffic study. The fund balance of the CITT Fund increased by approximately \$856,800 during fiscal 2019 and decreased by approximately \$509,400 in fiscal year 2018, reflecting the net operating results for the respective fiscal periods. The CITT Fund reported fund balances at September 30, 2019 and September 30, 2018 of approximately \$3,757,600 and \$2,900,800, respectively, and are classified as restricted at both reporting dates.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Government's Funds (Continued)

Proprietary fund

The Town's proprietary fund was created to account for the Town's stormwater operations, which commenced in July 2008. Operations during fiscal year 2019 generated an increase in net position of approximately \$624,500, versus an increase in net position of approximately \$43,600 during fiscal year 2018. The fiscal year 2019 increase in net position resulted from an operating loss of approximately \$15,100 plus net non-operating revenues of approximately \$322,700 (comprised of interest income of approximately \$3,900 and a capital grant of approximately \$380,400, offset by interest expense of approximately \$61,600) plus transfers in of approximately \$316,900.

Of the total net position at September 30, 2019 of approximately \$5.52 million, approximately \$5.15 million is classified as net investment in capital assets and approximately \$373,600 is classified as unrestricted. At September 30, 2018, total net position of approximately \$4.9 million, approximately \$4.11 million was classified as net investment in capital assets and \$794,100 as unrestricted.

General Fund Budget Highlights

During fiscal years 2019 and 2018, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$1.4 million and \$3.6 million, respectively. For fiscal year 2019, the results were achieved as actual revenues exceeded budgeted amounts by approximately \$241,800 while actual expenditures were approximately \$1.17 million less than budgeted. In fiscal year 2018, actual revenues exceeded budgeted amounts by approximately \$1.29 million while actual expenditures were approximately \$2.32 million less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal year 2019 period, the primary contributing factors to the favorable revenue variance were better than expected collections from almost all revenue sources. Both fiscal year 2019 and 2018 results include Hurricane Irma related FEMA revenues (approximately \$274,000 and \$574,000, respectively) and insurance proceeds (approximately \$16,900 and \$326,200, respectively). While the economic climate in which the Town operated under in recent years has been improving, while preparing its fiscal year 2019 budget, management continued to conservatively estimate various revenue streams as a precautionary measure. Similarly, the Town had favorable expenditure budget variances with all departments. This resulted from a conscious effort by management for fiscal restraint, as well as deferring expenditures for some planned projects to future fiscal years.

In November 2019, the Town Council passed a budget amendment by resolution (#19-85) to:

1. In the General Fund, increase revenues by \$852,000 with a corresponding decrease to appropriation of prior year fund balance. The revenue changes reflected increases to franchise fees (\$90,000 for electricity and \$25,000 for solid waste), utility taxes - gas (\$3,000), local government half-cent sales tax (\$190,000), building permits (\$90,000), rental income (\$80,000), public assistance grants (\$206,000), state revenue sharing (\$70,000), local business tax receipts (\$20,000), burglar alarm fees and fines (\$20,000), park fees (\$20,000), lien search fees (\$25,000), interest income (\$150,000), and insurance proceeds (\$16,000), offset by decreases for communications services taxes (\$40,000), zoning fees (\$12,000), utility taxes (\$22,000 for electric and \$9,000 for water), and judgements and fines (\$70,000).
2. In the General Fund, decrease total expenditures by \$697,230 with a corresponding decrease to appropriation of prior year fund balance. The budget amendment increased expenditures in (a) the Community Development department (\$100,000 for other contractual services and \$30,000 for professional services), (b) the Public Works department (\$70,000 for other contractual services), (c) the Parks and Recreation department (\$100,000 for other contractual services and \$20,000 for capital outlay), (d) the Town Clerk department (\$50,000 for other contractual services), (e) the General Government department (\$75,000 for other contractual services, \$7,000 for dues, memberships and subscriptions, and \$30,000 for capital outlay), (f) the Finance department (\$7,000 for repairs and maintenance and \$2,500 for capital outlay), (g) the Law Enforcement department (\$90,000 for professional services), (h) the Town Hall Building department (\$10,000 for utilities and \$30,000 for rentals and leases), and (i) Transfers Out (\$75,730) to other funds for project match funding.
3. In the Special Revenue – Bike and Pedestrian Fund, an increase in Federal Grant revenue of \$360,640 and Transfers In of \$157,780 offset by increased in professional services and other contractual services expenditures totaling \$518,420.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

General Fund Budget Highlights (Continued)

4. In the Special Revenue – Lighting Fund, an increase in Transfers In of \$75,730 offset by an increase in other contractual services expenditures totaling \$75,730.
5. In the Special Revenue - Safe Routes to School Fund, an increase of \$20,000 in professional services expenditures offset by a \$20,000 decrease in other contractual services expenditures.
6. In the Special Revenue – CITT Fund, an increase in transfers out by \$157,780 with a corresponding increase to appropriation of prior year fund balance.

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, 2019 and 2018, amounts to approximately \$38.6 million and \$6.7 million and \$40.7 million and \$5.7 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:

Town of Cutler Bay
Investment in Capital Assets, net of Accumulated Depreciation
September 30,
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | Percent |
|-------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|---------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>Change</u> |
| General Government | \$ 9,761 | \$ 10,276 | \$ - | \$ - | \$ 9,761 | \$ 10,276 | -5.0% |
| Community Development | 18,913 | 19,251 | - | - | 18,913 | 19,251 | -1.8% |
| Public Safety | 15 | 24 | - | - | 15 | 24 | -37.5% |
| Culture and Recreation | 9,932 | 11,115 | - | - | 9,932 | 11,115 | -10.6% |
| Public Works-Stormwater | - | - | 6,646 | 5,723 | 6,646 | 5,723 | 16.1% |
| | <u>\$ 38,621</u> | <u>\$ 40,666</u> | <u>\$ 6,646</u> | <u>\$ 5,723</u> | <u>\$ 45,267</u> | <u>\$ 46,389</u> | -2.4% |

Additional information regarding the Town's capital assets can be found in footnotes 1 and 5 in the accompanying notes to financial statements.

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TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Capital Assets and Debt Administration (Continued)

Long-term debt

At September 30, 2019, the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$1.9 million, representing a 12.1% 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 was 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, 2019, approximately \$8.8 million was outstanding on those notes payable, representing a 13.3% decrease from the prior year.

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. The Stormwater Utility Revenue Bonds balance at September 30, 2019, approximately \$1.54 million, represents a 7.6% decrease from the prior year.

The net pension liability at September 30, 2019 (approximately \$4.16 million) increased approximately 8.3% from the balance at September 30, 2018 (approximately \$3.84 million), primarily as a result of the current year GASB 68 valuation.

The Town also has liabilities related compensated absences. This approximates \$272,000 at September 30, 2019, versus \$274,000 at September 30, 2018, a decrease of 0.7% from the prior year.

Total long-term debt decreased approximately \$1.4 million, or 7.9%, primarily as a result from scheduled debt service payments during fiscal year 2019, partially offset by the increase in the net pension liability resulting from the current year GASB 68 valuation and the decrease in compensated absences.

Town of Cutler Bay
Long-term Debt
September 30,
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | Percent |
|----------------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|---------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>Change</u> |
| QNIP bonds | \$ 1,875 | \$ 2,134 | \$ - | \$ - | \$ 1,875 | \$ 2,134 | -12.1% |
| Notes payable | 8,834 | 10,189 | - | - | 8,834 | 10,189 | -13.3% |
| Stormwater Utility Revenue Bonds | - | - | 1,536 | 1,663 | 1,536 | 1,663 | -7.6% |
| Net pension liability | 4,155 | 3,838 | - | - | 4,155 | 3,838 | 8.3% |
| Compensated absences | <u>272</u> | <u>274</u> | <u>-</u> | <u>-</u> | <u>272</u> | <u>274</u> | -0.7% |
| | <u>\$ 15,136</u> | <u>\$ 16,435</u> | <u>\$ 1,536</u> | <u>\$ 1,663</u> | <u>\$ 16,672</u> | <u>\$ 18,098</u> | -7.9% |

Additional information regarding the Town's long-term debt can be found in footnotes 1 and 6 in the accompanying notes to financial statements.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Miami-Dade County area at September 30, 2019 is approximately 2.7%, which is a decrease from a rate of 3.4% a year ago. The rate is better than the national unemployment rate of 3.5%.
- Prior to the COVID-19 pandemic, the economy at the national, State and local levels were performing at historically high levels while unemployment levels were near historic lows. As a result of the pandemic, the economy came to a standstill in March 2020 and unemployment nationwide surged. The latest unemployment reports from the U.S. Bureau of Labor Statistics before the nationwide shutdown of the economy (February 2020) indicated that the Miami-Dade County unemployment rate decreased to 2.3%, down from 3% (revised) in March 2019. The unemployment rate for March 2020, when businesses started to be impacted by the pandemic, was estimated at 4.1% for Miami-Dade County, and the rate climbed to 13.2% (preliminary) for April 2020. By comparison, the March and April 2020 unemployment rates statewide for the State of Florida were 4.4% and 12.9% (preliminary), respectively, and both the local and statewide rates are slightly better than the national unemployment rates for those periods (4.4% and 14.7%, respectively). Businesses in Florida have begun to reopen in May 2020, although at a slower pace for the Southeast quadrant of the State which includes Miami-Dade County. While there was strong concern that unemployment could soar to 20-25% or more, positive news was revealed when the national unemployment rate dipped to 13.3% (preliminary) for May 2020.
- Inflationary trends in the region are slightly lower than the national average.
- In setting its fiscal year 2020 budget, the Town adopted a mil rate of 2.4323, the same rate as adopted and in effect for fiscal year 2019. The adopted 2020 mil rate was 6.2% 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.
- As noted in the preceding comment, 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 that gripped the United States during the 2008 to 2012 time period. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking.

Property values within the Town saw significant declines from 2008 through 2012 (an approximate 40% decline from the 2008 valuation level). Since 2012, property values within the Town have increased each year (from 2013 through 2019), reflecting a gain of approximately 55% from the 2012 bottom, although the Town's property values remain below the 2008 peak. Building activity and new development within the Town in recent years are anticipated to extend into fiscal year 2020 with significant new planned projects in process. The Town anticipates property values to increase further in 2020 and possibly into 2021 (subject to any adverse impacts from COVID-19 which are unknown at this time). These values are subject to property owner appeal via the Valuation Adjustment Board ("VAB") process.

- While the Town has seen encouraging signs in building activity and new development within the Town since fiscal year 2012, and while the area continues to rebound from the prior economic downturn, the Town will continue to operate in an extremely lean and efficient manner. Additionally, the Town has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town without having to rely on ad valorem revenues.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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, 2019

| | Governmental Activities | Business- Type Activities | Total |
|---------------------------------------|----------------------------|---------------------------------|---------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 20,534,826 | \$ - | \$ 20,534,826 |
| Restricted Cash | 5,281,675 | - | 5,281,675 |
| Accounts receivable - net | 2,048,066 | 567,529 | 2,615,595 |
| Prepays | 391,631 | 1,953 | 393,584 |
| Other assets | 25,000 | - | 25,000 |
| Internal balances | 85,269 | (85,269) | - |
| Capital assets not being depreciated: | | | |
| Land | 10,400,739 | - | 10,400,739 |
| Construction in progress | 879,524 | 25,054 | 904,578 |
| Capital assets being depreciated: | | | |
| Building | 8,554,216 | - | 8,554,216 |
| Computer hardware and software | 587,274 | 1,308 | 588,582 |
| Furniture and equipment | 1,096,624 | 2,367 | 1,098,991 |
| Infrastructure | 58,340,728 | 10,418,148 | 68,758,876 |
| Improvements | 16,662,941 | - | 16,662,941 |
| Total capital assets | 96,522,046 | 10,446,877 | 106,968,923 |
| Less accumulated depreciation | (57,900,842) | (3,801,370) | (61,702,212) |
| Total capital assets - net | 38,621,204 | 6,645,507 | 45,266,711 |
| Total assets | 66,987,671 | 7,129,720 | 74,117,391 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Loss on refunding | - | 40,561 | 40,561 |
| Pension contributions | 1,489,134 | - | 1,489,134 |
| Total deferred outflows of resources | 1,489,134 | 40,561 | 1,529,695 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 3,871,433 | 110,600 | 3,982,033 |
| Other liabilities | 115,945 | - | 115,945 |
| Accrued interest | 9,448 | - | 9,448 |
| Noncurrent liabilities: | | | |
| Net pension liability | 4,154,919 | - | 4,154,919 |
| The amount due in one year | 1,652,878 | 131,186 | 1,784,064 |
| The amount due in over one year | 9,328,404 | 1,404,679 | 10,733,083 |
| Total liabilities | 19,133,027 | 1,646,465 | 20,779,492 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Business license tax | 45,603 | - | 45,603 |
| Deferred revenue | 682,097 | - | 682,097 |
| Pension expenses | 360,701 | - | 360,701 |
| Total deferred inflows of resources | 1,088,401 | - | 1,088,401 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 27,912,310 | 5,150,203 | 33,062,513 |
| Restricted for: | | | |
| Capital projects | 214,890 | - | 214,890 |
| Public safety | 177,999 | - | 177,999 |
| Parks and recreation | 1,108,401 | - | 1,108,401 |
| Transportation | 3,905,946 | - | 3,905,946 |
| Unrestricted | 14,935,831 | 373,613 | 15,309,444 |
| Total net position | \$ 48,255,377 | \$ 5,523,816 | \$ 53,779,193 |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|--|---------------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| <u>Functions/Programs</u> | <u>Expenses</u> | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 6,788,772 | \$ 860,706 | \$ 2,609,819 | \$ 262,969 | \$ (3,055,278) | \$ - | \$ (3,055,278) |
| Public safety | 10,047,839 | 317,643 | - | 1,954 | (9,728,242) | - | (9,728,242) |
| Community development | 2,656,304 | 1,198,225 | - | - | (1,458,079) | - | (1,458,079) |
| Parks and recreation | 3,706,960 | 155,033 | 365,310 | 119,610 | (3,067,007) | - | (3,067,007) |
| Interest on long-term debt | 336,879 | - | - | - | (336,879) | (61,583) | (398,462) |
| Total governmental activities | <u>23,536,754</u> | <u>2,531,607</u> | <u>2,975,129</u> | <u>384,533</u> | <u>(17,645,485)</u> | <u>(61,583)</u> | <u>(17,707,068)</u> |
| Business-type activities: | | | | | | | |
| Stormwater | 1,043,563 | 1,028,455 | - | 380,371 | - | 365,263 | 365,263 |
| Total business-type activities | <u>1,043,563</u> | <u>1,028,455</u> | <u>-</u> | <u>380,371</u> | <u>-</u> | <u>365,263</u> | <u>365,263</u> |
| Total | <u>\$ 24,580,317</u> | <u>\$ 3,560,062</u> | <u>\$ 2,975,129</u> | <u>\$ 764,904</u> | <u>(17,645,485)</u> | <u>303,680</u> | <u>(17,341,805)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 5,852,830 | - | 5,852,830 |
| Utility taxes | | | | | 3,224,375 | - | 3,224,375 |
| Franchise fees based on gross receipts | | | | | 1,340,786 | - | 1,340,786 |
| Intergovernmental (unrestricted) | | | | | 6,510,769 | - | 6,510,769 |
| Interest and other income (unrestricted) | | | | | 294,067 | 3,848 | 297,915 |
| Transfers | | | | | (316,941) | 316,941 | - |
| Total general revenues and transfers | | | | | <u>16,905,886</u> | <u>320,789</u> | <u>17,226,675</u> |
| Change in net position | | | | | <u>(739,599)</u> | <u>624,469</u> | <u>(115,130)</u> |
| Net position - Beginning as previously reported | | | | | <u>49,768,295</u> | <u>4,899,347</u> | <u>54,667,642</u> |
| Restatement (Note 13) | | | | | <u>(773,319)</u> | <u>-</u> | <u>(773,319)</u> |
| Net position - Beginning, as restated | | | | | <u>48,994,976</u> | <u>4,899,347</u> | <u>53,894,323</u> |
| Net position - Ending | | | | | <u>\$ 48,255,377</u> | <u>\$ 5,523,816</u> | <u>\$ 53,779,193</u> |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

| | <u>Major Funds</u> | | <u>Other</u> | <u>Total</u> |
|---|----------------------|----------------------------|-------------------------------------|-------------------------------------|
| | <u>General</u> | <u>CITT</u> <u>Fund</u> | <u>Governmental</u> <u>Funds</u> | <u>Governmental</u> <u>Funds</u> |
| <u>ASSETS</u> | | | | |
| Cash | \$ 20,534,826 | \$ - | \$ - | \$ 20,534,826 |
| Restricted Cash | 74,111 | 3,644,372 | 1,563,192 | 5,281,675 |
| Accounts receivable - net | 972,088 | 502,078 | 573,900 | 2,048,066 |
| Prepays | 390,662 | - | 969 | 391,631 |
| Other assets | 25,000 | - | - | 25,000 |
| Due from other funds | 280,958 | - | 43,324 | 324,282 |
| Total assets | <u>\$ 22,277,645</u> | <u>\$ 4,146,450</u> | <u>\$ 2,181,385</u> | <u>\$ 28,605,480</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 3,298,704 | 205,884 | \$ 366,845 | \$ 3,871,433 |
| Other liabilities | 115,945 | - | - | 115,945 |
| Due to other funds | - | - | 239,013 | 239,013 |
| Total liabilities | <u>3,414,649</u> | <u>205,884</u> | <u>605,858</u> | <u>4,226,391</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable revenues | - | 182,968 | - | 182,968 |
| Deferred Revenue | 682,097 | - | - | 682,097 |
| Business license tax | 45,603 | - | - | 45,603 |
| Total deferred inflows of resources | <u>727,700</u> | <u>182,968</u> | <u>-</u> | <u>910,668</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 390,662 | - | 969 | 391,631 |
| Restricted | 74,111 | 3,757,598 | 1,575,527 | 5,407,236 |
| Assigned | 1,000,000 | - | - | 1,000,000 |
| Unassigned | 16,670,523 | - | (969) | 16,669,554 |
| Total fund balances | <u>18,135,296</u> | <u>3,757,598</u> | <u>1,575,527</u> | <u>23,468,421</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 22,277,645</u> | <u>\$ 4,146,450</u> | <u>\$ 2,181,385</u> | <u>\$ 28,605,480</u> |

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, 2019

Fund balances - total government funds (Page 27) \$ 23,468,421

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

| | | |
|-------------------------------|---------------------|------------|
| Governmental capital assets | 96,522,046 | |
| Less accumulated depreciation | <u>(57,900,842)</u> | 38,621,204 |

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

| | | |
|--------------------------|----------------|--------------|
| Long term debt | (10,708,894) | |
| Net pension liability | (4,154,919) | |
| Compensated absences | (272,388) | |
| Accrued interest payable | <u>(9,448)</u> | |
| | | (15,145,649) |

| | |
|---|---------|
| Revenue collected outside of the period of availability is not available to pay for current period expenditures and therefore, is a deferred inflow in the funds. | 182,968 |
|---|---------|

| | |
|--|-----------|
| Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting | 1,489,134 |
|--|-----------|

| | |
|---|------------------|
| Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting | <u>(360,701)</u> |
|---|------------------|

| | |
|---|----------------------|
| Net position of governmental activities (Page 25) | <u>\$ 48,255,377</u> |
|---|----------------------|

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Major Funds | | Other | Total |
|--|----------------------|---------------------|-----------------------|-----------------------|
| | General | CITT Fund | Governmental Funds | Governmental Funds |
| REVENUES: | | | | |
| Property taxes | \$ 5,852,830 | \$ - | \$ - | \$ 5,852,830 |
| Franchise fees | 1,340,786 | - | - | 1,340,786 |
| Utility taxes | 3,224,375 | - | - | 3,224,375 |
| Charges for services | 383,500 | - | - | 383,500 |
| Intergovernmental | 6,799,920 | 1,933,079 | 1,089,974 | 9,822,973 |
| Licenses and permits | 1,198,224 | - | - | 1,198,224 |
| Impact fees | - | - | 44,553 | 44,553 |
| Fines and forfeitures | 167,333 | - | - | 167,333 |
| Interest | 200,047 | 32,469 | 13,826 | 246,342 |
| Rental income | 782,549 | - | - | 782,549 |
| Miscellaneous | 47,725 | - | - | 47,725 |
| Total revenues | <u>19,997,289</u> | <u>1,965,548</u> | <u>1,148,353</u> | <u>23,111,190</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 4,679,009 | 564,988 | 499,764 | 5,743,761 |
| Public safety | 10,038,756 | - | - | 10,038,756 |
| Community development | 1,360,530 | - | - | 1,360,530 |
| Parks and recreation | 1,835,571 | - | 357,611 | 2,193,182 |
| Debt service: | | | | |
| Principal retirement | 1,614,081 | - | - | 1,614,081 |
| Interest | 336,879 | - | - | 336,879 |
| Capital outlay: | | | | |
| General government | 185,496 | 42,534 | 109,296 | 337,326 |
| Community development | 1,950 | - | - | 1,950 |
| Parks and recreation | 55,945 | - | 716,056 | 772,001 |
| Total expenditures | <u>20,108,217</u> | <u>607,522</u> | <u>1,682,727</u> | <u>22,398,466</u> |
| Excess (deficiency) of revenues over expenditures | <u>(110,928)</u> | <u>1,358,026</u> | <u>(534,374)</u> | <u>712,724</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 272,956 | - | 814,341 | 1,087,297 |
| Transfers out | <u>(621,910)</u> | <u>(501,226)</u> | <u>(281,102)</u> | <u>(1,404,238)</u> |
| Total other financing sources (uses) | <u>(348,954)</u> | <u>(501,226)</u> | <u>533,239</u> | <u>(316,941)</u> |
| Net change in fund balances | (459,882) | 856,800 | (1,135) | 395,783 |
| Fund balances, beginning as previously reported | <u>19,368,497</u> | <u>2,900,798</u> | <u>1,576,662</u> | <u>23,845,957</u> |
| Restatement (Note 13) | <u>(773,319)</u> | <u>-</u> | <u>-</u> | <u>(773,319)</u> |
| Beginning fund balances as restated | <u>18,595,178</u> | <u>2,900,798</u> | <u>1,576,662</u> | <u>23,072,638</u> |
| Fund balances, ending | <u>\$ 18,135,296</u> | <u>\$ 3,757,598</u> | <u>\$ 1,575,527</u> | <u>\$ 23,468,421</u> |

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, 2019

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 29) \$ 395,783

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 | 1,111,277 | |
| Less current year depreciation | <u>(3,155,722)</u> | (2,044,445) |

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.

| | |
|--------------------|-----------|
| Principal payments | 1,614,081 |
|--------------------|-----------|

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.

| | |
|-------------------------------------|-----------|
| Accrued interest payable | 1,461 |
| Compensated absences | 2,167 |
| Adjustment to net pension liability | (317,389) |

| | |
|--|-----------|
| Changes in the Town's pension deferred outflows and pension deferred inflows for the current year are not reported in the governmental funds but are reported in the statement of activities | (394,162) |
|--|-----------|

| | |
|--|--------------|
| Revenue collected outside of the period of availability is not available to pay for current period expenditures however it is available to pay long term obligations of the Town. | <u>2,905</u> |
|--|--------------|

| | |
|---|---------------------|
| Change in net position of governmental activities (Page 26) | <u>\$ (739,599)</u> |
|---|---------------------|

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2019

| | |
|---------------------------------------|---------------------|
| | <u>Stormwater</u> |
| <u>ASSETS</u> | |
| Current assets: | |
| Accounts receivables | \$ 567,529 |
| Prepays | <u>1,953</u> |
| Total current assets | <u>569,482</u> |
| Non-current assets: | |
| Capital assets, net | <u>6,645,507</u> |
| Total non-current assets | <u>6,645,507</u> |
| Total assets | <u>7,214,989</u> |
| | |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Loss on refunding | <u>40,561</u> |
| Total deferred outflows of resources | <u>40,561</u> |
| | |
| <u>LIABILITIES AND NET POSITION</u> | |
| Current liabilities: | |
| Accounts payable | 110,600 |
| Due to other funds | 85,269 |
| Current portion of revenue bonds | <u>131,186</u> |
| Total current liabilities | <u>327,055</u> |
| Non-current liabilities: | |
| Revenue bonds | <u>1,404,679</u> |
| Total non-current liabilities | <u>1,404,679</u> |
| Total liabilities | <u>1,731,734</u> |
| Net position: | |
| Net investment in capital assets | 5,150,203 |
| Unrestricted | <u>373,613</u> |
| Total net position | <u>\$ 5,523,816</u> |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | |
|---|---------------------|
| | <u>Stormwater</u> |
| Operating revenues: | |
| Charges for services | \$ 1,028,455 |
| Total revenues | <u>1,028,455</u> |
| Operating expenses: | |
| Operations and maintenance | 846,209 |
| Depreciation | <u>197,354</u> |
| Total operating expenses | <u>1,043,563</u> |
| Operating income (loss) | <u>(15,108)</u> |
| Non-operating revenues (expenses): | |
| Interest income | 3,848 |
| Interest expense | (61,583) |
| Capital grant | <u>380,371</u> |
| Total non-operating revenues (expenses) | <u>322,636</u> |
| Transfers in | <u>316,941</u> |
| Changes in net position | 624,469 |
| Net position - Beginning | <u>4,899,347</u> |
| Net position - Ending | <u>\$ 5,523,816</u> |

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | |
|--|---------------------|
| | <u>Stormwater</u> |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 819,607 |
| Cash received for interfund services used | 85,269 |
| Cash paid to employees | (197,613) |
| Cash paid to suppliers | (896,712) |
| Cash paid for prepaid assets | (38) |
| Net cash used in operating activities | <u>(189,487)</u> |
| Cash flows from non-capital financing activities: | |
| Transfers from other funds | <u>316,941</u> |
| Net cash provided by non-capital financing activities | <u>316,941</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (1,119,608) |
| Interest payments | (57,527) |
| Principal payments | (126,753) |
| Capital grant contribution | <u>380,371</u> |
| Net cash used in capital and related financing activities | <u>(923,517)</u> |
| Cash flows from investing activities | |
| Interest income | <u>3,848</u> |
| Net cash provided by investing activities | <u>3,848</u> |
| Net change in Cash | (792,215) |
| Cash - beginning | <u>792,215</u> |
| Cash - ending | <u>\$ -</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | |
| Operating income (loss) | \$ <u>(15,108)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation | 197,354 |
| Change in operating assets and liabilities: | |
| Accounts receivables | (208,848) |
| Prepays | (38) |
| Due to other funds | 85,269 |
| Accounts payable | <u>(248,116)</u> |
| Net cash used in operating activities | <u>\$ (189,487)</u> |
| Noncash capital and related financing activities | |
| Deferred loss on refunding | <u>\$ (4,056)</u> |

See notes to basic financial statements

NOTES TO FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

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.

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

1. Deposits - The Town's cash consists 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 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 2nd 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 November 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, the County School Board, and other taxing jurisdictions' tax requirements. The millage rate to finance general governmental services for the fiscal year ended September 30, 2019 was 2.4739 mills per \$1,000 of assessed valuation.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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>Assets</u> | <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 and Town Clerk, 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 their employment contracts, the Town Manager receives 184 hours of vacation leave per year and the Town Clerk 160 hours 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 and Town Clerk may accrue hours beyond that limit but, upon termination, are 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 the balance of his accrued sick leave, 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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 insurance 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 electrical franchise fees and business license renewals received in advance.
11. Net Position - Total equity as of September 30, 2019, 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 as well as any retainage payable and accounts payable 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, 2019, 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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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>CITT Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-----------------------------|---------------------|----------------------|---|---|
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepays | \$ 390,662 | \$ - | \$ 969 | \$ 391,631 |
| Restricted: | | | | |
| Transportation | - | 3,757,598 | 148,348 | 3,905,946 |
| Parks and recreation | - | - | 1,108,401 | 1,108,401 |
| Public safety | 74,111 | - | 103,888 | 177,999 |
| Capital projects | - | - | 214,890 | 214,890 |
| Assigned: | | | | |
| Building: capital reserve | 500,000 | - | - | 500,000 |
| Building: operating reserve | 500,000 | - | - | 500,000 |
| Unassigned | 16,670,523 | - | (969) | 16,669,554 |
| Total fund balances | <u>\$18,135,296</u> | <u>\$3,757,598</u> | <u>\$ 1,575,527</u> | <u>\$23,468,421</u> |

| | | | | |
|---------------------|---------------------|--------------------|---------------------|---------------------|
| Fund balances: | | | | |
| Nonspendable | \$ 390,662 | \$ - | \$ 969 | \$ 391,631 |
| Restricted | 74,111 | 3,757,598 | 1,575,527 | 5,407,236 |
| Assigned | 1,000,000 | - | - | 1,000,000 |
| Unassigned | 16,670,523 | - | (969) | 16,669,554 |
| Total fund balances | <u>\$18,135,296</u> | <u>\$3,757,598</u> | <u>\$ 1,575,527</u> | <u>\$23,468,421</u> |

- Minimum Level of Unassigned Fund Balance Policy
The Town's fund balance policy establishes a minimum unassigned fund balance level of 17% of the next fiscal year's operating expenditure budget for the General Fund excluding capital outlay, debt service, and transfers out.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Balance (Continued)

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 calculates a total OPEB liability related to the implicit rate subsidy. For governmental activities, the total OPEB liability 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.

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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 and steets |
| Transportation Tax | Transportation and roads |
| Various Grant Programs | Grants program expenditures |
| Police Forfeitures | Law enforcement |
| Impact Fees | Eligible capacity enhancements |

For the year ended September 30, 2019, the Town complied, in all material respects, with these revenue restrictions.

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, 2019, the Town has no investments or cash equivalents, only deposits with banking institutions.

NOTE 4 - RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2019 were as follows:

| | <u>Taxes</u> | <u>Grants</u> | <u>Fees</u> | <u>Others</u> | <u>Totals</u> |
|------------------------------|-------------------|--------------------|-------------------|------------------|--------------------|
| General Fund | \$ 849,559 | \$ 76,684 | \$ 18,270 | \$ 27,575 | \$ 972,088 |
| CITT Fund | - | 502,078 | - | - | 502,078 |
| Non-major governmental funds | - | 573,900 | - | - | 573,900 |
| Stormwater Fund | - | 374,000 | 193,529 | - | 567,529 |
| | <u>\$ 849,559</u> | <u>\$1,526,662</u> | <u>\$ 211,799</u> | <u>\$ 27,575</u> | <u>\$2,615,595</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4 - RECEIVABLES/PAYABLES (CONTINUED)

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, 2019 were as follows:

| | <u>Vendors</u> | <u>Miami-Dade County</u> | <u>Total</u> |
|------------------------------|--------------------|------------------------------|--------------------|
| General Fund | \$ 705,773 | \$2,592,931 | \$3,298,704 |
| CITT Fund | 205,884 | - | 205,884 |
| Non-major governmental funds | 366,845 | - | 366,845 |
| Stormwater Fund | 110,600 | - | 110,600 |
| | <u>\$1,389,102</u> | <u>\$2,592,931</u> | <u>\$3,982,033</u> |

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2019 was as follows:

| | Balance October 1, 2018 | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | Balance September 30, 2019 |
|---|-------------------------------|-----------------------|------------------|------------------|----------------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 10,400,739 | \$ - | \$ - | \$ - | \$ 10,400,739 |
| Construction in progress | 847,475 | 888,286 | - | (856,237) | 879,524 |
| Total capital assets not being depreciated | <u>11,248,214</u> | <u>888,286</u> | <u>-</u> | <u>(856,237)</u> | <u>11,280,263</u> |
| Capital assets being depreciated: | | | | | |
| Building | 8,554,216 | - | - | - | 8,554,216 |
| Infrastructure | 57,938,811 | - | - | 401,917 | 58,340,728 |
| Improvements | 16,101,451 | 107,170 | - | 454,320 | 16,662,941 |
| Computer hardware and software | 1,019,708 | 19,021 | (451,455) | - | 587,274 |
| Property under capital lease | 103,363 | - | (40,363) | (63,000) | - |
| Furniture and equipment | 1,087,730 | 96,800 | (150,906) | 63,000 | 1,096,624 |
| Total capital assets being depreciated | <u>84,805,279</u> | <u>222,991</u> | <u>(642,724)</u> | <u>856,237</u> | <u>85,241,783</u> |
| Less accumulated depreciation for: | | | | | |
| Building | (3,701,683) | (427,855) | - | - | (4,129,538) |
| Infrastructure | (38,339,910) | (1,169,603) | - | - | (39,509,513) |
| Improvements | (11,359,732) | (1,466,310) | - | - | (12,826,042) |
| Computer hardware and software | (987,493) | (23,051) | 451,455 | - | (559,089) |
| Property under capital lease | (103,363) | - | 40,363 | 63,000 | - |
| Furniture and equipment | (895,663) | (68,903) | 150,906 | (63,000) | (876,660) |
| Total accumulated depreciation | <u>(55,387,844)</u> | <u>(3,155,722)</u> | <u>642,724</u> | <u>-</u> | <u>(57,900,842)</u> |
| Total capital assets being depreciated, net | <u>29,417,435</u> | <u>(2,932,731)</u> | <u>-</u> | <u>856,237</u> | <u>27,340,941</u> |
| Governmental activities capital assets, net | <u>\$ 40,665,649</u> | <u>\$ (2,044,445)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,621,204</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activities for the fiscal year ended September 30, 2019 was as follows: (Continued)

| | Balance October 1, <u>2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | Balance September 30, <u>2019</u> |
|--|--------------------------------------|-------------------|------------------|--------------------|---|
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | \$ 469,415 | \$ 1,118,300 | \$ - | \$ (1,562,661) | \$ 25,054 |
| Total capital assets not being depreciated | <u>469,415</u> | <u>1,118,300</u> | <u>-</u> | <u>(1,562,661)</u> | <u>25,054</u> |
| Capital assets being depreciated: | | | | | |
| Furniture and equipment | 2,367 | - | - | - | 2,367 |
| Computer hardware and software | 6,523 | 1,308 | (6,523) | - | 1,308 |
| Infrastructure | 8,855,487 | - | - | 1,562,661 | 10,418,148 |
| Total capital assets being depreciated | <u>8,864,377</u> | <u>1,308</u> | <u>(6,523)</u> | <u>1,562,661</u> | <u>10,421,823</u> |
| Less accumulated depreciation for: | | | | | |
| Furniture and equipment | (986) | (474) | - | - | (1,460) |
| Computer hardware and software | (6,523) | (254) | 6,523 | - | (254) |
| Infrastructure | (3,603,030) | (196,626) | - | - | (3,799,656) |
| Total accumulated depreciation | <u>(3,610,539)</u> | <u>(197,354)</u> | <u>6,523</u> | <u>-</u> | <u>(3,801,370)</u> |
| Total capital assets being depreciated, net | <u>5,253,838</u> | <u>(196,046)</u> | <u>-</u> | <u>1,562,661</u> | <u>6,620,453</u> |
| Business-type activities capital assets, net | <u>\$ 5,723,253</u> | <u>\$ 922,254</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,645,507</u> |

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

| | |
|--|---------------------|
| General government | \$ 706,676 |
| Public safety | 9,083 |
| Community development | 1,200,008 |
| Culture and recreation | 1,239,955 |
| Total depreciation expense - governmental activities | <u>\$ 3,155,722</u> |

NOTE 6 - LONG-TERM DEBT

The Town implemented GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year then ended September 30, 2019.

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, 2019, the public service taxes pledged amounted to \$3,224,375 and the debt service was \$345,765. The pledged revenues provided a coverage ratio of 9.3.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

During the fiscal year ended September 30, 2012, the County 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, 2019 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2020 | 268,550 | 77,215 | \$ 345,765 |
| 2021 | 279,210 | 66,342 | 345,552 |
| 2022 | 290,895 | 55,034 | 345,929 |
| 2023 | 302,785 | 43,259 | 346,044 |
| 2024 | 315,290 | 30,996 | 346,286 |
| 2025 - 2027 | 418,405 | 42,548 | 460,953 |
| Totals | <u>\$ 1,875,135</u> | <u>\$ 315,395</u> | <u>\$ 2,190,530</u> |

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. In May 2015 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, 2019, the Town's share of the Local Government Half-Cent Sales Tax available for this pledge was \$3,592,414 and debt service was \$1,262,919. The pledged revenues provided a coverage ratio of 2.8. The notes contain a provision that in an event of default, outstanding amounts including accrued interest are due immediately, and in any such acceleration the Town shall also be obligated to pay all costs of collection and enforcement thereof.

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, 2019 the Town's legally available Non-Ad Valorem Revenues applicable to this pledge were \$10,206,280 and the debt service was \$342,276. The pledged revenues provided a coverage ratio of 29.8. Principal and interest payments vary from year to year and interest rates range from 2.18% to 2.8%. The loan contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity for the fiscal year ending September 30, 2019 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2020 | 1,303,634 | 215,180 | 1,518,814 |
| 2021 | 1,230,996 | 182,500 | 1,413,496 |
| 2022 | 1,262,667 | 150,829 | 1,413,496 |
| 2023 | 1,037,053 | 119,736 | 1,156,789 |
| 2024 | 977,744 | 93,476 | 1,071,220 |
| 2025-2029 | 2,576,080 | 200,794 | 2,776,874 |
| 2030 | 445,585 | 5,569 | 451,154 |
| | <u>\$ 8,833,759</u> | <u>\$ 968,084</u> | <u>\$ 9,801,843</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, 2019 the stormwater fees pledged amounted to \$1,028,455 and the debt service was \$184,280. 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 \$9,500 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 \$40,561 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, 2019 was \$126,573 and the balance of the remaining principal payments range from \$131,186 to \$178,091 through September 2029.

Debt service requirements to maturity for the fiscal year ending September 30, 2019 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 131,186 | \$ 53,141 | \$ 184,327 |
| 2021 | 135,747 | 48,602 | 184,349 |
| 2022 | 140,384 | 43,905 | 184,289 |
| 2023 | 145,276 | 39,048 | 184,324 |
| 2024 | 150,269 | 34,021 | 184,290 |
| 2025-2029 | 833,003 | 88,424 | 921,427 |
| | <u>\$ 1,535,865</u> | <u>\$ 307,141</u> | <u>\$ 1,843,006</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2019:

| | <u>Beginning</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> | <u>Due Within One Year</u> |
|----------------------------------|----------------------|-------------------|-----------------------|----------------------|--------------------------------|
| Governmental activities: | | | | | |
| QNIP bonds | \$ 2,133,640 | \$ - | \$ (258,505) | \$ 1,875,135 | \$ 268,550 |
| Notes payable | 10,189,335 | - | (1,355,576) | 8,833,759 | 1,303,634 |
| Net pension liability | 3,837,530 | 317,389 | - | 4,154,919 | - |
| Compensated absences | 274,555 | 148,329 | (150,496) | 272,388 | 80,694 |
| Total governmental activities | <u>\$ 16,435,060</u> | <u>\$ 465,718</u> | <u>\$ (1,764,577)</u> | <u>\$ 15,136,201</u> | <u>\$ 1,652,878</u> |
| Business-type activities: | | | | | |
| Stormwater utility revenue bonds | \$ 1,662,618 | \$ - | \$ (126,753) | \$ 1,535,865 | \$ 131,186 |
| Total business-type activities | <u>\$ 1,662,618</u> | <u>\$ -</u> | <u>\$ (126,753)</u> | <u>\$ 1,535,865</u> | <u>\$ 131,186</u> |

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

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2019, were as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|------------------------------|-------------------|-------------------|
| General Fund | \$ 280,958 | \$ - |
| Non-major governmental funds | 43,324 | 239,013 |
| Stormwater Fund | - | 85,269 |
| | <u>\$ 324,282</u> | <u>\$ 324,282</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.

Interfund transfer activity for the year ended September 30, 2019 was as follows:

| | <u>Transfers In*</u> | <u>Transfers Out*</u> |
|------------------------------|----------------------|-----------------------|
| General Fund | \$ 272,956 | \$ 621,910 |
| CITT Fund | - | 501,226 |
| Non-major Governmental Funds | 814,341 | 281,102 |
| Stormwater Fund | 316,941 | - |
| | <u>\$ 1,404,238</u> | <u>\$ 1,404,238</u> |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

- \$501,226 was transferred from the CITT Fund (a major governmental fund) to fund the Town's portion of costs related to several projects. \$88,968 was transferred to the Safe Routes to School Fund (a non-major governmental fund) to provide for the Town's portion of sidewalk enhancements and project oversight costs related to a grant funded project providing enhanced walkway accessibility at a local school in Town, \$36,359 was transferred to the Transportation Fund (a non-major governmental fund) to provide the Town's grant match for a Complete Streets roadway improvement project (\$18,106) and for the Town's grant match for a mobility hub transportation study (\$18,253), \$58,958 was transferred to the Bike and Pedestrian Fund to provide for the Town's grant match for construction of pedestrian friendly transportation connectivity projects, and \$316,941 was transferred to the Stormwater Fund (an Enterprise Fund) for roadway improvements related to the SW 100 Ave drainage project (\$200,715) and the Saga Bay 1.2 drainage project (\$116,226).
- \$281,102 was transferred from the Special Revenue Fund (a non-major governmental fund) to transfer gas taxes (\$272,956) to the General Fund for sidewalk repair projects and to transfer park impact fees (\$8,146) to the Capital Projects (Parks) Fund (a non-major governmental fund) for various park infrastructure improvement projects.
- \$621,910 was transferred from the General Fund to the Capital Projects (Parks) Fund (a non-major governmental fund) to cover the cost of park infrastructure improvements that were not eligible for funding with park impact fees (\$572,105) and to the Lighting Fund (a non-major governmental fund) to cover the Town's grant match portion of an LED lighting project at one of the Town's parks (\$49,805).

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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (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 |
| Special Risk Class | |
| Service from December 1, 1970 through September 30, 1974 | 2.00 |
| Service on or after October 1, 1974 | 3.00 |
| Elected Officers' Class | |
| Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge | 3.33 |
| Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county official, or elected official of a city or special district that chose EOC membership for its elected officials | 3.00 |
| Senior Management Service Class | 2.00 |

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2018 through June 30, 2019 were as follows:

| <u>Class</u> | <u>Percent of Gross Salary</u> | |
|--|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (*)</u> |
| FRS, Regular | 3.00 | 8.26 |
| FRS, Elected County Officers | 3.00 | 48.70 |
| FRS, Senior Management Service | 3.00 | 24.06 |
| FRS, Special Risk Regular | 3.00 | 24.50 |
| DROP- Applicable to members from all of the above classes | N/A | 14.03 |

*Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

The Town's contributions for FRS totaled \$401,481 and employee contributions totaled \$74,782 for the fiscal year ended September 30, 2019.

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

At September 30, 2019, the Town reported a liability of \$3,275,922 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Town's proportionate share of the net pension liability was based on the Town's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating member. At June 30, 2019, the Town's proportionate share was 0.0095%, which was a decrease from its proportionate share of 0.0099% measured at June 30, 2018.

Aggregate amount for all pension plans

| | Florida Retirement System | Total |
|--------------------------------|---------------------------------|--------------|
| Pension liabilities | \$ 4,154,919 | \$ 4,154,919 |
| Deferred outflows of resources | 1,489,134 | 1,489,134 |
| Deferred inflows of resources | 360,701 | 360,701 |
| Pension expenses | 869,434 | 869,434 |

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 (Continued)

For the fiscal year ended September 30, 2019, the Town recognized pension expense of \$802,018 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:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 194,304 | \$ 2,033 |
| Change of assumptions | 841,398 | - |
| Net difference between projected and actual earnings on FRS pension plan investments | - | 181,241 |
| Changes in proportion and differences between Town FRS contributions and proportionate share of contributions | 205,008 | 89,844 |
| Town FRS contributions subsequent to measurement date | 76,977 | - |
| Total | <u>\$ 1,317,687</u> | <u>\$ 273,118</u> |

The deferred outflows of resources related to pensions, totaling \$76,977, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending September 30</u> | <u>Deferred outflows/ (inflows), net</u> |
|--|--|
| 2020 | \$ 385,980 |
| 2021 | 114,414 |
| 2022 | 243,072 |
| 2023 | 180,747 |
| 2024 | 37,644 |
| Thereafter | 5,735 |

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2019, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.60% |
| Salary Increases | 3.25% average, including inflation |
| Investment Rate of Return | 6.90%, 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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</u> ¹ | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|------------------------|---------------------------------------|---------------------------------|---|---------------------------|
| Cash | 1.0% | 3.3% | 3.3% | 1.2% |
| Fixed income | 18.0% | 4.1% | 4.1% | 3.5% |
| Global equity | 54.0% | 8.0% | 6.8% | 16.5% |
| Real estate (property) | 10.0% | 6.7% | 6.1% | 11.7% |
| Private equity | 11.0% | 11.2% | 8.4% | 25.8% |
| Strategic investments | <u>6.0%</u> | 5.9% | 5.7% | 6.7% |
| | <u>100%</u> | | | |

Assumed inflation-Mean 2.6% 1.7%

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

Discount Rate

The discount rate used to measure the net pension liability of the Plan was 6.90 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.

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 6.90 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 (5.90 percent) or one percentage point higher (7.90 percent) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|------------------------------|--------------------|
| | <u>5.90%</u> | <u>6.90%</u> | <u>7.90%</u> |
| Town's proportionate share of the net pension liability | \$ 5,662,977 | \$ 3,275,922 | \$ 1,282,326 |

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 OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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, 2019, and pension expense / adjustment for the fiscal year ended September 30, 2019 was allocated as follows:

| | FRS Pension | | | | |
|-------------------------|--------------------|-----------------------|--------------------------------|-------------------------------|-----------------------------|
| | Percent Allocation | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense/ Adjustment |
| Governmental Activities | 100.00% | \$ 3,275,922 | \$ 1,317,687 | \$ 273,118 | \$ 802,018 |

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, 2019 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, 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 can include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution for the period July 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019 was 1.66 percent. 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 \$43,388 for the fiscal year ended September 30, 2019.

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

At September 30, 2019, the Town reported a net pension liability of \$878,997 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, 2019 and was recalculated and projected to the measurement date of June 30, 2019 using a standard actuarial roll-forward technique. The Town's proportionate share of the net pension liability was based on the Town's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the Town's proportionate share was 0.0079 percent, which was a decrease from its proportionate share of 0.0080 percent measured at June 30, 2018.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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)

For the fiscal year ended September 30, 2019, the Town recognized pension expense of \$67,416 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:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 10,676 | \$ 1,076 |
| Change of assumptions | 101,780 | 71,842 |
| Net difference between projected and actual earnings on HIS pension plan investments | 567 | - |
| Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions | 47,151 | 14,665 |
| Town HIS contributions subsequent to measurement date | 11,273 | - |
| Total | <u>\$ 171,447</u> | <u>\$ 87,583</u> |

The deferred outflows of resources related to pensions, totaling \$11,273, 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, 2019. 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 September 30, | Deferred outflows/ (inflows), net |
|-------------------------------------|--------------------------------------|
| 2020 | \$ 33,835 |
| 2021 | 22,758 |
| 2022 | 12,980 |
| 2023 | (1,692) |
| 2024 | 956 |
| Thereafter | 3,754 |

Actuarial Assumptions

The HIS pension as of July 1, 2019 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 | 3.50% |

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability for the HIS Plan was updated from 3.87 to 3.50 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 3.50 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 (2.50 percent) or one percentage point higher (4.50 percent) than the current rate:

| | 1% Decrease <u>2.50%</u> | Current Discount Rate <u>3.50%</u> | 1% Increase <u>4.50%</u> |
|--|--------------------------------|--|--------------------------------|
| Town's proportionate share of the net pension liability | \$ 1,003,420 | \$ 878,997 | \$ 775,366 |

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, 2019, and pension expense/adjustment for the fiscal year ended September 30, 2019 was as follows:

| | HIS Plan | | | | |
|-------------------------|------------------------------|---------------------------------|---|--|--|
| | Percent <u>Allocation</u> | Net Pension <u>Liability</u> | Deferred Outflow <u>of Resources</u> | Deferred Inflow <u>of Resources</u> | Pension Expense/ <u>Adjustment</u> |
| Governmental Activities | 100% | \$ 878,997 | \$ 171,447 | \$ 87,583 | \$ 67,416 |

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, the Town was not involved in any claims/lawsuits.

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 \$1.04 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 was set to expire on June 20, 2018 but was continued on a month to month basis while the new agreement was being ratified. The new agreement was signed by the parties and became effective October 22, 2018 and is for a term of ten (10) years.

Agreement with Miami-Dade County for Local Police Patrol Services

The Town contracts for its local police patrol and other law enforcement services through an Interlocal agreement (the "agreement") with Miami-Dade County (the "County"). The agreement for these services was set to expire on August 20, 2019, however, the Town and County agreed to continue the existing agreement on the same terms and conditions for a period of up to 90 days while the parties finalized a new agreement. The parties finalized a new five (5) year agreement effective October 1, 2019 and the new agreement expires on September 30, 2024 unless terminated earlier as specified in the agreement.

Payments for the services provided by the County are based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. The County bills the Town on a quarterly basis for local patrol services and for optional services (primarily school crossing guards, if applicable). For fiscal year 2019, approximately \$10,022,000 was paid by the Town for such services.

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 postretirement 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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Total OPEB Liability

Management has evaluated the Total OPEB Liability and has concluded that it is immaterial to the financial statements. Therefore, the Total OPEB Liability and related disclosures have been excluded from the Financial Statements.

NOTE 12 – SUBSEQUENT EVENTS

COVID-19

In December 2019, COVID-19 emerged and has spread around the world, resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 and subsequently a Pandemic on March 9, 2020. In addition, on March 13, 2020 the President of the United States proclaimed the COVID-19 outbreak to be a National Emergency.

The operational and business results of the Town could be significantly adversely affected. The extent to which the coronavirus may impact the business activity of the Town will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the results of the actions required to contain the coronavirus or treat its impact, among others. The specific financial impact to the Town is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Sale of Town Hall Properties

On January 9, 2020, the Town exchanged its Town Hall building property and an adjacent land parcel owned by the Town, both located in the “Town Center District” and combined were valued at \$14 million, for a 16 acre land parcel located in the center of town along Old Cutler Road valued at \$17 million. The Town paid the net difference and closing costs with cash at closing.

As part of the proposed deal, the Town agreed to a five (5) year leaseback of its existing office space (with three (3) two-year renewals). During the first year of the lease, the Town shall pay rent of approximately \$47,629 per month. Thereafter, the rent shall be subject to increase based on a specified Consumer Price Index. The lease also provides for the payment of additional rent based on the Town’s pro-rata share of increases in specified operating expenses over base year amounts.

NOTE 13 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

During the fiscal year ended September 30, 2019, the Town restated beginning net position/fund balance to adjust for a portion of the electric franchise fees received in fiscal year 2018 that represented an advance payment of such fees for fiscal year 2019 based on newly disclosed information as to the nature of these annual payments.

Since incorporation, pursuant to its Interlocal Agreement with Miami-Dade County (the “County”), the Town received from the County a share of the electric franchise fees received by the County from Florida Power & Light (“FPL”) based on a specified calculation. These payments were generally received in August each year and Town staff was informed by County staff that the payments were revenues for the previous calendar year based on the prior calendar year’s actual usage. Accordingly, these receipts historically were recorded as revenue by the Town when received.

The County’s 30-year franchise agreement with FPL ends in May 2020. Ahead of the May 2020 expiration date of the County’s agreement, the Town negotiated its own separate agreement with FPL which commences June 2020. During these negotiations in fiscal year 2019, the Town learned that, while the annual franchise fee payments made by FPL to the County were calculated based on the prior calendar year’s actual usage, these payments were not for payment of the prior calendar year franchise fees in arrears, but rather the franchise fees were calculated based on this data to make an advance payment to the County covering the period from June of one year through May of the following year. As a result, based on a September 30th fiscal year end date, only one-third of this payment pertained to the fiscal year received (June through September) and two-thirds pertained to the following fiscal year.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 13 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE (CONTINUED)

Based on the newly obtained information from FPL as to the nature of its annual electric franchise fee payments to the County, the Town decided to conform its accounting for these payments following this newly disclosed information outlined by FPL in the previous paragraph. As a result, the Town recorded an adjustment to restate beginning net position/fund balance as of October 1, 2018 to reflect the net effect on beginning net position/fund balance had two-thirds of the August 2018 electric franchise fee payment received from the County been deferred at September 30, 2018. As a result, the fiscal year 2019 electrical franchise fee revenues reflect two-thirds of the payment received from the County in 2018 and one-third of the payment received in 2019.

The payment received from the County in 2019 was the final one to be received under the County's expiring agreement with FPL. Two-thirds of this payment was deferred at September 30, 2019 to be recorded as revenue in fiscal year 2020 covering the period from October 2019 through the May 2020 agreement expiration date. This eight-months of revenue will be supplemented with monthly revenue from the Town's separate agreement with FPL commencing June 2020.

The effect to the Government-wide financial statements is as follows:

| | |
|--|--------------------------------------|
| | Government-Wide Financial Statements |
| | <u>Governmental Activities</u> |
| Net position, beginning, as previously reported | \$ 49,768,295 |
| Restatement of electric franchise fees received in advance | <u>(773,319)</u> |
| Net position, beginning, as restated | <u>\$ 48,994,976</u> |

| | |
|--|--------------------------------------|
| | Government-Wide Financial Statements |
| | <u>Governmental Activities</u> |
| Restatement of electric franchise fees received in advance | \$ (773,319) |
| Net effect due to restatement | <u>(773,319)</u> |
| Change in net position, preceding period | <u>(610,686)</u> |
| Restated change in net position, preceding period | <u>\$ (1,384,005)</u> |

The effect to the fund financial statements is as follows:

| | |
|--|---------------------------|
| | Fund Financial Statements |
| | <u>General Fund</u> |
| Fund balance, beginning, as previously reported | \$ 19,368,497 |
| Restatement of electric franchise fees received in advance | <u>(773,319)</u> |
| Fund balance, beginning, as restated | <u>\$ 18,595,178</u> |

| | |
|--|---------------------------|
| | Fund Financial Statements |
| | <u>General Fund</u> |
| Restatement of electric franchise fees received in advance | \$ (773,319) |
| Net effect due to restatement | <u>(773,319)</u> |
| Net change in fund balance, preceding period | <u>617,680</u> |
| Restated change in fund balance, preceding period | <u>\$ (155,639)</u> |

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | | Variance with Final Budget Positive/(Negative) |
|--|--------------------|--------------------|----------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 5,817,635 | \$ 5,817,635 | \$ 5,852,830 | \$ 35,195 |
| Franchise fees | 1,250,000 | 1,365,000 | 1,340,786 | (24,214) |
| Utility taxes | 3,250,000 | 3,222,000 | 3,224,375 | 2,375 |
| Charges for services | 300,500 | 365,500 | 383,500 | 18,000 |
| Intergovernmental | 6,260,838 | 6,686,838 | 6,799,920 | 113,082 |
| Licenses and permits | 1,059,000 | 1,157,000 | 1,198,224 | 41,224 |
| Fines and forfeitures | 225,000 | 155,000 | 167,333 | 12,333 |
| Interest | 40,000 | 190,000 | 200,047 | 10,047 |
| Rental income | 700,000 | 780,000 | 782,549 | 2,549 |
| Miscellaneous | <u>500</u> | <u>16,500</u> | <u>47,725</u> | <u>31,225</u> |
| Total revenues | <u>18,903,473</u> | <u>19,755,473</u> | <u>19,997,289</u> | <u>241,816</u> |
| Expenditures: | | | | |
| General government | 2,788,668 | 2,900,668 | 2,791,626 | 109,042 |
| Legislative | 206,232 | 206,232 | 151,186 | 55,046 |
| Town clerk | 543,110 | 593,110 | 514,565 | 78,545 |
| Finance | 480,790 | 490,290 | 480,391 | 9,899 |
| Town attorney | 500,000 | 500,000 | 302,414 | 197,586 |
| Town Hall building | 1,765,221 | 1,805,221 | 1,603,967 | 201,254 |
| Community development | 1,430,279 | 1,560,279 | 1,362,480 | 197,799 |
| Public works | 981,234 | 1,051,234 | 971,316 | 79,918 |
| Parks and recreation | 1,966,554 | 2,086,554 | 1,891,516 | 195,038 |
| Police services | <u>9,989,987</u> | <u>10,079,987</u> | <u>10,038,756</u> | <u>41,231</u> |
| Total expenditures | <u>20,652,075</u> | <u>21,273,575</u> | <u>20,108,217</u> | <u>1,165,358</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,748,602)</u> | <u>(1,518,102)</u> | <u>(110,928)</u> | <u>1,407,174</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 225,000 | 225,000 | 272,956 | 47,956 |
| Transfers out | <u>(1,403,200)</u> | <u>(1,478,930)</u> | <u>(621,910)</u> | <u>857,020</u> |
| Total other financing sources (uses) | <u>(1,178,200)</u> | <u>(1,253,930)</u> | <u>(348,954)</u> | <u>904,976</u> |
| Revenues over (under) expenditures and other financing sources (uses) | <u>(2,926,802)</u> | <u>(2,772,032)</u> | <u>(459,882)</u> | <u>2,312,150</u> |
| Fund balance appropriated | <u>2,926,802</u> | <u>2,772,032</u> | <u>-</u> | <u>(2,772,032)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>(459,882)</u> | <u>\$ (459,882)</u> |
| Fund balance - beginning, as restated (Note 13) | | | <u>18,595,178</u> | |
| Fund balance - ending | | | <u>\$ 18,135,296</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CITT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ 1,800,000 | \$ 1,800,000 | \$ 1,933,079 | \$ 133,079 |
| Interest | <u>7,000</u> | <u>7,000</u> | <u>32,469</u> | <u>25,469</u> |
| Total revenues | <u>1,807,000</u> | <u>1,807,000</u> | <u>1,965,548</u> | <u>133,079</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,460,376 | 1,460,376 | 564,988 | 895,388 |
| Capital outlay: | | | | |
| General government | <u>590,000</u> | <u>590,000</u> | <u>42,534</u> | <u>547,466</u> |
| Total expenditures | <u>2,050,376</u> | <u>2,050,376</u> | <u>607,522</u> | <u>1,442,854</u> |
| Excess (deficiency) of | | | | |
| revenues over expenditures | <u>(243,376)</u> | <u>(243,376)</u> | <u>1,358,026</u> | <u>1,601,402</u> |
| Other financing sources (uses) : | | | | |
| Transfers out | <u>(610,270)</u> | <u>(768,050)</u> | <u>(501,226)</u> | <u>266,824</u> |
| Total other financing sources (uses) | <u>(610,270)</u> | <u>(768,050)</u> | <u>(501,226)</u> | <u>266,824</u> |
| Revenues over (under) expenditures and | | | | |
| other financing sources (uses) | (853,646) | (1,011,426) | 856,800 | 1,868,226 |
| Fund balance appropriated | <u>853,646</u> | <u>1,011,426</u> | <u>-</u> | <u>(1,011,426)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>856,800</u> | <u>\$ 856,800</u> |
| Fund balance, beginning | | | <u>2,900,798</u> | |
| Fund balance, ending | | | <u>\$ 3,757,598</u> | |

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2019

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, 2019 were as follows:

In November 2019, the Town Council passed a budget amendment by resolution (#19-85) to:

1. In the General Fund, increase revenues by \$852,000 with a corresponding decrease to appropriation of prior year fund balance. The revenue changes reflected increases to franchise fees (\$90,000 for electricity and \$25,000 for solid waste), utility taxes - gas (\$3,000), local government half-cent sales tax (\$190,000), building permits (\$90,000), rental income (\$80,000), public assistance grants (\$206,000), state revenue sharing (\$70,000), local business tax receipts (\$20,000), burglar alarm fees and fines (\$20,000), park fees (\$20,000), lien search fees (\$25,000), interest income (\$150,000), and insurance proceeds (\$16,000), offset by decreases for communications services taxes (\$40,000), zoning fees (\$12,000), utility taxes (\$22,000 for electric and \$9,000 for water), and judgements and fines (\$70,000).
2. In the General Fund, decrease total expenditures by \$697,230 with a corresponding decrease to appropriation of prior year fund balance. The budget amendment increased expenditures in (a) the Community Development department (\$100,000 for other contractual services and \$30,000 for professional services), (b) the Public Works department (\$70,000 for other contractual services), (c) the Parks and Recreation department (\$100,000 for other contractual services and \$20,000 for capital outlay), (d) the Town Clerk department (\$50,000 for other contractual services), (e) the General Government department (\$75,000 for other contractual services, \$7,000 for dues, memberships and subscriptions, and \$30,000 for capital outlay), (f) the Finance department (\$7,000 for repairs and maintenance and \$2,500 for capital outlay), (g) the Law Enforcement department (\$90,000 for professional services), (h) the Town Hall Building department (\$10,000 for utilities and \$30,000 for rentals and leases), and (i) Transfers Out (\$75,730) to other funds for project match funding.
3. In the Special Revenue – Bike and Pedestrian Fund, an increase in Federal Grant revenue of \$360,640 and Transfers In of \$157,780 offset by increased in professional services and other contractual services expenditures totaling \$518,420.
4. In the Special Revenue – Lighting Fund, an increase in Transfers In of \$75,730 offset by an increase in other contractual services expenditures totaling \$75,730.
5. In the Special Revenue - Safe Routes to School Fund, an increase of \$20,000 in professional services expenditures offset by a \$20,000 decrease in other contractual services expenditures.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2019

6. In the Special Revenue – CITT Fund, an increase in transfers out by \$157,780 with a corresponding increase to appropriation of prior year fund balance.

The General Fund, Special Revenue Fund, Transportation Fund, The Children's Trust Fund, Safe Routes to School Fund, DJJ Fund, Bike and Pedestrian Fund, Lighting Fund, CITT Fund, Capital Projects (Parks) Fund and the Stormwater Fund have legally adopted budgets which were passed prior to the October 1, 2018 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
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|--------------|-------------|
| Town's proportion of the FRS net pension liability | 0.0095% | 0.0099% | 0.0093% | 0.0086% | 0.0090% | 0.0079% |
| Town's proportionate share of the FRS net pension liability | \$ 3,275,922 | \$ 2,988,680 | \$ 2,756,704 | \$ 2,173,623 | \$ 1,161,135 | \$ 479,192 |
| Town's covered payroll | 2,627,355 | 2,619,488 | 2,522,996 | 2,346,800 | 2,267,234 | 2,170,781 |
| Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll | 124.69% | 114.09% | 109.26% | 92.62% | 51.21% | 22.07% |
| FRS Plan fiduciary net position as a percentage of the total pension liability | 82.61% | 84.26% | 83.69% | 84.88% | 92.00% | 96.09% |

SCHEDULE OF THE TOWN'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required FRS contribution | \$ 401,481 | \$ 322,591 | \$ 291,685 | \$ 263,864 | \$ 257,764 | \$ 221,937 |
| FRS contribution in relation to the contractually required contribution | <u>(401,481)</u> | <u>(322,591)</u> | <u>(291,685)</u> | <u>(263,864)</u> | <u>(257,764)</u> | <u>(221,937)</u> |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | 2,613,721 | 2,618,896 | 2,563,058 | 2,452,272 | 2,292,976 | 2,191,509 |
| FRS contribution as a percentage of covered payroll | 15.36% | 12.32% | 11.38% | 10.76% | 11.24% | 10.13% |

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Town's proportion of the HIS net pension liability | 0.0079% | 0.0080% | 0.0079% | 0.0076% | 0.0075% | 0.0073% |
| Town's proportionate share of the HIS net pension liability | \$ 878,997 | \$ 848,850 | \$ 846,350 | \$ 885,811 | \$ 762,143 | \$ 683,152 |
| Town's covered payroll | 2,627,355 | 2,619,488 | 2,522,996 | 2,346,800 | 2,267,234 | 2,170,781 |
| Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll | 33.46% | 32.41% | 33.55% | 37.75% | 33.62% | 31.47% |
| HIS Plan fiduciary net position as a percentage of the total pension liability | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

SCHEDULE OF THE TOWN'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required HIS contribution | \$ 43,388 | \$ 43,474 | \$ 42,547 | \$ 40,708 | \$ 31,082 | \$ 26,611 |
| HIS contribution in relation to the contractually required contribution | <u>(43,388)</u> | <u>(43,474)</u> | <u>(42,547)</u> | <u>(40,708)</u> | <u>(31,082)</u> | <u>(26,611)</u> |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | 2,613,721 | 2,618,896 | 2,563,058 | 2,452,272 | 2,292,976 | 2,191,509 |
| HIS contribution as a percentage of covered payroll | 1.66% | 1.66% | 1.66% | 1.66% | 1.36% | 1.21% |

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become 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.

Transportation Fund – This fund was established to account for revenues derived from grants and other sources to be used specifically for transportation and/or Complete Streets related projects.

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

Safe Routes to School Fund – This fund was established to account for the revenues derived from grants and other sources to be used specifically for designated Safe Routes to School projects within the Town.

DJJ Fund – This fund was established to account for revenues derived from a grant by the Department of Juvenile Justice to provide programs for at-risk youths at the Town's parks.

Bike and Pedestrian Fund – This fund was established to account for revenues derived from grants and other sources to be used specifically for pedestrian friendly transportation connectivity projects within the Town.

Lighting Fund – This fund was established to account for revenues derived from grants and other sources to be used specifically to upgrade certain lighting fixtures at one of the Town's parks.

Capital Projects Funds

Capital projects 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 (Parks) Fund – This fund was established to account for revenues derived from grants, impact fees and other sources 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, 2019

| | Special Revenue Funds | | | | | | | Capital Projects | Total Nonmajor Governmental Funds |
|-------------------------------------|-----------------------|---------------------|-----------------------|--------------------------|---------------------------|-------------------|------------------|-------------------------------|-----------------------------------|
| | Special Revenue Fund | Transportation Fund | Safe Routes To School | Bike and Pedestrian Fund | The Children's Trust Fund | Lighting Fund | DJJ Fund | Capital Projects (Parks) Fund | |
| <u>ASSETS</u> | | | | | | | | | |
| Restricted Cash | \$ 1,563,192 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,563,192 |
| Accounts receivables, net | 19,474 | 19,839 | 346,749 | - | 89,445 | 86,000 | 12,393 | - | 573,900 |
| Prepays | - | - | - | - | 969 | - | - | - | 969 |
| Due from other funds | - | - | - | - | - | 34,730 | - | 8,594 | 43,324 |
| Total assets | <u>1,582,666</u> | <u>19,839</u> | <u>346,749</u> | <u>-</u> | <u>90,414</u> | <u>120,730</u> | <u>12,393</u> | <u>8,594</u> | <u>2,181,385</u> |
| <u>LIABILITIES</u> | | | | | | | | | |
| Accounts payable | - | 7,750 | 221,753 | - | 6,325 | 120,730 | 1,693 | 8,594 | 366,845 |
| Due to other funds | <u>7,139</u> | <u>12,089</u> | <u>124,996</u> | <u>-</u> | <u>84,089</u> | <u>-</u> | <u>10,700</u> | <u>-</u> | <u>239,013</u> |
| Total liabilities | <u>7,139</u> | <u>19,839</u> | <u>346,749</u> | <u>-</u> | <u>90,414</u> | <u>120,730</u> | <u>12,393</u> | <u>8,594</u> | <u>605,858</u> |
| <u>FUND BALANCES</u> | | | | | | | | | |
| Nonspendable | - | - | - | - | 969 | - | - | - | 969 |
| Restricted | 1,575,527 | - | - | - | - | - | - | - | 1,575,527 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(969)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(969)</u> |
| Total fund balances | <u>1,575,527</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,575,527</u> |
| Total liabilities and fund balances | <u>\$ 1,582,666</u> | <u>\$ 19,839</u> | <u>\$ 346,749</u> | <u>\$ -</u> | <u>\$ 90,414</u> | <u>\$ 120,730</u> | <u>\$ 12,393</u> | <u>\$ 8,594</u> | <u>\$ 2,181,385</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, 2019

| | Special Revenue Funds | | | | | | | Capital Projects | Total Nonmajor Governmental Funds |
|--|-------------------------|------------------------|--------------------------|--------------------------------|---------------------------------|------------------|---------------|----------------------------------|--|
| | Special Revenue Fund | Transportation Fund | Safe Routes To School | Bike and Pedestrian Fund | The Children's Trust Fund | Lighting Fund | DJJ Fund | Capital Projects (Parks) Fund | |
| Revenues: | | | | | | | | | |
| Intergovernmental | \$ 221,748 | \$ 77,866 | \$ 346,749 | \$ - | \$ 297,914 | \$ 86,000 | \$ 59,697 | \$ - | \$ 1,089,974 |
| Impact fees | 44,553 | - | - | - | - | - | - | - | 44,553 |
| Interest | 13,826 | - | - | - | - | - | - | - | 13,826 |
| Total revenues | <u>280,127</u> | <u>77,866</u> | <u>346,749</u> | <u>-</u> | <u>297,914</u> | <u>86,000</u> | <u>59,697</u> | <u>-</u> | <u>1,148,353</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 160 | 63,887 | 435,717 | - | - | - | - | - | 499,764 |
| Parks and recreation | - | - | - | - | 297,914 | - | 59,697 | - | 357,611 |
| Capital outlay: | | | | | | | | | |
| General government | - | 50,338 | - | 58,958 | - | - | - | - | 109,296 |
| Parks and recreation | - | - | - | - | - | 135,805 | - | 580,251 | 716,056 |
| Total expenditures | <u>160</u> | <u>114,225</u> | <u>435,717</u> | <u>58,958</u> | <u>297,914</u> | <u>135,805</u> | <u>59,697</u> | <u>580,251</u> | <u>1,682,727</u> |
| Excess (deficiency) of revenues over expenditures | <u>279,967</u> | <u>(36,359)</u> | <u>(88,968)</u> | <u>(58,958)</u> | <u>-</u> | <u>(49,805)</u> | <u>-</u> | <u>(580,251)</u> | <u>(534,374)</u> |
| Other financing sources: | | | | | | | | | |
| Transfers in | - | 36,359 | 88,968 | 58,958 | - | 49,805 | - | 580,251 | 814,341 |
| Transfers out | (281,102) | - | - | - | - | - | - | - | (281,102) |
| Total other financing sources (uses) | <u>(281,102)</u> | <u>36,359</u> | <u>88,968</u> | <u>58,958</u> | <u>-</u> | <u>49,805</u> | <u>-</u> | <u>580,251</u> | <u>533,239</u> |
| Net change in fund balance | <u>(1,135)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,135)</u> |
| Fund balances, beginning | <u>1,576,662</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,576,662</u> |
| Fund balances, ending | <u>\$ 1,575,527</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,575,527</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, 2019

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|----------------|---------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$ 215,151 | \$ 215,151 | \$ 221,748 | \$ 6,597 |
| Impact fees | 114,000 | 114,000 | 44,553 | (69,447) |
| Interest | 3,000 | 3,000 | 13,826 | 10,826 |
| Total revenues | <u>332,151</u> | <u>332,151</u> | <u>280,127</u> | <u>(52,024)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | 160 | (160) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>160</u> | <u>(160)</u> |
| Excess of revenues over expenditures before other financing sources | <u>-</u> | <u>-</u> | <u>279,967</u> | <u>279,967</u> |
| Other financing uses: | | | | |
| Transfers out | <u>389,000</u> | <u>389,000</u> | <u>281,102</u> | <u>(107,898)</u> |
| Total other financing use | <u>389,000</u> | <u>389,000</u> | <u>281,102</u> | <u>(107,898)</u> |
| Revenues over (under) expenditures and other financing sources (uses) | (56,849) | (56,849) | (1,135) | 55,714 |
| Fund balance appropriated | <u>56,849</u> | <u>56,849</u> | <u>-</u> | <u>(56,849)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>(1,135)</u> | <u>\$ (1,135)</u> |
| Fund balance, beginning | | | <u>1,576,662</u> | |
| Fund balance, ending | | | <u>\$ 1,575,527</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - TRANSPORTATION FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-----------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 275,260 | \$ 275,260 | \$ 77,866 | \$ (197,394) |
| Total revenues | <u>275,260</u> | <u>275,260</u> | <u>77,866</u> | <u>(197,394)</u> |
| Expenditures: | | | | |
| Current | | | | |
| General government | 70,000 | 70,000 | 63,887 | 6,113 |
| Capital outlay | | | | |
| General government | <u>299,100</u> | <u>299,100</u> | <u>50,338</u> | <u>248,762</u> |
| Total expenditures | <u>369,100</u> | <u>369,100</u> | <u>114,225</u> | <u>254,875</u> |
| Deficiency of revenues under expenditures before other financing sources | <u>(93,840)</u> | <u>(93,840)</u> | <u>(36,359)</u> | <u>57,481</u> |
| Other financing sources: | | | | |
| Transfers in | <u>93,840</u> | <u>93,840</u> | <u>36,359</u> | <u>(57,481)</u> |
| Total other financing sources | <u>93,840</u> | <u>93,840</u> | <u>36,359</u> | <u>(57,481)</u> |
| Revenues over (under) expenditures and other financing sources (uses) | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>-</u> | |
| Fund balance, ending | | | <u><u>\$ -</u></u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SAFE ROUTES TO SCHOOL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|------------------|-----------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ 337,500 | \$ 337,500 | \$ 346,749 | \$ 9,249 |
| Total revenues | <u>337,500</u> | <u>337,500</u> | <u>346,749</u> | <u>9,249</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | <u>504,000</u> | <u>504,000</u> | <u>435,717</u> | <u>68,283</u> |
| Total expenditures | <u>504,000</u> | <u>504,000</u> | <u>435,717</u> | <u>68,283</u> |
| Deficiency of revenues under expenditures | | | | |
| before other financing sources | <u>(166,500)</u> | <u>(166,500)</u> | <u>(88,968)</u> | <u>77,532</u> |
| Other financing sources: | | | | |
| Transfers in | <u>166,500</u> | <u>166,500</u> | <u>88,968</u> | <u>(77,532)</u> |
| Total other financing sources | <u>166,500</u> | <u>166,500</u> | <u>88,968</u> | <u>(77,532)</u> |
| Revenues over (under) expenditures and | | | | |
| other financing sources (uses) | - | - | - | - |
| Net change in fund balance | \$ - | \$ - | - | \$ - |
| Fund balance, beginning | | | - | |
| Fund balance, ending | | | <u>\$ -</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - BIKE AND PEDESTRIAN FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|--------------|----------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 360,640 | \$ - | \$ (360,640) |
| Total revenues | - | 360,640 | - | (360,640) |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General Government | - | 518,420 | 58,958 | 459,462 |
| Total expenditures | - | 518,420 | 58,958 | 459,462 |
| Deficiency of revenues under expenditures | | | | |
| before other financing sources | - | (157,780) | (58,958) | 98,822 |
| Other financing sources: | | | | |
| Transfers in | - | 157,780 | 58,958 | (98,822) |
| Total other financing sources | - | 157,780 | 58,958 | (98,822) |
| Revenues over (under) expenditures and | | | | |
| other financing sources (uses) | - | - | - | - |
| Net change in fund balance | \$ - | \$ - | - | \$ - |
| Fund balance, beginning | | | - | |
| Fund balance, ending | | | \$ - | |

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, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|------------------------------------|-------------------------|----------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$ 321,336 | \$ 321,336 | \$ 297,914 | \$ (23,422) |
| Total revenues | <u>321,336</u> | <u>321,336</u> | <u>297,914</u> | <u>(23,422)</u> |
| Expenditures: | | | | |
| Current | | | | |
| Parks and recreation | <u>321,336</u> | <u>321,336</u> | <u>297,914</u> | <u>23,422</u> |
| Total expenditures | <u>321,336</u> | <u>321,336</u> | <u>297,914</u> | <u>23,422</u> |
| Revenues over (under) expenditures | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>-</u> | |
| Fund balance, ending | | | <u>\$ -</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - LIGHTING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|-----------------|-----------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ 86,000 | \$ 86,000 | \$ 86,000 | \$ - |
| Total revenues | <u>86,000</u> | <u>86,000</u> | <u>86,000</u> | <u>-</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Parks and recreation | <u>96,000</u> | <u>171,730</u> | <u>135,805</u> | <u>35,925</u> |
| Total expenditures | <u>96,000</u> | <u>171,730</u> | <u>135,805</u> | <u>35,925</u> |
| Deficiency of revenues under expenditures | | | | |
| before other financing sources | <u>(10,000)</u> | <u>(85,730)</u> | <u>(49,805)</u> | <u>35,925</u> |
| Other financing sources: | | | | |
| Transfers in | <u>10,000</u> | <u>85,730</u> | <u>49,805</u> | <u>(35,925)</u> |
| Total other financing sources | <u>10,000</u> | <u>85,730</u> | <u>49,805</u> | <u>(35,925)</u> |
| Revenues over (under) expenditures and | | | | |
| other financing sources (uses) | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>-</u> | |
| Fund balance, ending | | | <u>\$ -</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - DJJ FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|---------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 61,500 | \$ 61,500 | \$ 59,697 | \$ (1,803) |
| Total revenues | <u>61,500</u> | <u>61,500</u> | <u>59,697</u> | <u>(1,803)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Parks and recreation | <u>61,500</u> | <u>61,500</u> | <u>59,697</u> | <u>1,803</u> |
| Total expenditures | <u>61,500</u> | <u>61,500</u> | <u>59,697</u> | <u>1,803</u> |
| Revenues over (under) expenditures | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>-</u> | |
| Fund balance, ending | | | <u>\$ -</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS (PARKS) FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|---|-------------------------|--------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$ 200,000 | \$ 200,000 | \$ - | \$ (200,000) |
| Total revenues | <u>200,000</u> | <u>200,000</u> | <u>-</u> | <u>(200,000)</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Parks and recreation | <u>1,757,200</u> | <u>1,757,200</u> | <u>580,251</u> | <u>1,176,949</u> |
| Total expenditures | <u>1,757,200</u> | <u>1,757,200</u> | <u>580,251</u> | <u>1,176,949</u> |
| Deficiency of revenues under expenditures before other financing sources | <u>(1,557,200)</u> | <u>(1,557,200)</u> | <u>(580,251)</u> | <u>976,949</u> |
| Other financing sources: | | | | |
| Transfers in | <u>1,557,200</u> | <u>1,557,200</u> | <u>580,251</u> | <u>(976,949)</u> |
| Total other financing sources | <u>1,557,200</u> | <u>1,557,200</u> | <u>580,251</u> | <u>(976,949)</u> |
| Revenues over (under) expenditures and other financing sources (uses) | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>-</u> | |
| Fund balance, ending | | | <u>\$ -</u> | |

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET VS ACTUAL - STORMWATER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|-------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Operating revenues: | | | | |
| Charges for services | \$ 1,025,000 | \$ 1,025,000 | \$ 1,028,455 | \$ 3,455 |
| Total operating revenues | <u>1,025,000</u> | <u>1,025,000</u> | <u>1,028,455</u> | <u>3,455</u> |
| Operating expenses: | | | | |
| Operations and maintenance | <u>1,477,526</u> | <u>1,477,526</u> | <u>1,043,563</u> | <u>433,963</u> |
| Total operating expenses | <u>1,477,526</u> | <u>1,477,526</u> | <u>1,043,563</u> | <u>433,963</u> |
| Operating gain (loss) | <u>(452,526)</u> | <u>(452,526)</u> | <u>(15,108)</u> | <u>437,418</u> |
| Non-operating revenues (expenses): | | | | |
| Capital grants | 539,000 | 539,000 | 380,371 | (158,629) |
| Interest income | - | - | 3,848 | 3,848 |
| Interest expense | <u>-</u> | <u>-</u> | <u>(61,583)</u> | <u>(61,583)</u> |
| Total non-operating revenues (expenses) | <u>539,000</u> | <u>539,000</u> | <u>322,636</u> | <u>(216,364)</u> |
| Other financing sources: | | | | |
| Transfers in | <u>349,930</u> | <u>349,930</u> | <u>316,941</u> | <u>(32,989)</u> |
| Total other financing sources | <u>349,930</u> | <u>349,930</u> | <u>316,941</u> | <u>(32,989)</u> |
| Changes in net position | <u>\$ 436,404</u> | <u>\$ 436,404</u> | <u>624,469</u> | <u>\$ 188,065</u> |
| Net position, beginning | | | <u>4,899,347</u> | |
| Net position, ending | | | <u>\$ 5,523,816</u> | |

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.

| <u>Contents</u> | <u>Page</u> |
|---|--------------|
| Financial Trends | |
| <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> | 76-80 |
| Revenue Capacity | |
| <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i> | 81-85 |
| Debt Capacity | |
| <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> | 86-87 |
| Demographic and Economic Information | |
| <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> | 88-89 |
| Operating Information | |
| <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> | 90-92 |

TOWN OF CUTLER BAY, FLORIDA
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 36,899,978 | \$ 41,728,510 | \$ 38,086,861 | \$ 35,405,031 | \$ 32,556,771 | \$ 31,256,699 | \$ 31,594,819 | \$ 30,309,365 | \$ 29,728,390 | 27,912,310 |
| Restricted | 4,366,337 | 3,001,303 | 5,155,469 | 5,423,140 | 5,359,233 | 5,250,912 | 4,899,680 | 5,274,302 | 4,546,311 | 5,407,236 |
| Unrestricted | 14,899,090 | 16,400,954 | 17,822,255 | 19,647,398 | 21,592,128 | 19,504,090 | 16,861,145 | 14,795,314 | 14,720,275 | 14,935,831 |
| Total governmental activities net position | <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> | <u>\$ 53,355,644</u> | <u>\$ 50,378,981</u> | <u>\$ 48,994,976</u> | <u>\$ 48,255,377</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 3,049,733 | \$ 3,103,107 | \$ 3,054,780 | \$ 3,252,882 | \$ 3,233,375 | \$ 3,748,383 | \$ 3,804,419 | \$ 3,834,666 | \$ 4,105,252 | 5,150,203 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 830,138 | 764,999 | 1,060,938 | 1,000,073 | 1,102,740 | 1,168,704 | 1,109,730 | 1,021,056 | 794,095 | 373,613 |
| Total business-type activities net position | <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> | <u>\$ 4,914,149</u> | <u>\$ 4,855,722</u> | <u>\$ 4,899,347</u> | <u>\$ 5,523,816</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 39,949,711 | \$ 44,831,617 | \$ 41,141,641 | \$ 38,657,913 | \$ 35,790,146 | \$ 35,005,082 | \$ 35,399,238 | \$ 34,144,031 | \$ 33,833,642 | \$ 33,062,513 |
| Restricted | 4,366,337 | 3,001,303 | 5,155,469 | 5,423,140 | 5,359,233 | 5,250,912 | 4,899,680 | 5,274,302 | 4,546,311 | 5,407,236 |
| Unrestricted | 15,729,228 | 17,165,953 | 18,883,193 | 20,647,471 | 22,694,868 | 20,672,794 | 17,970,875 | 15,816,370 | 15,514,370 | 15,309,444 |
| Total primary government net position | <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> | <u>\$ 58,269,793</u> | <u>\$ 55,234,703</u> | <u>\$ 53,894,323</u> | <u>\$ 53,779,193</u> |

TOWN OF CUTLER BAY, FLORIDA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,256,359 | \$ 4,604,808 | \$ 9,891,870 | \$ 8,791,886 | \$ 10,559,285 | \$ 10,446,141 | \$ 9,441,001 | \$ 8,297,990 | \$ 7,705,651 | 6,788,772 |
| Public safety | 7,490,653 | 8,055,192 | 8,093,112 | 7,935,541 | 8,040,961 | 8,834,295 | 8,993,764 | 9,790,469 | 9,442,229 | 10,047,839 |
| Community development | 2,859,147 | 2,568,161 | 2,534,614 | 3,100,748 | 2,576,918 | 2,538,437 | 2,427,984 | 2,535,174 | 2,732,777 | 2,656,304 |
| Parks and recreation | 1,624,291 | 1,729,029 | 2,784,113 | 3,045,599 | 3,186,576 | 3,282,201 | 3,364,464 | 3,533,963 | 3,685,932 | 3,706,960 |
| Interest on long-term debt | 300,708 | 678,969 | 569,292 | 693,494 | 685,863 | 618,922 | 464,240 | 424,647 | 392,443 | 336,879 |
| Total governmental activities | <u>16,531,159</u> | <u>17,636,160</u> | <u>23,873,001</u> | <u>23,567,268</u> | <u>25,049,603</u> | <u>25,719,995</u> | <u>24,691,452</u> | <u>24,582,243</u> | <u>23,959,032</u> | <u>23,536,754</u> |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 465,206 | 1,005,774 | 921,574 | 765,001 | 881,372 | 1,028,082 | 1,014,553 | 1,031,549 | 1,130,815 | 1,043,563 |
| Interest on long-term debt | 194,280 | 114,095 | 111,070 | 107,847 | 55,157 | 69,563 | 72,139 | 69,923 | 65,825 | 61,583 |
| Total business-type activities | <u>659,486</u> | <u>1,119,869</u> | <u>1,032,644</u> | <u>872,848</u> | <u>936,529</u> | <u>1,097,645</u> | <u>1,086,692</u> | <u>1,101,472</u> | <u>1,196,640</u> | <u>1,105,146</u> |
| Total primary government expenses | <u>\$ 17,190,645</u> | <u>\$ 18,756,029</u> | <u>\$ 24,905,645</u> | <u>\$ 24,440,116</u> | <u>\$ 25,986,132</u> | <u>\$ 26,817,640</u> | <u>\$ 25,778,144</u> | <u>\$ 25,683,715</u> | <u>\$ 25,155,672</u> | <u>\$ 24,641,900</u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 548,152 | 868,797 | 678,010 | 747,983 | 714,016 | 655,583 | 724,140 | 554,355 | 707,244 | 860,706 |
| Public safety | 519,974 | 444,159 | 746,851 | 635,494 | 604,101 | 692,474 | 672,027 | 381,480 | 391,919 | 317,643 |
| Community development | 1,050,184 | 1,004,857 | 1,165,854 | 2,310,194 | 1,379,074 | 1,094,979 | 1,037,220 | 1,029,705 | 1,339,332 | 1,198,225 |
| Parks and recreation | 3,631,061 | 306,739 | 412,148 | 787,381 | 216,547 | 182,384 | 151,233 | 123,292 | 140,923 | 155,033 |
| Operating grants and contributions | 1,238,145 | 465,658 | 6,003,742 | 4,127,545 | 5,838,648 | 5,503,496 | 3,807,943 | 3,434,440 | 2,409,808 | 2,975,129 |
| Capital grants and contributions | 787,789 | 5,758,822 | 740,758 | 197,882 | 612,014 | 260,810 | 303,553 | 299,123 | 541,792 | 384,533 |
| Total governmental activities program revenues | <u>7,775,305</u> | <u>8,849,032</u> | <u>9,747,363</u> | <u>8,806,479</u> | <u>9,364,400</u> | <u>8,389,726</u> | <u>6,696,116</u> | <u>5,822,395</u> | <u>5,531,018</u> | <u>5,891,269</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Stormwater | 981,683 | 988,796 | 986,525 | 1,007,439 | 967,654 | 1,028,456 | 1,011,803 | 1,040,448 | 1,037,701 | 1,028,455 |
| Operating grants and contributions | - | - | - | - | 49,400 | - | - | - | - | - |
| Capital grants and contributions | 364,570 | 100,812 | 291,494 | - | - | 629,504 | 70,597 | - | 158,629 | 380,371 |
| Total business-type activities program revenues | <u>1,346,253</u> | <u>1,089,608</u> | <u>1,278,019</u> | <u>1,007,439</u> | <u>1,017,054</u> | <u>1,657,960</u> | <u>1,082,400</u> | <u>1,040,448</u> | <u>1,196,330</u> | <u>1,408,826</u> |
| Total primary government revenues | <u>\$ 9,121,558</u> | <u>\$ 9,938,640</u> | <u>\$ 11,025,382</u> | <u>\$ 9,813,918</u> | <u>\$ 10,381,454</u> | <u>\$ 10,047,686</u> | <u>\$ 7,778,516</u> | <u>\$ 6,862,843</u> | <u>\$ 6,727,348</u> | <u>\$ 7,300,095</u> |
| Net revenue (expense): | | | | | | | | | | |
| Governmental activities | (8,755,854) | (8,787,128) | (14,125,638) | (14,760,789) | (15,685,203) | (17,330,269) | (17,995,336) | (18,759,848) | (18,428,014) | (17,645,485) |
| Business-type activities | 686,767 | (30,261) | 245,375 | 134,591 | 80,525 | 560,315 | (4,292) | (61,024) | (310) | 303,680 |
| Total primary government net revenues (expenses) | <u>\$ (8,069,087)</u> | <u>\$ (8,817,389)</u> | <u>\$ (13,880,263)</u> | <u>\$ (14,626,198)</u> | <u>\$ (15,604,678)</u> | <u>\$ (16,769,954)</u> | <u>\$ (17,999,628)</u> | <u>\$ (18,820,872)</u> | <u>\$ (18,428,324)</u> | <u>\$ (17,341,805)</u> |

TOWN OF CUTLER BAY, FLORIDA
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 5,448,770 | \$ 4,215,773 | \$ 4,254,352 | \$ 4,113,511 | \$ 4,423,111 | \$ 4,384,908 | \$ 4,638,277 | \$ 5,077,377 | \$ 5,412,467 | 5,852,830 |
| Utility taxes | 2,379,305 | 2,412,904 | 2,472,062 | 2,640,920 | 2,920,053 | 2,921,455 | 3,026,608 | 3,137,950 | 3,202,656 | 3,224,375 |
| Franchise fees based on gross receipts | 1,864,675 | 1,419,636 | 1,616,617 | 1,531,087 | 1,240,721 | 1,252,984 | 1,319,529 | 1,080,786 | 1,452,706 | 1,340,786 |
| Unrestricted intergovernmental revenue | 5,074,418 | 5,386,442 | 5,653,427 | 5,815,863 | 6,063,408 | 6,247,502 | 6,281,535 | 6,390,738 | 7,102,045 | 6,510,769 |
| Unrestricted interest earnings | 108,463 | 63,707 | 63,705 | 70,392 | 70,473 | 54,002 | 73,330 | 70,576 | 149,147 | 200,047 |
| Miscellaneous revenues | - | 271,010 | - | - | - | 105,167 | - | 25,758 | 537,185 | 94,020 |
| Gains (losses) on disposal of capital assets | - | - | (707) | - | - | - | - | - | - | - |
| Total governmental activities | <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> | <u>15,339,279</u> | <u>15,783,185</u> | <u>17,856,206</u> | <u>17,222,827</u> |
| Business-type activities: | | | | | | | | | | |
| Interest earnings | 3,227 | 1,514 | 2,237 | 2,646 | 2,637 | 2,226 | 1,354 | 2,597 | 5,057 | 3,848 |
| Miscellaneous revenues | - | - | - | - | - | 18,430 | - | - | - | - |
| Total business-type activities | <u>3,227</u> | <u>1,514</u> | <u>2,237</u> | <u>2,646</u> | <u>2,637</u> | <u>20,656</u> | <u>1,354</u> | <u>2,597</u> | <u>5,057</u> | <u>3,848</u> |
| Total primary government | <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> | <u>\$ 15,340,633</u> | <u>\$ 15,785,782</u> | <u>\$ 17,861,263</u> | <u>\$ 17,226,675</u> |
| Transfers | | | | | | | | | | |
| Governmental activities | \$ (408,660) | \$ (16,982) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (38,878) | (316,941) |
| Business-type activities | 408,660 | 16,982 | - | - | - | - | - | - | 38,878 | 316,941 |
| 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 | \$ 5,711,117 | \$ 4,965,362 | \$ (66,182) | \$ (589,016) | \$ (967,437) | \$ (2,364,251) | \$ (2,656,057) | \$ (2,976,663) | \$ (610,686) | \$ (739,599) |
| Business-type activities | 1,098,654 | (11,765) | 247,612 | 137,237 | 83,162 | 580,971 | (2,938) | (58,427) | 43,625 | 624,469 |
| Total primary government | <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> | <u>\$ (2,658,995)</u> | <u>\$ (3,035,090)</u> | <u>\$ (567,061)</u> | <u>\$ (115,130)</u> |

TOWN OF CUTLER BAY, FLORIDA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 318,729 | \$ 234,197 | 333,852 | \$ 401,549 | \$ 433,700 | \$ 362,970 | \$ 456,977 | \$ 426,781 | \$ 432,821 | \$ 390,662 |
| Restricted | - | - | - | 2,542 | 2,548 | 49,907 | 58,012 | 63,190 | 68,851 | 74,111 |
| Assigned | 3,800,000 | 5,300,000 | 5,860,700 | 5,395,000 | 5,060,700 | 2,000,000 | 2,000,000 | 2,000,000 | 1,000,000 | 1,000,000 |
| Unassigned | 10,903,244 | 11,023,623 | 11,781,272 | 14,047,222 | 16,301,450 | 18,519,846 | 18,014,568 | 16,260,846 | 17,093,506 | 16,670,523 |
| Total general fund | <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> | <u>\$ 20,529,557</u> | <u>\$ 18,750,817</u> | <u>\$ 18,595,178</u> | <u>\$ 18,135,296</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 958 | \$ 969 |
| Restricted | 4,366,337 | 3,001,303 | 5,155,469 | 5,420,598 | 5,356,686 | 5,201,005 | 4,841,668 | 5,211,112 | 4,477,460 | 5,333,125 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | (958) | (969) |
| Total all other governmental funds | <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> | <u>\$ 4,841,668</u> | <u>\$ 5,211,112</u> | <u>\$ 4,477,460</u> | <u>\$ 5,333,125</u> |

TOWN OF CUTLER BAY, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 5,448,770 | \$ 4,215,773 | \$ 4,254,352 | \$ 4,113,511 | \$ 4,423,111 | \$ 4,384,908 | \$ 4,638,277 | \$ 5,077,377 | \$ 5,412,467 | 5,852,830 |
| Licenses and permits | 1,308,923 | 972,479 | 1,125,494 | 2,195,599 | 1,379,074 | 1,094,979 | 1,037,219 | 1,029,704 | 1,339,332 | 1,198,224 |
| Utility taxes | 2,379,305 | 2,412,904 | 2,472,062 | 2,640,920 | 2,920,053 | 2,921,455 | 3,026,608 | 3,137,950 | 3,202,656 | 3,224,375 |
| Franchise fees | 1,864,675 | 1,419,636 | 1,616,617 | 1,531,087 | 1,240,721 | 1,252,984 | 1,319,529 | 1,080,786 | 1,452,706 | 1,340,786 |
| Intergovernmental revenue | 6,751,576 | 11,603,916 | 12,160,953 | 10,141,289 | 12,108,477 | 11,963,293 | 10,348,390 | 10,045,463 | 9,824,188 | 9,822,973 |
| Charges for services | 3,987,314 | 408,889 | 417,966 | 472,880 | 462,867 | 444,105 | 413,625 | 372,035 | 380,943 | 383,500 |
| Interest and other | 565,096 | 1,313,897 | 1,760,082 | 1,882,515 | 1,515,307 | 1,294,020 | 1,251,747 | 862,265 | 1,594,869 | 1,288,502 |
| Total revenues | <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> | <u>22,035,395</u> | <u>21,605,580</u> | <u>23,207,161</u> | <u>23,111,190</u> |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 4,463,461 | 3,606,047 | 9,175,385 | 8,016,148 | 9,819,200 | 9,700,760 | 8,356,818 | 7,084,965 | 6,852,224 | 5,743,761 |
| Public safety | 7,440,693 | 8,007,537 | 8,066,879 | 7,918,949 | 8,030,573 | 8,824,873 | 8,981,112 | 9,782,445 | 9,434,650 | 10,038,756 |
| Community development | 1,418,418 | 1,163,575 | 1,195,292 | 1,780,152 | 1,282,914 | 1,300,320 | 1,222,815 | 1,343,494 | 1,490,476 | 1,360,530 |
| Parks and recreation | 1,246,524 | 1,270,547 | 1,548,745 | 1,647,765 | 1,816,070 | 1,903,493 | 1,995,324 | 2,151,812 | 2,274,376 | 2,193,182 |
| Capital outlay | 10,797,042 | 10,832,039 | 2,176,667 | 582,433 | 314,439 | 557,810 | 290,044 | 699,565 | 1,280,826 | 1,111,277 |
| Debt service: | | | | | | | | | | |
| Principal | 234,524 | 227,764 | 82,639 | 204,180 | 212,380 | 1,470,921 | 1,487,545 | 1,527,948 | 1,570,168 | 1,614,081 |
| Interest | 300,708 | 657,312 | 567,749 | 692,556 | 685,863 | 618,922 | 464,240 | 424,647 | 381,534 | 336,879 |
| Total expenditures | <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> | <u>22,797,898</u> | <u>23,014,876</u> | <u>23,284,254</u> | <u>22,398,466</u> |
| Excess (deficiency) of revenues over expenditures | (3,595,711) | (3,417,327) | 994,170 | 2,135,618 | 1,888,171 | (1,021,355) | (762,503) | (1,409,296) | (77,093) | 712,724 |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers | (408,660) | (16,982) | - | - | - | - | - | - | (38,878) | (316,941) |
| Debt proceeds | 9,120,000 | 3,605,122 | 2,578,000 | - | - | 12,306,539 | - | - | - | - |
| Debt service - principal refunded | - | - | - | - | - | (12,306,539) | - | - | - | - |
| Net change in fund balances | <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> | <u>\$ (762,503)</u> | <u>\$ (1,409,296)</u> | <u>\$ (115,971)</u> | <u>\$ 395,783</u> |
| Debt service as a percentage of noncapital expenditures | <u>3.5%</u> | <u>5.9%</u> | <u>3.2%</u> | <u>4.4%</u> | <u>4.1%</u> | <u>8.8%</u> | <u>8.7%</u> | <u>8.8%</u> | <u>8.9%</u> | <u>9.2%</u> |

TOWN OF CUTLER BAY, FLORIDA
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

| <u>Fiscal Year</u> | <u>Property Taxes General Purpose</u> | <u>Utility Tax</u> | <u>Intergovernmental</u> | <u>Franchise Fees</u> | <u>Licenses and Permits</u> | <u>Charges for Services</u> | <u>Interest and Other</u> | <u>Total</u> |
|--------------------|---|--------------------|--------------------------|-----------------------|---------------------------------|---------------------------------|-------------------------------|---------------|
| 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 |
| 2016 | \$ 4,638,277 | \$ 3,026,608 | \$ 10,348,390 | \$ 1,319,529 | \$ 1,037,219 | \$ 413,625 | \$ 1,251,747 | \$ 22,035,395 |
| 2017 | \$ 5,077,377 | \$ 3,137,950 | \$ 10,045,463 | \$ 1,080,786 | \$ 1,029,704 | \$ 372,035 | \$ 862,265 | \$ 21,605,580 |
| 2018 | \$ 5,412,467 | \$ 3,202,656 | \$ 9,824,188 | \$ 1,452,706 | \$ 1,339,332 | \$ 380,943 | \$ 1,594,869 | \$ 23,207,161 |
| 2019 | \$ 5,852,830 | \$ 3,224,375 | \$ 9,822,973 | \$ 1,340,786 | \$ 1,198,224 | \$ 383,500 | \$ 1,288,502 | \$ 23,111,190 |

TOWN OF CUTLER BAY, FLORIDA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands, except as noted)

| Fiscal Year | Real Property | | Personal Property | Net Assessed Value | Total Direct Tax Rate (1) | Estimated Actual Value | Net Assessed Value as a Percentage of Estimated Actual Value |
|-------------|----------------------|---------------------|-------------------|--------------------|---------------------------|------------------------|--|
| | Residential Property | Commercial Property | | | | | |
| 2010 | \$ 1,683,995 | \$ 492,970 | \$ 66,639 | \$ 2,243,604 | 2.5888 | \$ 3,397,498 | 66.04% |
| 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% |
| 2016 | \$ 1,557,646 | \$ 423,811 | \$ 67,257 | \$ 2,048,714 | 2.3907 | \$ 3,299,958 | 62.08% |
| 2017 | \$ 1,670,080 | \$ 459,523 | \$ 67,986 | \$ 2,197,589 | 2.3907 | \$ 3,604,247 | 60.97% |
| 2018 | \$ 1,799,450 | \$ 461,921 | \$ 67,729 | \$ 2,329,100 | 2.3907 | \$ 3,835,146 | 60.73% |
| 2019 | \$ 1,934,770 | \$ 481,599 | \$ 69,024 | \$ 2,485,393 | 2.4323 | \$ 4,061,828 | 61.19% |

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

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 Appraiser's office.

TOWN OF CUTLER BAY, FLORIDA
Property Tax Rates
Direct and Overlapping Governments (1)
Last Ten Fiscal Years

| Fiscal Year | DIRECT RATES | | OVERLAPPING RATES | | | | | | Total Direct and Overlapping Rates |
|-------------|--------------------|--------------|-------------------|--------------|--------|-------------------|--------|-------------|---------------------------------------|
| | Town of Cutler Bay | | County | | | Special Districts | | | |
| | Operating Millage | Town Millage | County-wide | Debt Service | Fire | Library | School | State/Other | |
| 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 |
| 2016 | 2.3907 | 2.3907 | 4.6669 | 0.4500 | 2.4293 | 0.2840 | 7.6120 | 0.8871 | 18.7200 |
| 2017 | 2.3907 | 2.3907 | 4.6669 | 0.4000 | 2.4282 | 0.2840 | 7.3220 | 0.8627 | 18.3545 |
| 2018 | 2.3907 | 2.3907 | 4.6669 | 0.4000 | 2.4282 | 0.2840 | 6.9940 | 0.8093 | 17.9731 |
| 2019 | 2.4323 | 2.4323 | 4.6669 | 0.4644 | 2.4207 | 0.2840 | 6.7330 | 0.7671 | 17.7684 |

(1) Overlapping rates are those of local and county governments and other taxing districts that apply to property owners within the Town of Cutler Bay.

Additional information:

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

Tax rate limits:

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

Source: Miami-Dade County Property Appraiser's office.

TOWN OF CUTLER BAY, FLORIDA
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

| 2019 | | | 2010 | | |
|-----------------------------------|-----------------------|---|-------------------------------------|-----------------------|---|
| Taxpayer | Assessed Valuation | Percentage Total Assessed Valuation | Taxpayer | Assessed Valuation | Percentage Total Assessed Valuation |
| SOUTHLAND MALL PROPERTIES LLC | 82,071 | 3.3% | SOUTHLAND MALL PROPERTIES LLC | \$ 73,001 | 3.3% |
| FLORIDA POWER & LIGHT COMPANY | 37,657 | 1.5% | WRI TC S DADE SHOPPING CENTER LLC | 33,000 | 1.5% |
| SOUTH DADE SHOPPING LLC | 35,300 | 1.4% | FLORIDA POWER AND LIGHT | 23,163 | 1.0% |
| OLD CUTLER PLAZA LLC | 21,205 | 0.9% | EQUITY ONE INC | 19,375 | 0.9% |
| EQUITY ONE FL PORTFOLIO INC | 20,697 | 0.8% | PRIDE HOMES | 19,274 | 0.9% |
| BILL USSERY MOTORS OF CUTLER BAY | 15,535 | 0.6% | BILL USSERY MOTORS OF CUTLER BAY | 17,402 | 0.8% |
| A & E PARTNERS HOLDING LLC | 12,826 | 0.5% | OLD CUTLER TOWNE CENTER | 12,518 | 0.6% |
| ADVANCE BUSINESS ASSOCIATE LLP | 12,728 | 0.5% | SEARS ROEBUCK & CO | 11,829 | 0.5% |
| HEALTHSOUTH REHAB HOSP OF MIA LLC | 12,397 | 0.5% | A&E PARTNERS HOLDING LLC | 11,000 | 0.5% |
| DESTINY BUILDINGS LLC | 11,300 | 0.5% | QUAIL ROOST INVESTORS JOINT VENTURE | 10,990 | 0.5% |
| | | | | | |
| | <u>\$ 261,716</u> | <u>10.6%</u> | | <u>\$ 231,552</u> | <u>10.5%</u> |

Source: Miami-Dade County Property Appraiser's office.

TOWN OF CUTLER BAY, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Total Taxes Levied for Fiscal Year | Collected Within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|--|---|--------------------|---------------------------------------|---------------------------|--------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 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% |
| 2016 | \$ 4,897,861 | \$ 4,599,179 | 93.9% | \$ 39,098 | \$ 4,638,277 | 94.7% |
| 2017 | \$ 5,253,776 | \$ 5,046,736 | 96.1% | \$ 30,641 | \$ 5,077,377 | 96.6% |
| 2018 | \$ 5,568,179 | \$ 5,353,508 | 96.1% | \$ 58,959 | \$ 5,412,467 | 97.2% |
| 2019 | \$ 6,045,221 | \$ 5,819,172 | 96.3% | \$ 33,658 | \$ 5,852,830 | 96.8% |

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

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|-------------------------|---------------|----------------|--------------------------|---------------|----------------|--------------------------|-----------------------------------|----------------|
| | Interlocal Debt | Notes Payable | Capital Leases | Interlocal Debt | Notes Payable | Capital Leases | | | |
| 2010 | \$ 4,016,565 | \$ 9,120,000 | \$ 57,843 | \$ 2,363,850 | \$ - | \$ 14,653 | \$ 15,572,911 | 1.012% | \$ 386.56 |
| 2011 | \$ 3,562,490 | \$ 12,725,122 | \$ 13,144 | \$ 2,283,653 | \$ - | \$ 7,444 | \$ 18,591,853 | 1.174% | \$ 457.43 |
| 2012 | \$ 3,492,995 | \$ 15,303,122 | \$ - | \$ 2,200,395 | \$ - | \$ - | \$ 20,996,512 | 1.277% | \$ 506.66 |
| 2013 | \$ 3,288,815 | \$ 15,303,122 | \$ - | \$ 2,113,950 | \$ - | \$ - | \$ 20,705,887 | 1.254% | \$ 492.59 |
| 2014 | \$ 3,076,435 | \$ 15,303,122 | \$ - | \$ 2,129,939 | \$ - | \$ - | \$ 20,509,496 | 1.135% | \$ 477.59 |
| 2015 | \$ 2,854,010 | \$ 14,054,626 | \$ - | \$ 2,019,830 | \$ - | \$ - | \$ 18,928,466 | 0.966% | \$ 429.13 |
| 2016 | \$ 2,622,565 | \$ 12,798,526 | \$ - | \$ 1,903,665 | \$ - | \$ - | \$ 17,324,756 | 0.879% | \$ 385.84 |
| 2017 | \$ 2,382,510 | \$ 11,510,633 | \$ - | \$ 1,785,218 | \$ - | \$ - | \$ 15,678,361 | 0.725% | \$ 346.70 |
| 2018 | \$ 2,133,640 | \$ 10,189,335 | \$ - | \$ 1,662,618 | \$ - | \$ - | \$ 13,985,593 | 0.616% | \$ 308.24 |
| 2019 | \$ 1,875,135 | \$ 8,833,759 | \$ - | \$ 1,535,865 | \$ - | \$ - | \$ 12,244,759 | n/a | \$ 269.64 |

(1) 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, 2019
(amounts expressed in thousands, except as noted)

| Jurisdiction | Net Debt Outstanding | Estimated Percentage Applicable (1) | Amount Applicable to Cutler Bay |
|-----------------------------------|----------------------------|---|---------------------------------------|
| Miami-Dade County Schools (2) | \$ 958,461 | 0.87% | \$ 8,319 |
| Miami-Dade County (3) | <u>2,070,235</u> | 0.87% | <u>17,968</u> |
| Subtotal overlapping debt | 3,028,696 | | 26,287 |
| Town of Cutler Bay direct debt | <u>10,709</u> | 100.00% | <u>10,709</u> |
| Total direct and overlapping debt | <u><u>\$ 3,039,405</u></u> | | <u><u>\$ 36,996</u></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 (includes Bonds Payable)

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

TOWN OF CUTLER BAY, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Personal Income (in thousands) (2)</u> | <u>Per Capita Personal Income (3)</u> | <u>Unemployment Rate (4)</u> |
|--------------------|-----------------------|---|---|------------------------------|
| 2010 | 40,286 | \$ 1,539,489 | \$ 38,214 | 10.8% |
| 2011 | 40,644 | \$ 1,583,937 | \$ 38,971 | 9.6% |
| 2012 | 41,441 | \$ 1,643,840 | \$ 39,667 | 8.2% |
| 2013 | 42,035 | \$ 1,650,756 | \$ 39,271 | 7.1% |
| 2014 | 42,944 | \$ 1,806,396 | \$ 42,064 | 6.2% |
| 2015 | 44,109 | \$ 1,959,763 | \$ 44,430 | 5.5% |
| 2016 | 44,901 | \$ 1,972,052 | \$ 43,920 | 5.1% |
| 2017 | 45,222 | \$ 2,162,199 | \$ 47,813 | 4.2% |
| 2018 | 45,373 | \$ 2,269,648 | \$ 50,022 | 3.4% |
| 2019 | 45,411 | n/a | n/a | 2.7% |

- (1) Population estimate based on data published by the University of Florida, Bureau of Economic and Business Research.
- (2) Personal income is the Miami-Dade per capita personal income applied to the Cutler Bay population.
- (3) Per Capita Personal Income is for Miami-Dade County from the U.S. Department of Commerce, Bureau of Economic Analysis.
- (4) Bureau of Labor Statistics, Unemployment Statistics, Miami-Fort Lauderdale-West Palm Beach, FL Metropolitan area (rate for September of year indicated).
- n/a Data not available.

TOWN OF CUTLER BAY, FLORIDA
Principal Employers
Current Year and Nine Years Ago

| 2019 | | | 2010 | | |
|-------------------------------|--------------|---------------------|---|--------------|---------------------|
| Employer | Employees | Percentage of Total | Employer | Employees | Percentage of Total |
| ALORICA | 1,537 | 43.1% | ALORICA (FORMERLY PRC, INC) | 1,537 | 46.2% |
| EAST RIDGE RETIREMENT VILLAGE | 287 | 8.0% | EAST RIDGE RETIREMENT VILLAGE | 267 | 8.0% |
| PUBLIX SUPERMARKETS | 232 | 6.5% | PUBLIX SUPERMARKETS | 235 | 7.1% |
| HEALTH SOUTH REHABILITATION | 156 | 4.4% | SEARS ROEBUCK & CO | 183 | 5.5% |
| MERCEDES BENZ OF CUTLER BAY | 143 | 4.0% | HEALTH SOUTH REHABILITATION | 162 | 4.9% |
| ROSS DEPARTMENT STORE | 139 | 3.9% | JC PENNEY | 114 | 3.4% |
| MACY'S | 136 | 3.8% | BEST BUY | 103 | 3.1% |
| McDONALD'S | 122 | 3.4% | MACY'S | 99 | 3.0% |
| OLIVE GARDEN | 113 | 3.2% | MERCEDES BENZ OF CUTLER BAY | 99 | 3.0% |
| BURLINGTON COAT FACTORY | 91 | 2.5% | WINN DIXIE STORES | 96 | 2.9% |
| WINN DIXIE STORES | 71 | 2.0% | REGAL CINEMA INC (FORMERLY SOUTHLAND MALL 16) | 80 | 2.4% |
| JC PENNEY | 78 | 2.2% | CAC FLORIDA MEDICAL | 61 | 1.8% |
| SEARS ROEBUCK & CO | 69 | 1.9% | TOYS R US | 50 | 1.5% |
| APPLEBEE'S | 68 | 1.9% | TOWN OF CUTLER BAY | 49 | 1.5% |
| PANERA BREAD | 60 | 1.7% | PETERSON'S HARLEY-DAVIDSON | 41 | 1.2% |
| BUFFALO WILD WINGS | 60 | 1.7% | ROSS STORES | 40 | 1.2% |
| TOWN OF CUTLER BAY | 58 | 1.6% | OLD NAVY | 35 | 1.1% |
| PETERSON'S HARLEY-DAVIDSON | 51 | 1.4% | JO ANN FABRIC & CRAFTS | 29 | 0.9% |
| DENNY'S | 50 | 1.4% | LA QUINTA INNS | 25 | 0.8% |
| TJ MAXX | 49 | 1.4% | HAIR EGO | 24 | 0.7% |
| | <u>3,570</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

| Function | Fiscal Year | | | | | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Legislative | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Clerk | 1 | 2 | 1 | 2 | 2.5 | 1 | 3 | 3 | 3 | 3 |
| General government | 7 | 7 | 8 | 10 | 9.5 | 10.5 | 9.5 | 9.5 | 9.5 | 9 |
| Community Development | 8 | 7 | 6 | 7 | 7 | 7.5 | 7.5 | 7.5 | 7.5 | 6.5 |
| Public Works | 5 | 5 | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks | 16 | 14 | 17 | 17 | 17 | 19 | 20 | 18 | 17.5 | 18.5 |
| Public Safety: | | | | | | | | | | |
| Police | n/a (1) | n/a (1) | n/a (1) | n/a (1) | n/a (1) | n/a (1) | n/a (1) | n/a (1) | n/a (1) | n/a (1) |
| Civilian administrative staff | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>43</u> | <u>41</u> | <u>42</u> | <u>48</u> | <u>48</u> | <u>50</u> | <u>52</u> | <u>49</u> | <u>48.5</u> | <u>48.0</u> |

(1) - 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

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of emergency calls for service | 1,162 | 991 | 945 | 987 | 950 | 1,112 | 1,214 | 1,172 | 1,150 | 1,263 |
| Number of priority calls for service | 933 | 874 | 832 | 747 | 692 | 804 | 947 | 973 | 871 | 826 |
| Number of non-emergency calls for service | 23,775 | 15,942 | 14,991 | 14,001 | 13,985 | 14,447 | 14,538 | 14,390 | 13,460 | 17,117 |
| Number of arrests | 1,141 | 1,081 | 1,188 | 1,149 | 1,272 | 1,061 | 906 | 677 | 553 | 499 |
| Number of sworn personnel | 50 | 51 | 50 | 50 | 52 | 51 | 53 | 55 | 55 | 55 |
| Building and Zoning: | | | | | | | | | | |
| Number of building permits issued | 3,121 | 2,669 | 2,684 | 4,657 | 2,436 | 2,343 | 2,510 | 2,052 | 3,412 | 2,920 |
| Number of certificates of use issued | 57 | 124 | 127 | 113 | 100 | 87 | 88 | 87 | 90 | 68 |
| Number of occupational licenses issued | 813 | 794 | 898 | 839 | 890 | 888 | 893 | 968 | 982 | 986 |
| Culture and Recreation | | | | | | | | | | |
| Number of parks | 7 | 7 | 8 | 8 | 9 | 9 | 9 | 10 | 10 | 10 |

Source: Various Town departments

TOWN OF CUTLER BAY, FLORIDA
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Culture and Recreation | | | | | | | | | | |
| Parks | 7 | 7 | 8 | 8 | 9 | 9 | 9 | 10 | 10 | 10 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Playgrounds | 3 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Soccer/Football/Lacrosse fields | 3 | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Baseball fields | 3 | 3 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Picnic shelters | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 5 | 5 | 5 |
| Public Works | | | | | | | | | | |
| Streets (length in feet) | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 |
| Sidewalks (area in square feet) | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 267,325 | 285,667 | 295,522 |

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

COMPLIANCE SECTION



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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, 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, 2019, 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 26, 2020.

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 Town'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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR ITS MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Its Major Federal Program

We have audited the Town of Cutler Bay's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the fiscal year ended September 30, 2019. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2019.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2020

TOWN OF CUTLER BAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| Federal Grantor/Pass-Through Entity/Program Title | Federal CFDA Number | Grant/Contract Number | Federal Expenditures |
|---|------------------------|---|----------------------|
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Highway Planning and Construction Cluster | | | |
| Passed through Florida Department of Transportation | | | |
| Highway Planning and Construction | 20.205 | Transportation Alternatives Program--G1672 | \$ 346,749 |
| Highway Planning and Construction | 20.205 | Transportation Alternatives Program--G0S05 | 32,232 |
| Total Highway Planning and Construction Cluster | | | 378,981 |
| Total U.S. Department of Transportation | | | 378,981 |
| Other Programs | | | |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through Florida Division of Emergency Management | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Z0042 | 241,702 |
| Total U.S. Department of Homeland Security | | | 241,702 |
| U.S. DEPARTMENT OF ENERGY | | | |
| Passed through Florida Department of Agriculture and Consumer Services | | | |
| State Energy Program | 81.041 | LED Lighting-025585 | 86,000 |
| Total U.S. Department of Energy | | | 86,000 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Passed through Florida Department of Juvenile Justice | | | |
| Juvenile Justice and Delinquency Prevention | 16.540 | Cutler Bay Out-of-School Program- 10543 | 59,697 |
| Total U.S. Department of Justice | | | 59,697 |
| Total Expenditures of Federal Awards | | | \$ 766,380 |

The accompanying notes are an integral part of this schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the fiscal year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Town. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

____ Yes X No

Significant deficiencies identified?

____ Yes X None reported

Noncompliance material to financial
statements noted?

____ Yes X No

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified?

____ Yes X No

Significant deficiencies identified?

____ Yes X None reported

Type of auditors' report issued on compliance for
major federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)?

____ Yes X No

Identification of major federal program:

| <u>CFDA No.</u> | <u>Federal Program or Cluster</u> |
|-----------------|---|
| 20.205 | Department of Transportation Highway Planning and Construction Cluster |

Dollar threshold used to distinguish between Type A
and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

____ Yes X No

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**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 basic financial statements of Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance, Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 26, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding 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, Note 1.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. 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. This assessment has been performed as of the fiscal year end.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 other granting agencies, Town Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2020



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

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 period of October 1, 2018 to September 30, 2019. Management is responsible for the Town's compliance with the specified 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 to September 30, 2019.

This report is intended solely for the information and use of management, the Mayor, the Town Council, others within the Town and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2020