



May 31, 2019

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, 2018. 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 November 6, 2018. 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 2018. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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 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 May 31, 2019.

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, 2018

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TOWN OF CUTLER BAY, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

**Prepared By
Robert Daddario, CPA
Finance Director**

TOWN OF CUTLER BAY, FLORIDA

TABLE OF CONTENTS

	<u>PAGES</u>
I. INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	i-ix
GFOA Certificate of Achievement	x
List of Elected Town Officials	xi
Organizational Chart	xii
II. FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion And Analysis (Required Supplementary Information)	3-20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Position - Proprietary Fund	27
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	28
Statement of Cash Flows - Proprietary Fund	29
Notes to Financial Statements	30-52
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	53
Budgetary Comparison Schedule – CITT Fund	54
Notes to Budgetary Comparison Schedule	55
Schedule of the Town's Proportionate Share of the Net Pension Liability - FRS	56
Schedule of the Town's Contributions - FRS	56
Schedule of the Town's Proportionate Share of the Net Pension Liability - HIS	57
Schedule of the Town's Contributions - HIS	57
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet- Non-major Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	59
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual - Special Revenue Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual - The Children's Trust Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Capital Projects (Parks) Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Safe Routes to School Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Sidewalks Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual - Transportation Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – DJJ Fund	66
Schedule of Revenues, Expenses and Changes in Net Position - Budget vs. Actual - Stormwater Fund	67

TOWN OF CUTLER BAY, FLORIDA
TABLE OF CONTENTS
(CONTINUED)

	<u>PAGES</u>
III. STATISTICAL SECTION (Unaudited)	
Net Position by Component	68
Changes in Net Position	69-70
Fund Balances of Governmental Funds	71
Changes in Fund Balances of Governmental Funds	72
General Governmental Tax Revenues by Source	73
Assessed Value and Estimated Actual Value of Taxable Property	74
Property Tax Rates Direct and Overlapping Governments	75
Principal Property Taxpayers	76
Property Tax Levies and Collections	77
Ratios of Outstanding Debt By Type	78
Direct and Overlapping Governmental Activities Debt	79
Demographic and Economic Statistics	80
Principal Employers	81
Full-Time Equivalent Town Government Employees by Function	82
Operating Indicators By Function	83
Capital Asset Statistics By Function/Program	84
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>	85-86
Independent Auditors' Report on Compliance for its Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	87-88
Schedule of Expenditures of Federal Awards	89
Notes to Schedule of Expenditures of Federal Awards	90
Schedule of Findings and Questioned Costs	91-92
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	93-94
Independent Accountants' Report on Compliance pursuant to Section 218.415 Florida Statutes	95

INTRODUCTORY SECTION



OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

May 31, 2019

Dear Residents:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Cutler Bay, Florida, for the fiscal year ended September 30, 2018, 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, 2018 and that the financial statements are fairly presented in accordance with GAAP. The independent auditors found no deficiencies in internal control over financial reporting that would be considered material weaknesses, nor did they detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

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

PROFILE OF THE GOVERNMENT

The Town of Cutler Bay (the "Town") is a political subdivision of the State of Florida located in Miami-Dade County (the "County") and was incorporated in November 2005. The Town operates under a Council-Manager form of government in which the Town elects five (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 2017), reflecting a gain of approximately 39% from the 2012 bottom. The Town has seen encouraging signs in building activity and new development within the Town in recent years which are anticipated to extend into fiscal year 2019 with significant new planned projects in process. The Town anticipates property values to increase further in 2019 and 2020.

The Town continues to operate in an extremely lean and efficient manner and has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town. Town administrators recognize the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. To this end, the Town has adopted a growth management plan which smartly incorporates "mixed-use" residential and commercial development within the Town.

Presently, Miami-Dade County economy continues to diversify and expand at a moderate rate with great success. As a result, the County's labor market has recently experienced some of the lowest unemployment rates in the past few years. For instance, there are several sectors of the economy, including but not limiting to, construction, wholesale trade, retail trade, information technology and telecommunication, leisure and hospitality, and financial services that continued to post strong job growth in fiscal year 2018 and into fiscal year 2019. The latest unemployment reports from the U.S. Bureau of Labor Statistics (March 2019), indicated that Miami-County unemployment rate decreased to 3.3% (preliminary), down from 3.8% (revised) in March 2018. The County unemployment rate is in line with the national unemployment rate as of March 2019.

Several commercial and residential projects in the Town have generated over 100 construction related jobs for the local economy in recent years. During the rest of the year and into most of the next fiscal year, the Town will continue to add construction and permanent jobs to the local economy as a result of the commercial and residential projects approved by the Town Council in recent years.





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 2018, there was no major change to the current land use distribution, in comparison to prior years. A significant percentage of the Town's land (54%) is classified in the broad categories of residential and mixed land use. Currently, there is no acreage in the Town 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.

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

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 Miami-Dade County (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.





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 fiscal years 2017 and 2018 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.

Projects budgeted for completion in fiscal year 2019 include:

- 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. From the transportation portion of the PTP surtax funds, the Town completed several roadway resurfacing projects on Town owned roads totaling approximately \$2.7 million through fiscal year 2017. Approximately \$775,000 of resurfacing projects are budgeted for fiscal year 2019.





In fiscal year 2019, the Town will be completing traffic calming projects and has set aside \$175,000 of transportation portion PTP surtax funds for this purpose. Additionally, the Town uses a portion of these transportation PTP surtax funds to provide for the Town's share of costs on the previously noted two JPA roadway projects, as well as on other transportation eligible projects as discussed above.

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

Through fiscal year 2013, the 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.

Additionally, in fiscal year 2019, the Town is budgeting "transit" related PTP surtax funds for the design and construction of decorative bus shelters and benches (approximately \$590,000). It is anticipated that these decorative shelters will be constructed throughout the Town, replacing older existing bus shelters with advertisement panels. The Town will also be participating in a County coordinated South Dade "transit corridor" study with other municipalities located in the South Dade transit corridor and has set aside approximately \$50,000 in transit related PTP surtax funds for the Town's contribution to the study.

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 \$2 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 \$950,000 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 \$538,000 project. In addition to the aforementioned grant and State appropriation, the Town will utilize 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 will be 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 \$3.3 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, which the Town will match dollar for dollar with park impact fees, for the construction of a \$400,000 canoe/kayak launch at the Lakes by the Bay Park. Construction of this project is anticipated for fiscal year 2019.

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. As a result, the fiscal year 2019 budget includes approximately \$1.4 million to restore the park (utilizing General Fund sources).

Cutler Bay Town Hall

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

The acquisition of the Town Hall Building property noted above was financed with a combination of taxable and tax-free financing (totaling \$8.8 million). Additionally, the lender provided additional funds (totaling \$2 million) for improvements to the building, which the Town spent primarily on building out its space and the Council Chambers. Other significant upgrades to the Town Hall building have been made or are in process.

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

In fiscal year 2015, the Town commenced discussions with its lenders to consolidate and refinance the aforementioned debt related to Town Hall and, on May 26, 2015, successfully closed on the refinancing transaction. The terms of the refinanced loans bring significant financial savings to the Town, much lower interest rates, certainty (in the form of fixed rate loans), and flexibility going forward (no prepayment penalty ever on both the new tax-exempt and taxable loans).

Local School Initiative

In May 2018, the Town's Interlocal agreement with the Miami-Dade County School Board (the "School Board") to provide for the establishment of three choice academies of study at existing Town schools expired. This agreement, which brought to the Town its first ever high school level curriculum, may be renegotiated with the School Board and reimplemented at a future time.

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, 2018 and 2017 were approximately \$346,622 and \$347,516, respectively. The Town's pro rata share of the debt was calculated and recorded in fiscal year 2010.





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

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 2018 and 2017, the Town earned approximately \$154,200 and \$73,170, respectively, in investment income. Interest rates have been trending higher as the overall economy improves. This trend is expected to continue into fiscal year 2019.

The Town Council and Town Management closely monitor the resources available to the Town and its use. At September 30, 2018, the total fund balance of the General Fund is approximately \$19.37 million, an increase of approximately \$617,700 from September 30, 2017. This total fund balance represents approximately 96.8% of total fiscal year 2018 general fund expenditures (and represents approximately 108.6% of fiscal year 2018 general fund expenditures excluding debt service and capital outlay).

Approximately \$17.87 million of the General Fund's total fund balance of \$19.37 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 89.3% of total fiscal year 2018 general fund expenditures (and represents approximately 100.2% of fiscal year 2018 general fund expenditures excluding debt service and capital outlay). Approximately \$1 million, or 5.2%, 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 \$432,800) to indicate that it is not available for new spending because it has already been committed for prepaid expenses and as "restricted" (approximately \$68,850) 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, 2017. 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, 2018 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, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF CUTLER BAY, FLORIDA

List of Elected Town Officials

September 30, 2018

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

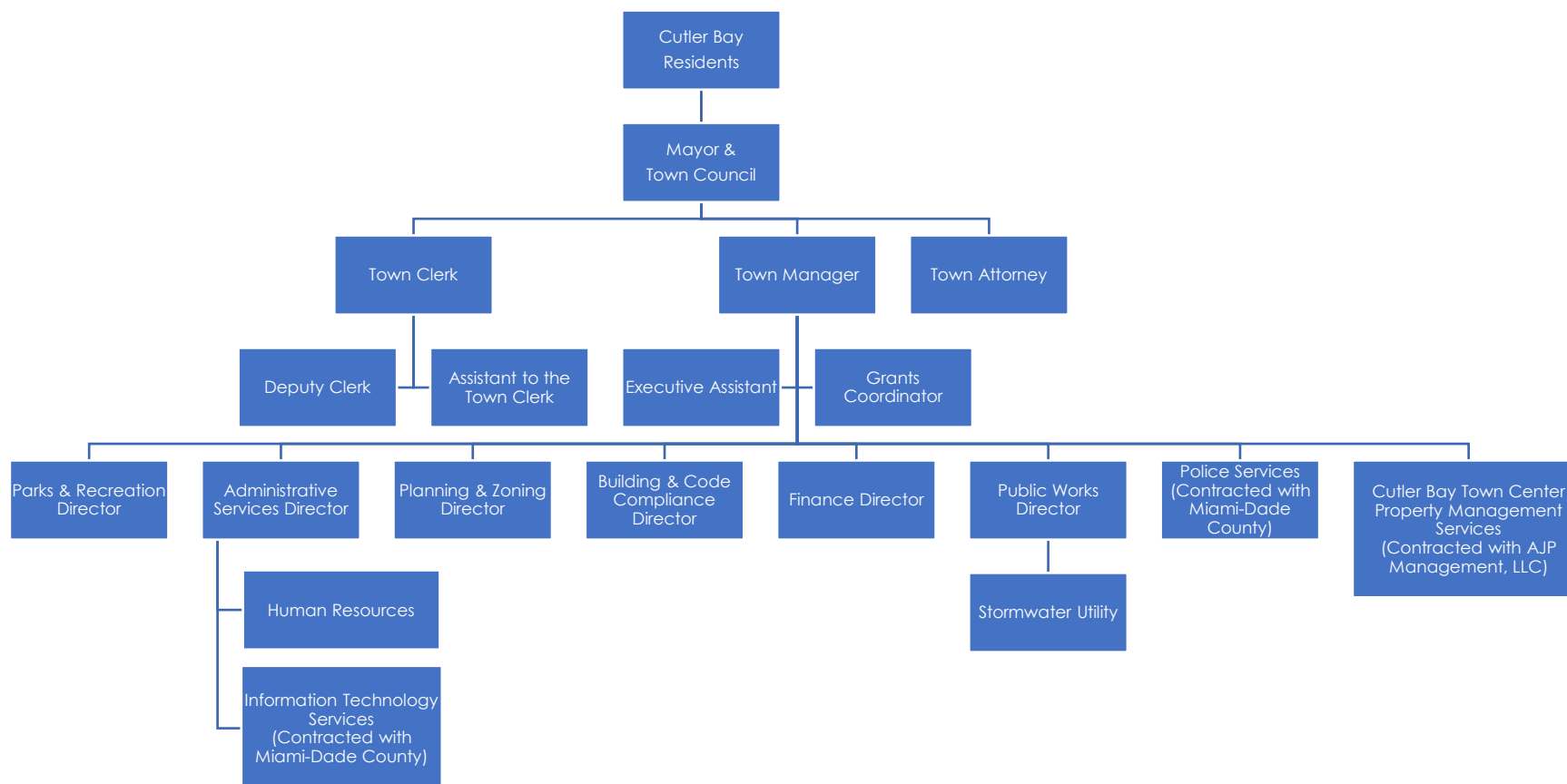
Roger Coriat, Councilmember, Seat 3

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, 2018, 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, 2018, 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 Net Pension Liabilities and Contributions on pages 3-20 and 53-57, 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 combining and individual nonmajor fund financial statements and 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 introductory and statistical sections 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 by us and other auditors. 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 May 31, 2019, 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
Coral Gables, Florida
May 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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, 2018 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, 2018 by approximately \$54.67 million (net position). Of this amount, approximately \$16.29 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 \$568,000 from the total net position balance at September 30, 2017. The net decrease results primarily from the Town's fiscal year 2018 operations.
- As of September 30, 2018, the Town's governmental funds reported combined ending fund balances of approximately \$23.85 million, a decrease of approximately \$116,000 from the September 30, 2017 balances, due primarily to the Town's current operations during the fiscal year offset by capital expenditures and debt service. This combined fund balance represents 119% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2018, unassigned fund balance for the General Fund was approximately \$17.87 million, or 89% of total General Fund expenditures, versus \$16.26 million and 82%, respectively, at September 30, 2017. The approximate \$1.6 million increase in unassigned fund balance results primarily from fiscal year 2018 operations. The fiscal year 2018 results include Hurricane Irma related FEMA revenues (approximately \$574,000) and insurance proceeds (approximately \$326,200). The Town's unassigned fund balance at September 30, 2018 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 2018, the stormwater utility's net position increased by approximately \$43,600. This increase resulted primarily from an operating loss of approximately \$93,100 which was generated from approximately \$1,037,700 in charges for services and approximately \$1,130,800 in operating expenses, including approximately \$181,000 in depreciation. Operating loss was offset by net non-operating revenues of approximately \$97,800, comprised of interest income of approximately \$5,000 and a capital grant contribution of approximately \$158,600, reduced by interest expense of approximately \$65,800, and by transfers in of approximately \$38,900.
- At September 30, 2018, the General Fund's fund balance of approximately \$19.37 million is comprised of approximately \$432,800 classified as "Nonspendable", approximately \$68,850 classified as "Restricted", approximately \$1 million classified as "Assigned", and approximately \$17.87 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, 2018

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, 2018

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 \$568,000 during fiscal year 2018, resulting in assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources of approximately \$54.67 million and \$55.23 million, respectively, at September 30, 2018 and 2017. See the table below.

The largest portion of the Town's assets at September 30, 2018 consists of capital assets (approximately \$46.4 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 2018 include improvements made to various Town parks (playground, outdoor fitness equipment and infrastructure improvements), as well as for Town Hall building improvements and other equipment purchases, Police equipment upgrades, phone and other IT enhancements, and increased construction in progress related to on-going roadway, park and stormwater drainage improvement projects.

Other significant assets at September 30, 2018 and 2017 include cash and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$26.1 million at September 30, 2018, decreased approximately \$400,000 from the fiscal 2017 total primarily resulting from fiscal year 2018 operating activities, adjusted for changes in the timing of the liquidation of assets and liabilities. Receivables increased approximately \$449,000 primarily as a result of the timing of reimbursements due from others for Town projects.

Of this \$449,000 increase in receivables, approximately \$759,200 relates to an increase in grant receivables, as follows:

- In the General Fund, there was a net increase in grant receivables of approximately \$548,300, primarily related to FEMA public assistance and miscellaneous grant receivables at the end of fiscal year 2018 (approximately \$590,200 and \$14,500, respectively) versus miscellaneous grant receivables at the end of fiscal year 2017 (approximately \$56,400).
- In the CITT Fund, higher revenue receivables derived from the CITT program at the end of fiscal year 2018 versus fiscal 2017 represented an approximate \$21,800 increase in receivables. The increase in receivables also results from the recording of a receivable of approximately \$180,000 for revenues unavailable at the fiscal year end which were recorded as a deferred inflow of resources
- In the Safe Routes to School Fund, there was no receivable due at the end of fiscal year 2018 as the project was completed in fiscal year 2017 (resulting in an approximate \$314,800 decrease in grant receivable).
- In the JPA (Caribbean Blvd) Fund, there was no receivable due at the end of fiscal year 2018 as the project was completed in fiscal year 2017 (resulting in an approximate \$116,100 decrease in grant receivable).
- 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 2018, grant receivables from The Children's Trust was approximately \$7,300 less than the fiscal year-end 2017 balance, while the grant receivables from the DJJ were approximately \$7,900 more than the prior year-end. These two park grants resulted in a net increase in receivables of approximately \$600.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

- At the end of fiscal year 2017, the Town had an approximate \$9,200 receivable from the County for a transportation grant that was completed and accounted for in the Transportation Fund. 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 \$290,000, representing an approximate \$280,800 increase in grant receivable in this fund in fiscal year 2018.
- 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. There was no corresponding grant receivable in the fiscal year 2017 period.

Receivables for ad valorem revenues in the General Fund were approximately \$28,000 higher in the fiscal year 2018 period primarily as a result of timing of collections from the County. These increases were offset by decreases in receivables in fiscal year 2018 versus the fiscal year 2017 period for utility taxes (approximate \$309,000 decrease) in the General Fund and stormwater fees (approximate \$13,000 decrease) in the Stormwater Fund, both primarily related to the timing of collections from the County. The balance of the net change is comprised of minor increases and decreases from various accounts.

Receivables at September 30, 2018 and 2017 consist primarily of amounts due from the County (\$388,500 and \$671,800, respectively) as well as intergovernmental receivables due from the State (\$498,400 and \$502,500, respectively), and receivables from various grants (\$1,659,000 versus \$1,058,400, respectively). The remainder of the governmental activities receivables balance is comprised of balances from other miscellaneous sources (\$31,100 and \$41,000, respectively at September 30, 2018 and 2017). Stormwater Fund receivables were approximately \$358,700 at September 30, 2018 versus \$213,300 at September 30, 2017.

The receivables due from the County at September 30, 2018 and 2017 related primarily to property and utility taxes, and Clerk of the Court remittances due the Town at those dates. The decrease in the fiscal year 2018 balance relative to the fiscal year 2017 balance relates primarily to the fact that the outstanding utility taxes due the Town at September 30, 2018 were approximately \$309,000 less than the respective amounts outstanding at September 30, 2017 (due to the timing of the payments received from the County, two months were owed the Town at the end of fiscal year 2017 versus only one month due the Town at the end of fiscal year 2017). This decrease was partially offset by an approximate \$28,000 increase in ad valorem receivables at the end of fiscal year 2018 versus the fiscal year 2017 balance, resulting primarily from the timing of property tax collections. The balance of the change is the result of small, miscellaneous increases and decreases in various categories.

The receivables due from the State at September 30, 2018 and 2017 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. There was no material change in the fiscal year 2018 balance relative to the fiscal year 2017 balance.

The increase in grant receivables at September 30, 2018 over the September 30, 2017 balance is due to a combination of factors related to Town grants which were discussed in detail above.

The decrease in other miscellaneous receivables at September 30, 2018 versus the September 30, 2017 balance is due primarily to decreased receivables at year-end fiscal 2018 from tenants (approximately \$7,800) and from solid waste franchise fees (approximately \$4,000) versus the fiscal 2017 period. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

Deferred outflows of resources increased approximately \$113,000 at September 30, 2018 versus the balance at September 30, 2017. This results primarily from the changes required by the current year GASB 68 valuation (approximately \$117,000), 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 \$4,000).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

Long-term debt decreased approximately \$1.4 million in fiscal year 2018 primarily resulting from scheduled debt service payments on the Town's existing debt offset by an increase in net pension liability of approximately \$234,500 pursuant to GASB 68. The approximate \$49,000 increase in other liabilities primarily reflects an approximate \$59,600 increase in other liabilities relating to increased security and developer deposits and permit surcharge reserves, offset by an approximate \$9,700 decrease in accounts payable and an approximate \$1,400 decrease in accrued interest. The decrease in accounts payable relates primarily to the timing of vendor payments, including the impact on accounts payable for costs incurred and owed at year-end fiscal 2017 related to Hurricane Irma. The year-end fiscal 2018 accounts payable do not include those Hurricane Irma invoices and, as a result, accounts payable in the General Fund and the governmental funds (except the CITT Fund) decreased approximately \$672,800. This decrease was offset by increases in the CITT Fund (approximately \$428,400) and the Stormwater Fund (approximately \$234,700) as a result of on-going roadway and drainage projects for which amounts were owing at year-end fiscal 2018.

Deferred inflows of resources at September 30, 2018 reflects an increase of approximately \$368,000 versus the balance at September 30, 2017 primarily as a result of an approximate \$321,000 increase pursuant to the current year GASB 68 valuation, and an approximate \$47,000 increase in local business license tax (approximate \$4,000) and other revenue (approximate \$43,000) received in advance during the fiscal year 2018 period versus the prior year.

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 28,290	\$ 28,281	\$ 1,153	\$ 1,145	\$ 29,443	\$ 29,426	0.1%
Capital assets	40,666	42,519	5,723	5,571	46,389	48,090	-3.5%
Total assets	68,956	70,800	6,876	6,716	75,832	77,516	-2.2%
Deferred Outflows of Resources	1,882	1,765	45	49	1,927	1,814	6.2%
Long-term debt	16,435	17,734	1,663	1,785	18,098	19,519	-7.3%
Other liabilities	4,187	4,372	358	124	4,545	4,496	1.1%
Total liabilities	20,622	22,106	2,021	1,909	22,643	24,015	-5.7%
Deferred Inflows of Resources	448	80	-	-	448	80	460.0%
Net position							
Net investment in capital assets	29,728	30,309	4,105	3,835	33,833	34,144	-0.9%
Restricted	4,546	5,275	-	-	4,546	5,275	-13.8%
Unrestricted	15,494	14,795	794	1,021	16,288	15,816	3.0%
Total net position	\$ 49,768	\$ 50,379	\$ 4,899	\$ 4,856	\$ 54,667	\$ 55,235	-1.0%

The balance of unrestricted net position (approximately \$16.3 million and \$15.8 million, respectively at September 30, 2018 and 2017) may be used to meet the government's ongoing obligations to citizens and creditors.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

At September 30, 2018 and 2017, 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 \$611,000 for the year ended September 30, 2018 versus a decrease of approximately \$2.98 million for fiscal year 2017, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities

Business-type activities increased net position by approximately \$43,000 for the year ended September 30, 2018 versus a decrease in net position of approximately \$58,000 for the year ended September 30, 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Revenues							
Program revenues:							
Charges for services	\$ 2,579	\$ 2,089	\$ 1,037	\$ 1,040	\$ 3,616	\$ 3,129	15.6%
Operating grants and contributions	2,410	3,435	-	-	2,410	3,435	-29.8%
Capital grants and contributions	542	299	159	-	701	299	134.4%
General revenues:							
Taxes and franchise fees	17,170	15,686	-	-	17,170	15,686	9.5%
Other	686	96	5	3	691	99	598.0%
Total revenues	<u>23,387</u>	<u>21,605</u>	<u>1,201</u>	<u>1,043</u>	<u>24,588</u>	<u>22,648</u>	8.6%
Expenses							
General government	7,706	8,298	1,131	1,031	8,837	9,329	-5.3%
Public safety	9,442	9,790	-	-	9,442	9,790	-3.6%
Parks and recreation	3,686	3,534	-	-	3,686	3,534	4.3%
Community development	2,733	2,535	-	-	2,733	2,535	7.8%
Interest on long-term debt	392	425	66	70	458	495	-7.5%
Total expenses	<u>23,959</u>	<u>24,582</u>	<u>1,197</u>	<u>1,101</u>	<u>25,156</u>	<u>25,683</u>	-2.1%
Change in net position before transfers	(572)	(2,977)	4	(58)	(568)	(3,035)	-81.3%
Transfers	(39)	-	39	-	-	-	N/A
Increase (decrease) in net position	(611)	(2,977)	43	(58)	(568)	(3,035)	-81.3%
Net position, beginning	<u>50,379</u>	<u>53,356</u>	<u>4,856</u>	<u>4,914</u>	<u>55,235</u>	<u>58,270</u>	-5.2%
Net position, ending	<u>\$ 49,768</u>	<u>\$ 50,379</u>	<u>\$ 4,899</u>	<u>\$ 4,856</u>	<u>\$ 54,667</u>	<u>\$ 55,235</u>	-1.0%

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

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

Governmental activities

- Taxes and franchise fees (\$17.2 million and \$15.7 million, respectively, for fiscal year 2018 and fiscal year 2017) comprised 73.4% and 73%, respectively, of total revenues of \$23.4 million and \$21.6 million for fiscal year 2018 and fiscal year 2017, respectively, with property taxes representing the largest single tax source (\$5.4 million and \$5.1 million in fiscal year 2018 and 2017, respectively). Total fiscal year 2018 revenues increased approximately 8.2%.
- Charges for services in fiscal year 2018 increased from fiscal year 2017 by approximately \$490,000 primarily as a result of increased building permit fees (approximately \$287,000), rental income (approximately \$154,000), code compliance violation fines (approximately \$57,000), parks fees (approximately \$18,000), local business tax receipts (approximately \$15,000), and zoning fees (approximately \$7,000), offset by decreased judgements and fines (approximately \$40,000) and burglar alarm fees and fines (approximately \$9,000). 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 \$782,000 primarily as a result of an approximate \$901,000 decrease in funding received related to the JPA (Caribbean Blvd) project and an approximate \$323,000 decrease in funding received related to the Safe Routes to School project as both projects were completed during fiscal year 2017, an approximate \$50,000 decrease in revenues in the Transportation Fund related to a grant for a Complete Streets study which was completed in fiscal year 2017, an approximate \$49,000 decrease in impact fees, and an approximate \$18,000 decrease in park grant revenues from The Children's Trust and the Department of Juvenile Justice. These decreases were partially offset by increased revenues of approximately \$287,000 related to the CITT Surtax and approximately \$290,000 in the Transportation Fund related to the grant funded Manta Drive sidewalk project. The remaining change results primarily from an approximate \$18,000 decrease in grant revenues related to several smaller public safety and environmental grants in fiscal year 2018 versus fiscal year 2017.
- Taxes and franchise fees increased approximately \$1.48 million resulting primarily to increased property taxes (approximately \$335,000), utility taxes (approximately \$65,000), sales taxes (approximately \$162,000), and franchise fees (approximately \$372,000). Also contributing to the increase were Hurricane Irma FEMA related revenues recorded in fiscal year 2018 (approximately \$574,000). The balance of the change results from a combination of smaller changes in various accounts.
- Operating and capital grants and contributions (\$2,410,000 and \$542,000 at September 30, 2018 and \$3,435,000 and \$299,000 at September 30, 2017, respectively) account for 12.6% and 17.3% of total revenues at September 30, 2018 and 2017, respectively. The amounts in both the fiscal year 2018 and fiscal year 2017 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 9.7% of total revenues for fiscal years 2018 and 2017, 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 increase in these revenues in fiscal year 2018 resulted primarily from increases in rental income, building and zoning fees, code compliance violation fines, parks fees, local business tax receipt, offset by decreases in traffic fines and burglar alarm fees and fines.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Expenses for governmental activities decreased approximately \$623,000, resulting primarily from an approximate \$592,000 decrease in expenses related to general government, an approximate \$348,000 decrease in expenses related to public safety, and an approximate \$33,000 decrease in interest on long-term debt, offset by increases of approximately \$198,000 in expenses related to community development and approximately \$152,000 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. The JPA (Caribbean Blvd) project was completed in fiscal year 2017. As a result, approximately \$1,270,000 less was incurred on this project in fiscal year 2018. Additionally, the Town substantially completed a grant funded Complete Streets study in fiscal year 2017 as well as a grant funded Safe Routes to School sidewalk project. As a result, in fiscal year 2018 there were corresponding decreases in expenditures for these projects of approximately \$70,000 and \$325,000, respectively. These decreases were offset by increased roadway resurfacing and transit related projects using CITT surtax revenues representing an approximate increase of \$1,222,000 in fiscal year 2018.

Non roadway/transportation project related items that contributed to the net change of general government expenses included a decreases in depreciation expense (approximately \$25,000), pension expense (approximately \$198,000 based on the current year pension valuation) and compensated absences (approximately \$33,000).

Additionally, general government expenditures increased approximately \$210,800 primarily as a result of (a) increased salaries and benefits (approximately \$108,000), primarily related to budgeted increases as well as to the hiring of a Public Information Officer, (b) increased other contractual services expenditures (approximately \$179,000), primarily related to the Town's General Obligation Bond ("GOB") initiative and special election and increased IT related expenditures as the Town proceeded with its transition to a more modern and secure operating environment, (c) increased professional services expenditures related to Town Attorney services (approximately \$100,000), Town Hall building leasing commissions (approximately \$101,000), and Financial Advisory services related to the GOB initiative (approximately \$19,700), (d) increased repairs and maintenance expenditures (approximately \$98,000) related to IT projects to modernize the Town's IT infrastructure (approximately \$32,000), vehicle fleet maintenance (approximately \$18,000) related to the change to new leased fleet vehicles, and HVAC and other repairs made to the Town Hall building (approximately \$48,000), (e) increased dues and subscriptions (approximately \$11,000) primarily as a result of transitioning Town staff to Office 365 and other Microsoft subscriptions, and (f) increased other current charges (approximately \$11,000) resulting from Town Clerk legal advertising. These increases were offset by decreases in expenditures related to (a) the Town's school initiative with Miami-Dade Schools (approximately \$298,000) due to expiration of the agreement and (b) decreased other contractual services expenditures (approximately \$112,000) resulting primarily from the write-off of abandoned HVAC project costs for the Town Hall building in the 2017 period (approximately \$55,000) and from decreased Hurricane Irma related cleanup costs in the Public Works department (approximately \$57,000). The balance of the difference relates from a combination of smaller changes in various accounts.

- The decrease in public safety expenses results primarily to decreased costs related to contracted police services with the County. In fiscal year 2017 the Town incurred approximately \$478,000 in hurricane related police emergency services costs due to the impact of Hurricane Irma which impacted the fiscal year 2017 period but not the fiscal year 2018 period. Additionally, public safety expenses decreased as a result of the phase out in fiscal year 2017 of a civilian clerical position funded by the Town (approximate \$26,000 decrease) as well as reduced supplies purchased by the Police department in fiscal year 2018 (approximate \$14,000 decrease). These decreases were offset to some extent by increased local patrol costs in fiscal year 2018 (approximately \$165,000). The balance of the difference relates from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Parks and recreation expenses increased primarily as a result of an increased expenses for administering grant funded park programs (approximate \$57,000 increase), as well as increased pension expense (approximate \$158,000 increase) due to the current year pension valuation, and increased non-capital repairs and maintenance and contractual services (approximate \$99,000 and \$79,000 increases, respectively) for work done at Town parks. These increases were partially offset by decreases in depreciation expense (approximate \$127,000 decrease), salaries and benefits (approximate \$77,000 decrease), primarily as a result of staffing gaps during the year as well as a move to contract out certain previously Town staffed duties, as well as a decrease in utilities (approximate \$30,000 decrease) as Franjo Park, which was damaged by Hurricane Irma in September 2017, remained closed the entire year. The balance of the difference relates from a combination of smaller changes in various accounts.
- Community development expenses increased primarily due to increases in salaries and benefits (approximately \$37,000), primarily related to budgeted increases, contractual services (approximately \$192,000), primarily related increased building permit revenues which are shared with the contractor that processes the Town's permit and inspection activities, and pension expense (approximately \$68,000) due to the current year pension valuation. These increases were partially offset by a decrease in depreciation expense (approximately \$14,000), compensated absences (approximately \$1,000), and professional services (approximately \$75,000) as more professional services were charged back to developers under the Town's cost recovery provision. The balance of the difference relates from a combination of smaller changes in various accounts.
- Interest on long-term debt decreased approximately \$33,000, primarily as a result of scheduled debt amortization.

Business-type activities

- Charges for services for stormwater fees, which represent 86.3% and 99.7% of total revenues for fiscal years 2018 and 2017, 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 \$159,000 related to two grants awarded to the Town for the construction of two drainage improvement projects which are anticipated to be completed in fiscal year 2019.
- Expenses of the stormwater utility increased approximately \$96,000 reflecting increased operating expenses of approximately \$100,000 and decreased interest expense of approximately \$4,000. Operating expenses increased primarily as a result of an approximate \$15,000 increase in salaries and benefits, reflecting budgeted increases, an approximate \$23,000 increase in other contractual services resulting from more contract work performed in fiscal year 2018, and an approximate \$60,000 increase in professional services, primarily related to the development of a Watershed Study in connection with the Town's flood plain management activities. 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.

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the Town of Cutler Bay's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

Governmental funds (continued)

As of September 30, 2018, and 2017, the Town's governmental funds reported combined ending fund balances of \$23.85 million and \$23.96 million, respectively. The decrease in the balance results primarily from normal current operating activities in fiscal 2018 (approximately \$3.155 million) increased by transfers in (approximately \$674,600) and offset by capital expenditures (approximately \$1.28 million), debt service (approximately \$1.95 million), and transfers out (approximately \$713,500).

Total revenues for fiscal year 2018 increased approximately \$1.6 million from fiscal year 2017 levels, due primarily to several factors, as follows:

Ad valorem revenues increased in fiscal year 2018 approximately \$335,100 as a result of increased property values and the timing of collections.

- Utility taxes increased approximately \$65,000 primarily as a result of growth in the Town and increased utilization of utility related services.
- Franchise fees increased approximately \$371,900 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 2018 and licenses and permit revenues were approximately \$309,000 more than was experienced in fiscal year 2017. Building permit and zoning related fees increased approximately \$287,000 and \$7,000, respectively. Additionally, local business tax receipts increased approximately \$15,000.
- Impact fees decreased approximately \$49,000 relating to the timing of application for new project developments within Town subject to impact fee assessments.
- Intergovernmental revenues decreased approximately \$221,300, primarily resulting from:

Revenue related to the Town's JPA roadway project (Caribbean Blvd) decreased approximately \$901,200 as the project was completed in fiscal year 2017. Accordingly, there were no revenues from this roadway project in fiscal year 2018.

Revenue from the CITT surtax funds increased approximately \$107,600 in fiscal year 2018 versus the 2017 period.

The grant funded project, known as Safe Routes to School, was completed in fiscal year 2017. Grant revenues decreased approximately \$323,000 as no grant revenues were received in fiscal year 2018.

The Town received a grant from the County to perform a Complete Streets study. In fiscal year 2017 the project was completed and the Town recorded the \$50,000 grant revenues in the Transportation Fund. In fiscal year 2018, the Town commenced work on a Complete Streets project, known as Manta Drive, and recorded approximately \$290,000 in grant revenues for this project. As a result of the timing of the work on these two grants, grant revenue in the Transportation Fund increased approximately \$240,000 in fiscal year 2018.

Sales tax revenues increased approximately \$162,100, State revenue sharing increased approximately \$8,000, and the 1st local option gas tax revenues increased approximately \$11,000, offset by a decrease in communication services tax revenues of approximately \$43,800.

Hurricane Irma FEMA reimbursements recorded in fiscal year 2018 approximated \$574,000. There were no corresponding amounts in fiscal year 2017.

An approximate \$56,000 decrease in grant revenues related to several smaller public safety and environmental grants in fiscal year 2018 versus fiscal year 2017.

- Rental income increased approximately \$154,000 primarily as a result of higher occupancy rates in the Town's office building in fiscal year 2018.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

Governmental funds (continued)

- Fines and forfeitures increased approximately \$18,400 resulting primarily from increased revenue from traffic enforcement fines.
- Interest income increased approximately \$78,000 due primarily to a better interest rate environment in fiscal year 2018.
- Miscellaneous revenues increased approximately \$511,200 primarily from insurance proceeds related to Hurricane Irma claims (approximately \$326,200), 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 increased by \$19,500 resulting from grants received in fiscal year 2018 from other non-governmental organizations.
- 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 \$900 in fiscal year 2018 versus the amounts in fiscal year 2017. This debt service results from the normal amortization of the Town's outstanding debt.

Capital expenditures increased approximately \$581,200 in fiscal year 2018 versus the fiscal year 2017 period. In fiscal year 2018, the Town constructed new decorative bus shelters along its circulator bus route (approximately \$404,400), as well as completed one sidewalk construction project and substantially completed another (approximately \$589,000 between the two projects). The increases from these major projects were offset to some extent by decreased capital projects in fiscal year 2018 for the Town parks (approximate \$395,200 decrease). The balance of the difference relates from a combination of smaller changes in various accounts.

Transfers out (approximately \$713,500) reflect:

- transfers of CITT surtax funds from the CITT Fund to (1) the Safe Routes to School Fund (approximately \$75,900), (2) the Transportation Fund (approximately \$61,500), and the Stormwater Fund (approximately \$38,900) to fund eligible transportation expenditures;
- transfer of gas taxes (approximately \$227,100) from the Special Revenue Fund to the General Fund for sidewalk repairs;
- transfer of park impact fees (approximately \$16,500) from the Special Revenue Fund to the Capital Projects Fund for cost of added park capacity;
- transfer of road impact fees (approximately \$237,400) from the Special Revenue Fund to the Sidewalks Fund to fund a sidewalk connectivity project around a local school in Town; and
- transfer of approximately \$56,200 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.

This represented a decrease of approximately \$527,200 from the fiscal year 2017 transfers out, primarily reflecting decreased transfers out in fiscal year 2018 of park impact fees (approximately \$322,400), of General Fund transfers out for park improvement projects (approximately \$74,900), of General Fund transfers out for the acquisition of an electronic message board for the Caribbean Blvd roadway project (approximately \$39,000), of CITT Fund transfers out related to the JPA (Caribbean Blvd) roadway project that was completed in fiscal year 2017 (approximately \$330,100) and for the Safe Routes to School project (approximately \$2,500), and of gas taxes for sidewalk repair projects (approximate \$72,800 decrease), offset by increases in transfers out of road impact fees (approximately \$234,100) related to a Town sidewalk project and of CITT Fund transfers to the Transportation Fund (approximately \$41,500) and to the Stormwater Fund (approximately \$38,900) to fund eligible transportation related expenditures.

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2017 decreased approximately \$566,100 over fiscal year 2017 amounts due primarily to the reasons stated in the preceding paragraph.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

Governmental funds (continued)

Approximately 75% and 68% of the combined ending fund balance, or \$17.87 million and \$16.26 million, respectively, constitutes "Unassigned" fund balance at September 30, 2018 and 2017, respectively, which is available for spending at the Town's discretion. Approximately 4.2% and 12.3% of the combined ending fund balance, or \$1 million and \$2 million, respectively, constitutes "Assigned" fund balance at September 30, 2018 and 2017, respectively. Assigned fund balances are intended to be used for the specific purposes indicated. Approximately 19% and 22% of the combined ending fund balance, or \$4.55 million and \$5.27 million, respectively, at September 30, 2018 and 2017 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, 2018 and 2017, unassigned fund balance of the General Fund was \$17.87 million and \$16.26 million, respectively. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of the General Fund at September 30, 2018 represents 89% of total General Fund expenditures (82% at September 30, 2017), while total fund balance of the General Fund represents 97% of that same total fund expenditure amount (94% at September 30, 2017). This indicator remains positive and reflects a healthy financial condition for the Town.

The fund balance of the Town's General Fund increased by approximately \$617,700 during fiscal year 2018, versus an approximate decrease of \$1.78 million during fiscal year 2017. The fiscal year 2018 increase primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$2,613,200 surplus), increased by transfers in (approximately \$227,100) and offset by capital expenditures (approximately \$214,700), transfers out (approximately \$56,200), and debt service (approximately \$1,951,700).

Revenues of the General Fund in fiscal year 2018 were approximately \$2,457,400 more than fiscal year 2017, as a result of the following:

- Ad valorem revenues increased in fiscal year 2018 approximately \$335,100 as a result of increased property values and the timing of collections.
- Utility taxes increased approximately \$65,000 primarily as a result of growth in the Town and increased utilization of utility related services.
- Franchise fees increased approximately \$371,900 primarily as a result of electric franchise fees pursuant to the Town's Interlocal agreement with the County.
- Charges for services increased approximately \$8,900 primarily as a result of increased parks fees (approximately \$17,000) offset by decreased burglar alarm fees (approximately \$8,300).
- Building activity in Town remained strong in fiscal 2018 and licenses and permit revenues were approximately \$309,000 more than was experienced in fiscal year 2017. Building permit and zoning related fees increased approximately \$287,000 and \$7,000, respectively. Additionally, local business tax receipts increased approximately \$15,000.
- Intergovernmental revenues increased approximately \$596,400, primarily resulting from:

Sales tax revenues increased approximately \$162,100, State revenue sharing increased approximately \$8,000, and the 1st local option gas tax revenues increased approximately \$11,000, offset by a decrease in communication services tax revenues of approximately \$43,800.

Hurricane Irma FEMA reimbursements recorded in fiscal year 2018 approximated \$574,000. There were no corresponding amounts in fiscal year 2017.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

An approximate \$114,900 decrease in grant revenues related to several smaller public safety and environmental grants in fiscal year 2018 versus fiscal year 2017 (approximately \$39,900) and a grant that was recorded in the General Fund in fiscal year 2017 (\$75,000), but was accounted for in a Special Revenue fund (DJJ Fund) in fiscal year 2018.

- Rental income increased approximately \$154,000 primarily as a result of higher occupancy rates in the Town's office building in fiscal year 2018.
- Fines and forfeitures increased approximately \$18,400 resulting primarily from increased revenue from traffic enforcement fines.
- Interest income increased approximately \$67,800 due primarily to a better interest rate environment in fiscal year 2018.
- Miscellaneous revenues increased approximately \$511,200 primarily from insurance proceeds related to Hurricane Irma claims (approximately \$326,200), 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 increased by \$19,500 resulting from grants received in fiscal year 2018 from other non-governmental organizations.
- The remaining difference in the change in revenue from fiscal year 2017 levels is a combination of other small net changes in other revenue categories.

Current expenditures of the General Fund in fiscal year 2018 increased approximately \$75,600 versus the expenditure total in fiscal year 2017 due to the following primary reasons:

- General government expenditures increased approximately \$210,800 primarily as a result of (a) increased salaries and benefits (approximately \$108,000), primarily related to budgeted increases as well as to the hiring of a Public Information Officer, (b) increased other contractual services expenditures (approximately \$179,000), primarily related to the Town's General Obligation Bond ("GOB") initiative and special election and increased IT related expenditures as the Town proceeded with its transition to a more modern and secure operating environment, (c) increased professional services expenditures related to Town Attorney services (approximately \$100,000), Town Hall building leasing commissions (approximately \$101,000), and Financial Advisory services related to the GOB initiative (approximately \$19,700), (d) increased repairs and maintenance expenditures (approximately \$98,000) related to IT projects to modernize the Town's IT infrastructure (approximately \$32,000), vehicle fleet maintenance (approximately \$18,000) related to the change to new leased fleet vehicles, and HVAC and other repairs made to the Town Hall building (approximately \$48,000), (e) increased dues and subscriptions (approximately \$11,000) primarily as a result of transitioning Town staff to Office 365 and other Microsoft subscriptions, and (f) increased other current charges (approximately \$11,000) resulting from Town Clerk legal advertising. These increases were offset by decreases in expenditures related to (a) the Town's school initiative with Miami-Dade Schools (approximately \$298,000) due to expiration of the agreement and (b) decreased other contractual services expenditures (approximately \$112,000) resulting primarily from the write-off of abandoned HVAC project costs for the Town Hall building in the 2017 period (approximately \$55,000) and from decreased Hurricane Irma related cleanup costs in the Public Works department (approximately \$57,000). The balance of the difference relates from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

- Public safety expenditures decreased approximately \$347,800 primarily as a result of decreased costs of police services contracted from the County (approximately \$313,000). The fiscal year 2017 period reflected approximately \$478,000 in hurricane related police emergency services costs due to the impact of Hurricane Irma which did not impact fiscal year 2018, offset by approximately \$165,000 increased local patrol costs billed by the County in fiscal year 2018. The fiscal year 2017 period also included a Town funded civilian clerical position for the Police department. This Town funded position was eliminated in fiscal year 2018, resulting in an approximate \$26,000 decrease in Salaries and Benefits. Additionally, supplies and repairs and maintenance decreased \$14,000 and \$5,000, respectively as a result of costs in the fiscal year 2017 period for Hurricane Irma which did not impact the fiscal year 2018 period. These decreases were offset to some extent by an increase in printing costs (approximately \$12,000) as the department replenished printed materials. The balance of the difference relates from a combination of smaller changes in various accounts.
- Parks and recreation expenditures increased approximately \$65,600, primarily as a result of increased expenditures for contractual services (approximate \$80,000 increase), primarily as a result of increased contract labor and other program costs and write-off of abandoned capital project costs incurred, increased repairs and maintenance expenditures (approximate \$100,000 increase), primarily as a result of continued repairs from Hurricane Irma as well as non-hurricane related repairs. These increases were partially offset by decreases in salaries and benefits (approximate \$77,000 decrease), primarily as a result of staffing gaps during the year as well as a move to contract out certain previously Town staffed duties, a decrease in utilities (approximately \$30,000) as a result of Franjo Park remaining closed post-Hurricane Irma, and a decrease in supplies (approximately \$10,000). The balance of the difference relates from a combination of smaller changes in various accounts.
- Community development expenditures increased approximately \$147,000 primarily due to increased expenditures for salaries and benefits (approximately \$37,000), primarily related to budgeted increases, and to increased contractual services (approximately \$192,000), primarily related to increased costs paid to the permit and inspection contractor due to increased building permit and inspection activity in fiscal year 2018. These increases were partially offset by a decrease in professional services (approximately \$75,000) due to more professional services costs being charged to applicants under the Town's cost recovery program. 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 \$900 decrease in debt service, resulting from the normal amortization of the Town's outstanding debt.

Capital outlay in the General Fund increased approximately \$27,400 in fiscal year 2018. In fiscal year 2018, the Town invested in equipment and made improvements for several of the Town's parks (approximately \$59,500), which included netting, fencing, lighting, outdoor fitness equipment and irrigation system upgrades, and made Town Hall Building improvements and computer/IT related and other equipment purchases (approximately \$142,900). Additionally, public safety capital outlay increased approximately \$12,300 as a result of the purchase of radar equipment. The increase from the prior year results primarily from increased capital outlay for parks (approximate \$9,600 increase), for public safety (approximate \$11,400 increase) and for general government (approximate \$6,400 increase) in fiscal year 2018. The balance of the difference relates from a combination of smaller changes in various accounts.

General Fund transfers out in fiscal year 2018 decreased approximately \$114,000 over fiscal year 2017 as a result of decreased funding from the General Fund for park capital projects (approximately \$75,000) and for the acquisition of an electronic message board as part of the JPA (Caribbean Blvd) roadway project (approximately \$39,000). General Fund transfers in decreased approximately \$72,800, reflecting decreased transfers in of gas taxes 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.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

CITT Fund (Continued)

In fiscal year 2018, the CITT Fund received intergovernmental revenues from this program of approximately \$1,879,400, an increase of approximately \$107,700 from the prior year. The CITT Fund earned interest income of approximately \$18,300 in fiscal year 2018 (versus approximately \$7,300 in fiscal year 2017). Total expenditures increased approximately \$1.59 million from fiscal year 2017. This resulted primarily from increased roadway resurfacing projects in fiscal year 2018 (approximate \$1.2 million increase), increased transit related expenditures (approximately \$356,000) for bus shelter design/construction and circulator bus enhancement costs, and increased professional services (approximately \$29,000) for design and project oversight costs, as well as for development of a traffic study. The fund balance of the CITT Fund decreased by approximately \$509,400 during fiscal 2018 and increased by approximately \$707,000 in fiscal year 2017, reflecting the net operating results for the respective fiscal periods. The CITT Fund reported fund balances at September 30, 2018 and September 30, 2017 of approximately \$2,900,800 and \$3,410,200, respectively, and are classified as restricted at both reporting dates.

Proprietary funds

The Town's proprietary fund was created to account for the Town's stormwater operations, which commenced in July 2008. Operations during fiscal year 2018 generated an increase in net position of approximately \$43,600, versus a decrease in net position of approximately \$58,400 during fiscal year 2017. The fiscal year 2018 increase in net position resulted from an operating loss of approximately \$93,100 plus net non-operating revenues of approximately \$97,800 (comprised of interest income of approximately \$5,000 and a capital grant of approximately \$158,600, offset by interest expense of approximately \$65,800) plus transfers in of approximately \$38,900.

Of the total net position at September 30, 2018 of approximately \$4.9 million, approximately \$4.1 million is classified as net investment in capital assets and approximately \$794,000 is classified as unrestricted. At September 30, 2017, total net position of approximately \$4.85 million was classified as \$3.83 million net investment in capital assets and \$1.02 million as unrestricted.

General Fund Budget Highlights

During fiscal years 2018 and 2017, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$3.6 million and \$1.7 million, respectively. For fiscal year 2018, the results were achieved as actual revenues exceeded budgeted amounts by approximately \$1.3 million while actual expenditures were approximately \$2.3 million less than budgeted. In fiscal year 2017, actual revenues exceeded budgeted amounts by approximately \$218,000 while actual expenditures were approximately \$1.5 million less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal year 2018 period, the primary contributing factors to the favorable revenue variance were better than expected collections from all revenue sources. The fiscal year 2018 results include Hurricane Irma related FEMA revenues (approximately \$574,000) and insurance proceeds (approximately \$326,200). While the economic climate in which the Town operated under in recent years has been improving, while preparing its fiscal year 2018 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 October 2018, the Town Council passed a budget amendment by resolution (#18-81) to:

1. In the General Fund, increase revenues by \$1,167,234 with a corresponding decrease to appropriation of prior year fund balance. The revenue changes reflected increases to franchise fees (\$250,000 for electricity and \$75,000 for solid waste), utility taxes (\$50,000 for electricity and \$25,000 for water), local option gas taxes (\$25,000), local government half-cent sales tax (\$150,000), building permits (\$250,000), rental income (\$70,000), violations of local ordinances (\$25,000), public assistance grants (\$27,435), and insurance proceeds (\$299,799), offset by decreases for communications services taxes (\$50,000) and judgements and fines (\$30,000).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

General Fund Budget Highlights (Continued)

2. In the General Fund, decrease total expenditures by \$155,000 with a corresponding decrease to appropriation of prior year fund balance. The budget amendment increased expenditures in (a) the Community Development department by \$350,000 for other contractual services, (b) the Public Works department by \$300,000 for other contractual services, (c) the Parks and Recreation department by \$250,000 for other contractual services, (d) the Town Clerk department by \$45,000 for other contractual services, and (e) the General Government department by \$100,000 for other contractual services. These increases were offset by (a) a \$400,000 decrease in capital outlay for the Town Hall Building department, (b) a \$100,000 decrease in Police Services, and (c) a \$700,000 decrease in Transfers Out.
3. In the Special Revenue – Safe Routes to School Fund, an increase in Transfers In by \$100,000 offset by increases in professional services and other contractual services expenditures totaling \$100,000.
4. In the Special Revenue – CITT Fund, an increase in other contractual services expenditures by \$670,000 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, 2018 and 2017, amounts to approximately \$40.7 million and \$5.7 million and \$42.5 million and \$5.6 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 Change
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
General Government	\$ 10,276	\$ 10,083	\$ -	\$ -	\$ 10,276	\$ 10,083	1.9%
Community Development	19,251	20,121	-	-	19,251	20,121	-4.3%
Public Safety	24	19	-	-	24	19	26.3%
Culture and Recreation	11,115	12,296	-	-	11,115	12,296	-9.6%
Public Works-Stormwater	-	-	5,723	5,571	5,723	5,571	2.7%
	<u>\$ 40,666</u>	<u>\$ 42,519</u>	<u>\$ 5,723</u>	<u>\$ 5,571</u>	<u>\$ 46,389</u>	<u>\$ 48,090</u>	-3.5%

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Capital Assets and Debt Administration (Continued)

Long-term debt

At September 30, 2018, the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$2.1 million, representing a 10.4% 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, 2018, approximately \$10.2 million was outstanding on those notes payable, representing a 11.5% 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, 2018, approximately \$1.66 million, represents a 6.8% decrease from the prior year.

The net pension liability at September 30, 2018 (approximately \$3.8 million) increased approximately 6.5% from the balance at September 30, 2017 (approximately \$3.6 million), primarily as a result of the current year GASB 68 valuation.

The Town also has liabilities related compensated absences. This approximates \$274,000 at September 30, 2018, versus \$237,000 at September 30, 2017, an increase of 15.6% from the prior year.

Total long-term debt decreased approximately \$1.4 million, or 7.3%, primarily as a result from scheduled debt service payments during fiscal year 2018, partially offset by the increase in the net pension liability resulting from the current year GASB 68 valuation and the increase in compensated absences.

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

	Governmental Activities		Business-type Activities		Total		Percent
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
QNIP bonds	\$ 2,134	\$ 2,383	\$ -	\$ -	\$ 2,134	\$ 2,383	-10.4%
Notes payable	10,189	11,511	-	-	10,189	11,511	-11.5%
Stormwater Utility Revenue Bonds	-	-	1,663	1,785	1,663	1,785	-6.8%
Net pension liability	3,838	3,603	-	-	3,838	3,603	6.5%
Compensated absences	<u>274</u>	<u>237</u>	<u>-</u>	<u>-</u>	<u>274</u>	<u>237</u>	15.6%
	<u>\$ 16,435</u>	<u>\$ 17,734</u>	<u>\$ 1,663</u>	<u>\$ 1,785</u>	<u>\$ 18,098</u>	<u>\$ 19,519</u>	-7.3%

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, 2018

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Miami-Dade County area at September 30, 2018 is approximately 3.5%, which is a decrease from a rate of 4.2% a year ago. The rate is slightly better than the national unemployment rate of 3.7%.
- Inflationary trends in the region are slightly higher than the national average.
- In setting its fiscal year 2019 budget, the Town adopted a mil rate of 2.4323, an increase over the 2.3907 mil rate adopted and in effect for fiscal year 2018. The adopted 2019 mil rate was 9.74% 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 2018), reflecting a gain of approximately 39% from the 2012 bottom. Building activity and new development within the Town in recent years are anticipated to extend into fiscal year 2019 with significant new planned projects in process. The Town anticipates property values to increase further in 2019 and 2020. 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.

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, 2018

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 20,381,160	\$ 792,215	\$ 21,173,375
Restricted Cash	4,897,920	-	4,897,920
Accounts receivable - net	2,577,058	358,681	2,935,739
Prepays	433,779	1,915	435,694
Capital assets not being depreciated:			
Land	10,400,739	-	10,400,739
Construction in progress	847,475	469,415	1,316,890
Capital assets being depreciated:			
Building	8,554,216	-	8,554,216
Computer hardware and software	1,019,708	6,523	1,026,231
Furniture and equipment	1,087,730	2,367	1,090,097
Infrastructure	57,938,811	8,855,487	66,794,298
Improvements	16,101,451	-	16,101,451
Property under capital lease	103,363	-	103,363
Total capital assets	96,053,493	9,333,792	105,387,285
Less accumulated depreciation	(55,387,844)	(3,610,539)	(58,998,383)
Total capital assets - net	40,665,649	5,723,253	46,388,902
Total assets	68,955,566	6,876,064	75,831,630
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on refunding	-	44,617	44,617
Pension contributions	1,882,418	-	1,882,418
Total deferred outflows of resources	1,882,418	44,617	1,927,035
<u>LIABILITIES</u>			
Accounts payable	3,983,532	358,716	4,342,248
Other liabilities	192,078	-	192,078
Accrued interest	10,909	-	10,909
Noncurrent liabilities:			
The amount due in one year	1,692,645	126,753	1,819,398
The amount due in over one year	14,742,415	1,535,865	16,278,280
Total liabilities	20,621,579	2,021,334	22,642,913
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Business license tax	44,603	-	44,603
Deferred revenue	43,684	-	43,684
Pension expenses	359,823	-	359,823
Total deferred inflows of resources	448,110	-	448,110
<u>NET POSITION</u>			
Net investment in capital assets	29,728,390	4,105,252	33,833,642
Restricted for:			
Capital projects	209,214	-	209,214
Public safety	170,036	-	170,036
Parks and recreation	1,073,620	-	1,073,620
Transportation	3,093,441	-	3,093,441
Unrestricted	15,493,594	794,095	16,287,689
Total net position	\$ 49,768,295	\$ 4,899,347	\$ 54,667,642

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-	Total
	<u>Expenses</u>	<u>Services</u>	<u>Grants and</u> <u>Contributions</u>	<u>Grants and</u> <u>Contributions</u>	<u>Activities</u>	<u>Type</u> <u>Activities</u>	
<u>Functions/Programs</u>							
Governmental activities:							
General government	\$ 7,705,651	\$ 707,244	\$ 2,076,955	\$ 517,928	\$ (4,403,524)	\$ -	\$ (4,403,524)
Public safety	9,442,229	391,919	-	1,311	(9,048,999)	-	(9,048,999)
Community development	2,732,777	1,339,332	1,500	-	(1,391,945)	-	(1,391,945)
Parks and recreation	3,685,932	140,923	331,353	22,553	(3,191,103)	-	(3,191,103)
Interest on long-term debt	392,443	-	-	-	(392,443)	(65,825)	(458,268)
Total governmental activities	<u>23,959,032</u>	<u>2,579,418</u>	<u>2,409,808</u>	<u>541,792</u>	<u>(18,428,014)</u>	<u>(65,825)</u>	<u>(18,493,839)</u>
Business-type activities:							
Stormwater	1,130,815	1,037,701	-	158,629	-	65,515	65,515
Total business-type activities	<u>1,130,815</u>	<u>1,037,701</u>	<u>-</u>	<u>158,629</u>	<u>-</u>	<u>65,515</u>	<u>65,515</u>
Total	<u>\$ 25,089,847</u>	<u>\$ 3,617,119</u>	<u>\$ 2,409,808</u>	<u>\$ 700,421</u>	<u>(18,428,014)</u>	<u>(310)</u>	<u>(18,428,324)</u>
General revenues:							
Property taxes					5,412,467	-	5,412,467
Utility taxes					3,202,656	-	3,202,656
Franchise fees based on gross receipts					1,452,706	-	1,452,706
Intergovernmental (unrestricted)					7,102,045	-	7,102,045
Interest and other income (unrestricted)					686,332	5,057	691,389
Transfers					(38,878)	38,878	-
Total general revenues and transfers					<u>17,817,328</u>	<u>43,935</u>	<u>17,861,263</u>
Change in net position					<u>(610,686)</u>	<u>43,625</u>	<u>(567,061)</u>
Net position, Beginning					<u>50,378,981</u>	<u>4,855,722</u>	<u>55,234,703</u>
Net position, Ending					<u>\$ 49,768,295</u>	<u>\$ 4,899,347</u>	<u>\$ 54,667,642</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<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	20,381,160	\$ -	\$ -	\$ 20,381,160
Restricted Cash	7,052	3,060,307	1,830,561	4,897,920
Accounts receivable - net	1,522,823	635,015	419,220	2,577,058
Prepays	432,821	-	958	433,779
Due from other funds	605,456	-	-	605,456
Total assets	<u>\$ 22,949,312</u>	<u>\$ 3,695,322</u>	<u>\$ 2,250,739</u>	<u>\$ 28,895,373</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 3,300,450	614,461	\$ 68,621	\$ 3,983,532
Other liabilities	192,078	-	-	192,078
Due to other funds	-	-	605,456	605,456
Total liabilities	<u>3,492,528</u>	<u>614,461</u>	<u>674,077</u>	<u>4,781,066</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	-	180,063	-	180,063
Deferred Revenue	43,684	-	-	43,684
Business license tax	44,603	-	-	44,603
Total deferred inflows of resources	<u>88,287</u>	<u>180,063</u>	<u>-</u>	<u>268,350</u>
<u>FUND BALANCES</u>				
Nonspendable	432,821	-	958	433,779
Restricted	68,851	2,900,798	1,576,662	4,546,311
Assigned	1,000,000	-	-	1,000,000
Unassigned	17,866,825	-	(958)	17,865,867
Total fund balances	<u>19,368,497</u>	<u>2,900,798</u>	<u>1,576,662</u>	<u>23,845,957</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,949,312</u>	<u>\$ 3,695,322</u>	<u>\$ 2,250,739</u>	<u>\$ 28,895,373</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, 2018

Fund balances - total government funds (Page 23) \$ 23,845,957

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	96,053,493	
Less accumulated depreciation	<u>(55,387,844)</u>	40,665,649

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

Long term debt	(12,322,975)	
Net pension liability	(3,837,530)	
Compensated absences	(274,555)	
Accrued interest payable	<u>(10,909)</u>	(16,445,969)

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.	180,063
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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	1,882,418
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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>(359,823)</u>
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Net position of governmental activities (Page 21) \$ 49,768,295

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Major Funds		Other	Total
	General	CITT Fund	Governmental Funds	Governmental Funds
REVENUES:				
Property taxes	\$ 5,412,467	\$ -	\$ -	\$ 5,412,467
Franchise fees	1,452,706	-	-	1,452,706
Utility taxes	3,202,656	-	-	3,202,656
Charges for services	380,943	-	-	380,943
Intergovernmental	7,116,545	1,879,392	828,251	9,824,188
Licenses and permits	1,339,332	-	-	1,339,332
Impact fees	-	-	29,894	29,894
Fines and forfeitures	233,183	-	-	233,183
Interest	125,767	18,274	5,106	149,147
Rental income	625,960	-	-	625,960
Grants and Contributions	19,500	-	-	19,500
Miscellaneous	537,185	-	-	537,185
Total revenues	<u>20,446,244</u>	<u>1,897,666</u>	<u>863,251</u>	<u>23,207,161</u>
EXPENDITURES:				
Current:				
General government	4,949,913	1,826,453	75,858	6,852,224
Public safety	9,434,650	-	-	9,434,650
Community development	1,490,476	-	-	1,490,476
Parks and recreation	1,958,023	-	316,353	2,274,376
Debt service:				
Principal retirement	1,570,168	-	-	1,570,168
Interest	381,534	-	-	381,534
Capital outlay:				
General government	142,921	404,416	588,978	1,136,315
Public safety	12,299	-	-	12,299
Parks and recreation	59,469	-	72,743	132,212
Total expenditures	<u>19,999,453</u>	<u>2,230,869</u>	<u>1,053,932</u>	<u>23,284,254</u>
Excess (deficiency) of revenues over expenditures	<u>446,791</u>	<u>(333,203)</u>	<u>(190,681)</u>	<u>(77,093)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	227,132	-	447,494	674,626
Transfers out	<u>(56,243)</u>	<u>(176,229)</u>	<u>(481,032)</u>	<u>(713,504)</u>
Total other financing sources (uses)	<u>170,889</u>	<u>(176,229)</u>	<u>(33,538)</u>	<u>(38,878)</u>
Net change in fund balances	617,680	(509,432)	(224,219)	(115,971)
Fund balances, beginning	<u>18,750,817</u>	<u>3,410,230</u>	<u>1,800,881</u>	<u>23,961,928</u>
Fund balances, ending	<u>\$ 19,368,497</u>	<u>\$ 2,900,798</u>	<u>\$ 1,576,662</u>	<u>\$ 23,845,957</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, 2018

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 25)	\$ (115,971)
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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	1,280,826	
Less current year depreciation	<u>(3,133,784)</u>	
		(1,852,958)

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.	81,994
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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	1,570,168
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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	1,417	
Compensated absences	(37,403)	
Adjustment to net pension liability	(234,476)	

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	(203,520)
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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>180,063</u>
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Change in net position of governmental activities (Page 22)	<u>\$ (610,686)</u>
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TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	<u>Stormwater</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 792,215
Accounts receivables	358,681
Prepays	<u>1,915</u>
Total current assets	<u>1,152,811</u>
Non-current assets:	
Capital assets, net	<u>5,723,253</u>
Total non-current assets	<u>5,723,253</u>
Total assets	<u>6,876,064</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Loss on refunding	<u>44,617</u>
Total deferred outflows of resources	<u>44,617</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	358,716
Current portion of revenue bonds	<u>126,753</u>
Total current liabilities	<u>485,469</u>
Non-current liabilities:	
Revenue bonds	<u>1,535,865</u>
Total non-current liabilities	<u>1,535,865</u>
Total liabilities	<u>2,021,334</u>
Net position:	
Net investment in capital assets	4,105,252
Unrestricted	<u>794,095</u>
Total net position	<u>\$ 4,899,347</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater</u>
Operating revenues:	
Charges for services	\$ 1,037,701
Total revenues	<u>1,037,701</u>
Operating expenses:	
Operations and maintenance	949,771
Depreciation	<u>181,044</u>
Total operating expenses	<u>1,130,815</u>
Operating income (loss)	<u>(93,114)</u>
Non-operating revenues (expenses):	
Interest income	5,057
Interest expense	<u>(65,825)</u>
Capital grant	<u>158,629</u>
Total non-operating revenues (expenses)	<u>97,861</u>
Transfers in	<u>38,878</u>
Changes in net position	43,625
Net position - Beginning	<u>4,855,722</u>
Net position - Ending	<u>\$ 4,899,347</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater</u>
Cash flows from operating activities:	
Cash received from customers	\$ 892,270
Cash paid to employees	(192,281)
Cash paid to suppliers	(522,781)
Cash paid for prepaid assets	(14)
Net cash provided by operating activities	<u>177,194</u>
Cash flows from non-capital financing activities:	
Transfers from other funds	<u>38,878</u>
Net cash provided by non-capital financing activities	<u>38,878</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(333,086)
Interest payments	(61,769)
Principal payments	(122,600)
Capital grant contribution	<u>158,629</u>
Net cash used in capital and related financing activities	<u>(358,826)</u>
Cash flows from investing activities	
Interest income	<u>5,057</u>
Net cash provided by investing activities	<u>5,057</u>
Net change in Cash	(137,697)
Cash - beginning	<u>929,912</u>
Cash - ending	<u>\$ 792,215</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (93,114)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	181,044
Change in operating assets and liabilities:	
Accounts receivables	(145,431)
Prepays	(14)
Accounts payable	<u>234,709</u>
Net cash provided by operating activities	<u>\$ 177,194</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, 2018

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, 2018

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, 2018

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, 2018 was 2.3907 mills per \$1,000 of assessed valuation.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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>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

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, 2018

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 business license renewals received in advance.
11. Net Position - Total equity as of September 30, 2018, 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, 2018, 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, 2018

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	\$ 432,821	\$ -	\$ 958	\$ 433,779
Restricted:				
Transportation	-	2,900,798	192,643	3,093,441
Parks and recreation	-	-	1,073,620	1,073,620
Public safety	68,851	-	101,185	170,036
Capital projects	-	-	209,214	209,214
Assigned:				
Building: capital reserve	500,000	-	-	500,000
Building: operating reserve	500,000	-	-	500,000
Unassigned	17,866,825	-	(958)	17,865,867
Total fund balances	<u>\$19,368,497</u>	<u>\$2,900,798</u>	<u>\$ 1,576,662</u>	<u>\$23,845,957</u>
Fund balances:				
Nonspendable	\$ 432,821	\$ -	\$ 958	\$ 433,779
Restricted	68,851	2,900,798	1,576,662	4,546,311
Assigned	1,000,000	-	-	1,000,000
Unassigned	17,866,825	-	(958)	17,865,867
Total fund balances	<u>\$19,368,497</u>	<u>\$2,900,798</u>	<u>\$ 1,576,662</u>	<u>\$23,845,957</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, 2018

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 records a Net OPEB obligation in its government-wide financial statements related to the implicit subsidy. For governmental activities, the net other postemployment benefit obligation typically will be liquidated by the general fund. The OPEB plan does not issue separate financial statements.

- 15. Use of Estimates** - The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, postretirement obligations and useful lives and impairment of tangible assets, the determination of the actuarially accrued liability for unpaid claims, which is prepared based upon certain assumptions pertaining to interest rates, inflation rates, etc., among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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, 2018, 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, 2018, 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, 2018 were as follows:

	<u>Taxes</u>	<u>Grants</u>	<u>Fees</u>	<u>Others</u>	<u>Totals</u>
General Fund	\$ 860,477	\$ 604,812	\$ 17,690	\$ 39,844	\$ 1,522,823
CITT Fund	-	635,015	-	-	635,015
Non-major governmental funds	-	419,220	-	-	419,220
Stormwater Fund	-	158,629	200,052	-	358,681
	<u>\$ 860,477</u>	<u>\$ 1,817,676</u>	<u>\$ 217,742</u>	<u>\$ 39,844</u>	<u>\$ 2,935,739</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018 were as follows:

	<u>Vendors</u>	<u>Miami-Dade County</u>	<u>Total</u>
General Fund	\$ 603,623	\$ 2,696,827	\$ 3,300,450
CITT Fund	533,306	81,155	614,461
Non-major governmental funds	68,621	-	68,621
Stormwater Fund	238,716	120,000	358,716
	<u>\$ 1,444,266</u>	<u>\$ 2,897,982</u>	<u>\$ 4,342,248</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2018 was as follows:

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance September 30, 2018</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,400,739	\$ -	\$ -	\$ -	\$ 10,400,739
Construction in progress	93,019	831,608	-	(77,152)	847,475
Total capital assets not being depreciated	<u>10,493,758</u>	<u>831,608</u>	<u>-</u>	<u>(77,152)</u>	<u>11,248,214</u>
Capital assets being depreciated:					
Building	8,554,216	-	-	-	8,554,216
Infrastructure	57,640,563	237,400	-	60,848	57,938,811
Improvements	15,990,718	94,429	-	16,304	16,101,451
Computer hardware and software	992,282	27,426	-	-	1,019,708
Property under capital lease	103,363	-	-	-	103,363
Furniture and equipment	997,766	89,964	-	-	1,087,730
Total capital assets being depreciated	<u>84,278,908</u>	<u>449,219</u>	<u>-</u>	<u>77,152</u>	<u>84,805,279</u>
Less accumulated depreciation for:					
Building	(3,273,828)	(427,855)	-	-	(3,701,683)
Infrastructure	(37,161,259)	(1,178,651)	-	-	(38,339,910)
Improvements	(9,925,273)	(1,434,459)	-	-	(11,359,732)
Computer hardware and software	(950,593)	(36,900)	-	-	(987,493)
Property under capital lease	(103,363)	-	-	-	(103,363)
Furniture and equipment	(839,744)	(55,919)	-	-	(895,663)
Total accumulated depreciation	<u>(52,254,060)</u>	<u>(3,133,784)</u>	<u>-</u>	<u>-</u>	<u>(55,387,844)</u>
Total capital assets being depreciated, net	<u>32,024,848</u>	<u>(2,684,565)</u>	<u>-</u>	<u>77,152</u>	<u>29,417,435</u>
Governmental activities capital assets, net	<u>\$ 42,518,606</u>	<u>\$ (1,852,957)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,665,649</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activities for the fiscal year ended September 30, 2018 was as follows: (Continued)

	Balance October 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance September 30, <u>2018</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 136,329	\$ 333,086	\$ -	\$ -	\$ 469,415
Total capital assets not being depreciated	<u>136,329</u>	<u>333,086</u>	<u>-</u>	<u>-</u>	<u>469,415</u>
Capital assets being depreciated:					
Furniture and equipment	2,367	-	-	-	2,367
Computer hardware and software	6,523	-	-	-	6,523
Infrastructure	8,855,487	-	-	-	8,855,487
Total capital assets being depreciated	<u>8,864,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,864,377</u>
Less accumulated depreciation for:					
Furniture and equipment	(513)	(473)	-	-	(986)
Computer hardware and software	(6,523)	-	-	-	(6,523)
Infrastructure	(3,422,459)	(180,571)	-	-	(3,603,030)
Total accumulated depreciation	<u>(3,429,495)</u>	<u>(181,044)</u>	<u>-</u>	<u>-</u>	<u>(3,610,539)</u>
Total capital assets being depreciated, net	<u>5,434,882</u>	<u>(181,044)</u>	<u>-</u>	<u>-</u>	<u>5,253,838</u>
Business-type activities capital assets, net	<u>\$ 5,571,211</u>	<u>\$ 152,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,723,253</u>

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

General government	\$ 717,653
Public safety	7,579
Community development	1,168,614
Parks and recreation	1,239,938
Total depreciation expense - governmental activities	<u>\$ 3,133,784</u>

NOTE 6 - LONG-TERM DEBTPublic 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, 2018, the public service taxes pledged amounted to \$3,202,656 and the debt service was \$346,622. The pledged revenues provided a coverage ratio of 9.2.

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity for the fiscal year ending September 30, 2018 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 258,505	\$ 87,683	\$ 346,188
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 - 2027	733,695	73,544	807,239
Totals	<u>\$ 2,133,640</u>	<u>\$ 403,077</u>	<u>\$ 2,536,717</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, 2018, the Town's share of the Local Government Half-Cent Sales Tax available for this pledge was \$3,541,752 and debt service was \$1,262,804. The pledged revenues provided a coverage ratio of 2.8.

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, 2018 the Town's legally available Non-Ad Valorem Revenues applicable to this pledge were \$11,145,403 and the debt service was \$342,275. The pledged revenues provided a coverage ratio of 32.6.

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

Debt service requirements to maturity for the fiscal year ending September 30, 2018 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,355,576	\$ 249,503	\$ 1,605,079
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
2024-2028	3,120,579	276,360	3,396,939
2029-2030	878,830	23,479	902,309
	<u>\$ 10,189,335</u>	<u>\$ 1,217,587</u>	<u>\$ 11,406,922</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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, 2018 the stormwater fees pledged amounted to \$1,037,701 and the debt service was \$184,369. 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 \$44,617 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, 2018 was \$122,600 and the balance of the remaining principal payments range from \$126,753 to \$178,091 through September 2029.

Debt service requirements to maturity for the fiscal year ending September 30, 2018 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 126,753	\$ 57,527	\$ 184,280
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
2024-2028	805,181	116,283	921,464
2029	178,091	6,162	184,253
	<u>\$ 1,662,618</u>	<u>\$ 364,668</u>	<u>\$ 2,027,286</u>

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2018:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Governmental activities:					
QNIP bonds	\$ 2,382,510	\$ -	\$ (248,870)	\$ 2,133,640	\$ 258,505
Notes payable	11,510,633	-	(1,321,298)	10,189,335	1,355,576
Net pension liability	3,603,054	234,476	-	3,837,530	-
Compensated absences	237,152	181,733	(144,330)	274,555	78,564
Total governmental activities	<u>\$ 17,733,349</u>	<u>\$ 416,209</u>	<u>\$ (1,714,498)</u>	<u>\$ 16,435,060</u>	<u>\$ 1,692,645</u>
Business-type activities:					
Stormwater utility revenue bonds	\$ 1,785,218	\$ -	\$ (122,600)	\$ 1,662,618	\$ 126,753
Total business-type activities	<u>\$ 1,785,218</u>	<u>\$ -</u>	<u>\$ (122,600)</u>	<u>\$ 1,662,618</u>	<u>\$ 126,753</u>

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2018, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 605,456	\$ -
Non-major governmental funds	-	605,456
	<u>\$ 605,456</u>	<u>\$ 605,456</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, 2018 was as follows:

	Transfers In*	Transfers Out*
General Fund	\$ 227,132	\$ 56,243
CITT Fund	-	176,229
Non-major Governmental Funds	447,494	481,032
Stormwater Fund	38,878	-
	<u>\$ 713,504</u>	<u>\$ 713,504</u>

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

- \$176,229 was transferred from the CITT Fund (a major governmental fund) to fund the Town's portion of costs related to several projects, \$75,858 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, \$61,493 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, and \$38,878 was transferred to the Stormwater Fund (an Enterprise Fund) for roadway improvements related to the SW 100 Ave drainage project (\$24,746) and the Saga Bay 1.2 drainage project (\$14,132).
- \$481,032 was transferred from the Special Revenue Fund (a non-major governmental fund) to transfer gas taxes (\$227,132) to the General Fund for sidewalk repair projects, to transfer road impact fees (\$237,400) to the Sidewalk Fund (a non-major governmental fund) to provide for the Town costs of a sidewalk project, and to transfer park impact fees (\$16,500) to the Capital Projects (Parks) Fund (a non-major governmental fund) for various park infrastructure improvement projects.
- \$56,243 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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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).

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Plan Description(Continued)

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.

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 8 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Benefits Provided (Continued)

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2017 through June 30, 2018 were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (*)
FRS, Regular	3.00	7.92
FRS, Elected County Officers	3.00	45.50
FRS, Senior Management Service	3.00	22.71
FRS, Special Risk Regular	3.00	23.27
DROP- Applicable to members from all of the above classes	N/A	11.60

*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 \$322,591 and employee contributions totaled \$75,179 for the fiscal year ended September 30, 2018.

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

At September 30, 2018, the Town reported a liability of \$2,988,680 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Town's proportionate share of the net pension liability was based on the Town's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating member. At June 30, 2018, the Town's proportionate share was 0.0099%, which was an increase from its proportionate share of 0.0093% measured at June 30, 2017.

Aggregate amount for all pension plans

	Florida Retirement System	Total
Pension liabilities	\$ 3,837,530	\$ 3,837,530
Deferred outflows of resources	1,882,418	1,882,418
Deferred inflows of resources	359,823	359,823
Pension expenses	437,050	437,050

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, the Town recognized pension expense of \$398,218 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	\$ 253,186	\$ 9,189
Change of assumptions	976,555	-
Net difference between projected and actual earnings on FRS pension plan investments	-	230,912
Changes in proportion and differences between Town FRS contributions and proportionate share of contributions	387,130	28,532
Town FRS contributions subsequent to measurement date	79,920	-
Total	<u>\$ 1,696,791</u>	<u>\$ 268,633</u>

The deferred outflows of resources related to pensions, totaling \$79,920, 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, 2018. 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>
2019	\$ 557,158
2020	351,420
2021	70,548
2022	204,900
2023	140,189
Thereafter	24,023

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2018, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.40%, 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.0%
Global equity	54.0%	7.6%	6.3%	17.0%
Real estate (property)	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic investments	<u>6.0%</u>	6.0%	5.7%	8.6%
	<u>100%</u>			
Assumed inflation-Mean			2.6%	1.9%

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 7.00 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 7.00 percent, as well as what the Town's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Town's proportionate share of the net pension liability	\$ 5,454,467	\$ 2,988,680	\$ 940,699

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, 2018

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, 2018, and pension expense / adjustment for the fiscal year ended September 30, 2018 was allocated as follows:

	Percent <u>Allocation</u>	FRS Pension				Pension Expense/ <u>Adjustment</u>
		Net Pension <u>Liability</u>	Deferred Outflow <u>of Resources</u>	Deferred Inflow <u>of Resources</u>		
Governmental Activities	100.00%	\$ (2,988,680)	\$ 1,696,791	\$ 268,633	\$	398,218

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, 2018 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, 2018, the HIS contribution for the period July 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 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 \$43,474 for the fiscal year ended September 30, 2018.

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

At September 30, 2018, the Town reported a net pension liability of \$848,850 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, 2018 and was recalculated and projected to the measurement date of June 30, 2018 using a standard actuarial roll-forward technique. The Town's proportionate share of the net pension liability was based on the Town's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the Town's proportionate share was 0.0080 percent, which was an increase from its proportionate share of 0.0079 percent measured at June 30, 2017.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, the Town recognized pension expense of \$38,832 related to the HIS Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows of 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	\$ 12,996	\$ 1,442
Change of assumptions	94,403	89,748
Net difference between projected and actual earnings on HIS pension plan investments	512	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	66,261	-
Town HIS contributions subsequent to measurement date	11,455	-
Total	<u>\$ 185,627</u>	<u>\$ 91,190</u>

The deferred outflows of resources related to pensions, totaling \$11,455, 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, 2018. 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>
2019	\$ 30,788
2020	30,745
2021	19,596
2022	9,688
2023	(5,253)
Thereafter	(2,582)

Actuarial Assumptions

The HIS pension as of July 1, 2018 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	3.87%

The actuarial assumptions that determined total pension liability as of June 30, 2018 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 3.58 to 3.87 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 3.87 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 (2.87 percent) or one percentage point higher (4.87 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Town's proportionate share of the net pension liability	\$ 966,791	\$ 848,850	\$ 750,540

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, 2018, and pension expense / adjustment for the fiscal year ended September 30, 2018 was as follows:

	HIS Plan				
	Percent Allocation	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense/ Adjustment
Governmental Activities	100%	\$ (848,850)	\$ 185,627	\$ 91,190	\$ 38,832

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, 2018

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, 2018, 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 \$0.97 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

On May 4, 2010, the Town executed an agreement with Miami-Dade County for local police patrol and other services. Services to the Town under the contract commenced on August 20, 2009. This agreement expired on August 20, 2014. In January 2015, a new agreement was entered into retroactive to August 20, 2014. The County provides a quarterly reconciliation to the Town whereby these monthly budgeted amounts are compared with actual costs incurred and the resulting difference is billed or credited to the Town. Payments for the services provided by the County for subsequent fiscal years shall be based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. For fiscal year 2017, approximately \$9,396,000 was paid by the Town for such services. The current agreement expires on August 20, 2019.

Agreement with Miami-Dade County School Board

In May 2012, the Town entered into an Interlocal agreement with the Miami-Dade County School Board (the "School Board") to provide for the establishment of three choice academies of study at existing Town schools which brought to the Town its first ever high school level curriculum. The agreement expired in May 2018, and the Town incurred no costs pursuant to this program in fiscal year 2018.

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.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
Revenues:				
Property taxes	\$ 5,385,365	\$ 5,385,365	\$ 5,412,467	\$ 27,102
Franchise fees	1,100,000	1,425,000	1,452,706	27,706
Utility taxes	3,100,000	3,175,000	3,202,656	27,656
Charges for services	310,500	310,500	380,943	70,443
Intergovernmental	6,320,880	6,473,315	7,116,545	643,230
Licenses and permits	1,014,000	1,264,000	1,339,332	75,332
Fines and forfeitures	190,000	185,000	233,183	48,183
Interest	40,000	40,000	125,767	85,767
Rental income	515,000	585,000	625,960	40,960
Grants and Contributions	15,000	15,000	19,500	4,500
Miscellaneous	500	300,299	537,185	236,886
Total revenues	<u>17,991,245</u>	<u>19,158,479</u>	<u>20,446,244</u>	<u>1,287,765</u>
Expenditures:				
General government	3,131,083	3,231,083	2,782,964	448,119
Legislative	205,589	205,589	158,701	46,888
Town clerk	512,145	557,145	428,616	128,529
Finance	486,343	486,343	465,803	20,540
Town attorney	475,000	475,000	424,262	50,738
Town Hall building	2,388,638	1,988,638	1,662,488	326,150
Community development	1,416,581	1,766,581	1,490,476	276,105
Public works	1,031,637	1,331,637	1,121,702	209,935
Parks and recreation	2,161,193	2,411,193	2,017,492	393,701
Police services	9,969,617	9,869,617	9,446,949	422,668
Total expenditures	<u>21,777,826</u>	<u>22,322,826</u>	<u>19,999,453</u>	<u>2,323,373</u>
Excess (deficiency) of revenues over expenditures	<u>(3,786,581)</u>	<u>(3,164,347)</u>	<u>446,791</u>	<u>3,611,138</u>
Other financing sources (uses):				
Transfers in	275,000	275,000	227,132	(47,868)
Transfers out	<u>(900,000)</u>	<u>(200,000)</u>	<u>(56,243)</u>	<u>143,757</u>
Total other financing sources (uses)	<u>(625,000)</u>	<u>75,000</u>	<u>170,889</u>	<u>95,889</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(4,411,581)</u>	<u>(3,089,347)</u>	<u>617,680</u>	<u>3,707,027</u>
Fund balance appropriated	<u>4,411,581</u>	<u>3,089,347</u>	<u>-</u>	<u>(3,089,347)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>617,680</u>	<u>\$ 617,680</u>
Fund balances - beginning			<u>18,750,817</u>	
Fund balances - ending			<u>\$ 19,368,497</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, 2018

	<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	\$ 1,700,000	\$ 1,700,000	\$ 1,879,392	\$ 179,392
Interest	<u>5,000</u>	<u>5,000</u>	<u>18,274</u>	<u>13,274</u>
Total revenues	<u>1,705,000</u>	<u>1,705,000</u>	<u>1,897,666</u>	<u>179,392</u>
Expenditures:				
Current:				
General government	1,237,167	1,907,167	1,826,453	80,714
Capital outlay:				
General government	<u>690,000</u>	<u>690,000</u>	<u>404,416</u>	<u>285,584</u>
Total expenditures	<u>1,927,167</u>	<u>2,597,167</u>	<u>2,230,869</u>	<u>366,298</u>
Excess (deficiency) of				
revenues over expenditures	<u>(222,167)</u>	<u>(892,167)</u>	<u>(333,203)</u>	<u>558,964</u>
Other financing sources (uses) :				
Transfers out	<u>(678,341)</u>	<u>(678,341)</u>	<u>(176,229)</u>	<u>502,112</u>
Total other financing sources (uses)	<u>(678,341)</u>	<u>(678,341)</u>	<u>(176,229)</u>	<u>502,112</u>
Revenues over (under) expenditures and				
other financing sources (uses)	(900,508)	(1,570,508)	(509,432)	1,061,076
Fund balance appropriated	<u>900,508</u>	<u>1,570,508</u>	<u>-</u>	<u>(1,570,508)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(509,432)</u>	<u>\$ (509,432)</u>
Fund balances, Beginning			<u>3,410,230</u>	
Fund balances, Ending			<u>\$ 2,900,798</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018 were as follows:

In October 2018, the Town Council passed a budget amendment by resolution (#18-81) to:

1. In the General Fund, increase revenues by \$1,167,234 with a corresponding decrease to appropriation of prior year fund balance. The revenue changes reflected increases to franchise fees (\$250,000 for electricity and \$75,000 for solid waste), utility taxes (\$50,000 for electricity and \$25,000 for water), local option gas taxes (\$25,000), local government half-cent sales tax (\$150,000), building permits (\$250,000), rental income (\$70,000), violations of local ordinances (\$25,000), public assistance grants (\$27,435), and insurance proceeds (\$299,799), offset by decreases for communications services taxes (\$50,000) and judgements and fines (\$30,000).
2. In the General Fund, decrease total expenditures by \$155,000 with a corresponding decrease to appropriation of prior year fund balance. The budget amendment increased expenditures in (a) the Community Development department by \$350,000 for other contractual services, (b) the Public Works department by \$300,000 for other contractual services, (c) the Parks and Recreation department by \$250,000 for other contractual services, (d) the Town Clerk department by \$45,000 for other contractual services, and (e) the General Government department by \$100,000 for other contractual services. These increases were offset by (a) a \$400,000 decrease in capital outlay for the Town Hall Building department, (b) a \$100,000 decrease in Police Services, and (c) a \$700,000 decrease in Transfers Out.
3. In the Special Revenue – Safe Routes to School Fund, an increase in Transfers In by \$100,000 offset by increases in professional services and other contractual services expenditures totaling \$100,000.
4. In the Special Revenue – CITT Fund, an increase in other contractual services expenditures by \$670,000 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, Sidewalks Fund, CITT Fund, Capital Projects (Parks) Fund and the Stormwater Fund have legally adopted budgets which were passed prior to the October 1, 2017 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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the FRS net pension liability	0.0099%	0.0093%	0.0086%	0.0090%	0.0079%
Town's proportionate share of the FRS net pension liability	\$ 2,988,680	\$ 2,756,704	\$ 2,173,623	\$ 1,161,135	\$ 479,192
Town's covered payroll	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 employee payroll	114.09%	109.26%	92.62%	51.21%	22.07%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.69%	84.88%	92.00%	96.09%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 322,591	\$ 291,685	\$ 263,864	\$ 257,764	\$ 221,937
FRS contribution in relation to the contractually required contribution	<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>
Town's covered payroll	2,618,896	2,563,058	2,452,272	2,292,976	2,191,509
FRS contribution as a percentage of covered employee payroll	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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the HIS net pension liability	0.0080%	0.0079%	0.0076%	0.0075%	0.0073%
Town's proportionate share of the HIS net pension liability	\$ 848,850	\$ 846,350	\$ 885,811	\$ 762,143	\$ 683,152
Town's covered payroll	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 employee payroll	32.41%	33.55%	37.75%	33.62%	31.47%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 43,474	\$ 42,547	\$ 40,708	\$ 31,082	\$ 26,611
HIS contribution in relation to the contractually required contribution	<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>
Town's covered payroll	2,618,896	2,563,058	2,452,272	2,292,976	2,191,509
HIS contribution as a percentage of covered employee payroll	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.

Sidewalks Fund – This fund was established to account for revenues derived from road impact fees and other sources to be used specifically for sidewalk connectivity projects within the Town.

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, 2018

	Special Revenue Funds						Capital Projects	Total Nonmajor Governmental Funds
	Special Revenue Fund	Transportation Fund	The Children's Trust Fund	Safe Routes To School	DJJ Fund	Sidewalks	Capital Projects (Parks) Fund	
<u>ASSETS</u>								
Restricted Cash	\$ 1,830,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,561
Accounts receivables, net	18,434	290,085	97,620	-	13,081	-	-	419,220
Prepays	-	-	958	-	-	-	-	958
Total assets	<u>\$ 1,848,995</u>	<u>\$ 290,085</u>	<u>\$ 98,578</u>	<u>\$ -</u>	<u>\$ 13,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250,739</u>
<u>LIABILITIES</u>								
Accounts payable	\$ -	\$ 59,247	\$ 7,818	\$ -	\$ 1,556	\$ -	\$ -	\$ 68,621
Due to other funds	272,333	230,838	90,760	-	11,525	-	-	605,456
Total liabilities	<u>272,333</u>	<u>290,085</u>	<u>98,578</u>	<u>-</u>	<u>13,081</u>	<u>-</u>	<u>-</u>	<u>674,077</u>
<u>FUND BALANCES</u>								
Nonspendable	-	-	958	-	-	-	-	958
Restricted	1,576,662	-	-	-	-	-	-	1,576,662
Unassigned	-	-	(958)	-	-	-	-	(958)
Total fund balances	<u>1,576,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,662</u>
Total liabilities and fund balances	<u>\$ 1,848,995</u>	<u>\$ 290,085</u>	<u>\$ 98,578</u>	<u>\$ -</u>	<u>\$ 13,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250,739</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, 2018

	Special Revenue Funds						Capital Projects	Total Nonmajor Governmental Funds
	Special Revenue Fund	Transportation Fund	The Children's Trust Fund	Safe Routes To School	DJJ Fund	Sidewalks	Capital Projects (Parks) Fund	
Revenues:								
Intergovernmental	\$ 221,813	\$ 290,085	\$ 254,021	\$ -	\$ 62,332	\$ -	\$ -	\$ 828,251
Impact fees	29,894	-	-	-	-	-	-	29,894
Interest	5,106	-	-	-	-	-	-	5,106
Total revenues	<u>256,813</u>	<u>290,085</u>	<u>254,021</u>	<u>-</u>	<u>62,332</u>	<u>-</u>	<u>-</u>	<u>863,251</u>
Expenditures:								
Current:								
General government	-	-	-	75,858	-	-	-	75,858
Parks and recreation	-	-	254,021	-	62,332	-	-	316,353
Capital outlay:								
General government	-	351,578	-	-	-	237,400	-	588,978
Parks and recreation	-	-	-	-	-	-	72,743	72,743
Total expenditures	<u>-</u>	<u>351,578</u>	<u>254,021</u>	<u>75,858</u>	<u>62,332</u>	<u>237,400</u>	<u>72,743</u>	<u>1,053,932</u>
Excess (deficiency) of revenues over expenditures	<u>256,813</u>	<u>(61,493)</u>	<u>-</u>	<u>(75,858)</u>	<u>-</u>	<u>(237,400)</u>	<u>(72,743)</u>	<u>(190,681)</u>
Other financing sources:								
Transfers in	-	61,493	-	75,858	-	237,400	72,743	447,494
Transfers out	(481,032)	-	-	-	-	-	-	(481,032)
Total other financing sources (uses)	<u>(481,032)</u>	<u>61,493</u>	<u>-</u>	<u>75,858</u>	<u>-</u>	<u>237,400</u>	<u>72,743</u>	<u>(33,538)</u>
Net change in fund balance	<u>(224,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,219)</u>
Fund balances, beginning	<u>1,800,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800,881</u>
Fund balances, ending	<u>\$ 1,576,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,576,662</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 209,295	\$ 209,295	\$ 221,813	\$ 12,518
Impact fees	116,000	116,000	29,894	(86,106)
Interest	<u>3,000</u>	<u>3,000</u>	<u>5,106</u>	<u>2,106</u>
Total revenues	<u>328,295</u>	<u>328,295</u>	<u>256,813</u>	<u>(71,482)</u>
Other financing uses:				
Transfers out	<u>806,000</u>	<u>806,000</u>	<u>481,032</u>	<u>(324,968)</u>
Total other financing use	<u>806,000</u>	<u>806,000</u>	<u>481,032</u>	<u>(324,968)</u>
Revenues over (under) expenditures and other financing sources (uses)	(477,705)	(477,705)	(224,219)	253,486
Fund balance appropriated	<u>477,705</u>	<u>477,705</u>	-	<u>(477,705)</u>
Net change in fund balance	\$ -	\$ -	(224,219)	\$ (224,219)
Fund balances, beginning			<u>1,800,881</u>	
Fund balances, ending			<u>\$ 1,576,662</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - THE CHILDREN'S TRUST FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 279,540	\$ 279,540	\$ 254,021	\$ (25,519)
Total revenues	<u>279,540</u>	<u>279,540</u>	<u>254,021</u>	<u>(25,519)</u>
Expenditures:				
Current				
Parks and recreation	<u>279,540</u>	<u>279,540</u>	<u>254,021</u>	<u>25,519</u>
Total expenditures	<u>279,540</u>	<u>279,540</u>	<u>254,021</u>	<u>25,519</u>
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning			-	
Fund balances, ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS (PARKS) FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<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	\$ 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>1,350,000</u>	<u>1,350,000</u>	<u>72,743</u>	<u>1,277,257</u>
Total expenditures	<u>1,350,000</u>	<u>1,350,000</u>	<u>72,743</u>	<u>1,277,257</u>
Deficiency of revenues under expenditures				
before other financing sources	<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>(72,743)</u>	<u>1,077,257</u>
Other financing sources:				
Transfers in	<u>1,150,000</u>	<u>1,150,000</u>	<u>72,743</u>	<u>(1,077,257)</u>
Total other financing sources	<u>1,150,000</u>	<u>1,150,000</u>	<u>72,743</u>	<u>(1,077,257)</u>
Revenues over (under) expenditures and				
other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SAFE ROUTES TO SCHOOL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<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>
Expenditures:				
Current:				
General government	\$ -	\$ 100,000	\$ 75,858	\$ 24,142
Total expenditures	-	100,000	75,858	24,142
Deficiency of revenues under expenditures before other financing sources	-	(100,000)	(75,858)	24,142
Other financing sources:				
Transfers in	-	100,000	75,858	(24,142)
Total other financing sources	-	100,000	75,858	(24,142)
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances, beginning			-	
Fund balances, ending			\$ -	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SIDEWALKS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<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>
Expenditures:				
Capital outlay:				
General Government	<u>420,600</u>	<u>420,600</u>	<u>237,400</u>	<u>183,200</u>
Total expenditures	<u>420,600</u>	<u>420,600</u>	<u>237,400</u>	<u>183,200</u>
Deficiency of revenues under expenditures before other financing sources	<u>(420,600)</u>	<u>(420,600)</u>	<u>(237,400)</u>	<u>183,200</u>
Other financing sources:				
Transfers in	<u>420,600</u>	<u>420,600</u>	<u>237,400</u>	<u>(183,200)</u>
Total other financing sources	<u>420,600</u>	<u>420,600</u>	<u>237,400</u>	<u>(183,200)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - TRANSPORTATION FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 344,259	\$ 344,259	\$ 290,085	\$ (54,174)
Total revenues	<u>344,259</u>	<u>344,259</u>	<u>290,085</u>	<u>(54,174)</u>
Expenditures:				
Capital outlay				
General government	<u>461,000</u>	<u>461,000</u>	<u>351,578</u>	<u>109,422</u>
Total expenditures	<u>461,000</u>	<u>461,000</u>	<u>351,578</u>	<u>109,422</u>
Deficiency of revenues under expenditures before other financing sources	<u>(116,741)</u>	<u>(116,741)</u>	<u>(61,493)</u>	<u>55,248</u>
Other financing sources:				
Transfers in	<u>116,741</u>	<u>116,741</u>	<u>61,493</u>	<u>(55,248)</u>
Total other financing sources	<u>116,741</u>	<u>116,741</u>	<u>61,493</u>	<u>(55,248)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances, beginning			-	
Fund balances, ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - DJJ FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<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	\$ 61,500	\$ 61,500	\$ 62,332	\$ 832
Total revenues	<u>61,500</u>	<u>61,500</u>	<u>62,332</u>	<u>832</u>
Expenditures:				
Current:				
Parks and recreation	<u>61,500</u>	<u>61,500</u>	<u>62,332</u>	<u>(832)</u>
Total expenditures	<u>61,500</u>	<u>61,500</u>	<u>62,332</u>	<u>(832)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances, beginning			-	
Fund balances, ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET VS ACTUAL - STORMWATER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with
	<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	\$ 1,037,701	\$ 12,701
Total operating revenues	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,037,701</u>	<u>12,701</u>
Operating expenses:				
Operations and maintenance	<u>1,897,336</u>	<u>1,897,336</u>	<u>1,130,815</u>	<u>766,521</u>
Total operating expenses	<u>1,897,336</u>	<u>1,897,336</u>	<u>1,130,815</u>	<u>766,521</u>
Operating gain (loss)	<u>(872,336)</u>	<u>(872,336)</u>	<u>(93,114)</u>	<u>779,222</u>
Non-operating revenues (expenses):				
Capital grants	539,000	539,000	158,629	(380,371)
Interest income	-	-	5,057	5,057
Interest expense	<u>-</u>	<u>-</u>	<u>(65,825)</u>	<u>(65,825)</u>
Total non-operating revenues (expenses)	<u>539,000</u>	<u>539,000</u>	<u>97,861</u>	<u>(441,139)</u>
Other financing sources:				
Transfers in	<u>422,000</u>	<u>422,000</u>	<u>38,878</u>	<u>(383,122)</u>
Total other financing sources	<u>422,000</u>	<u>422,000</u>	<u>38,878</u>	<u>(383,122)</u>
Changes in net position	<u>88,664</u>	<u>88,664</u>	<u>43,625</u>	<u>(45,039)</u>
Net position, beginning			<u>4,855,722</u>	
Net position, ending			<u>\$ 4,899,347</u>	

See notes to budgetary comparison schedule

STATISTICAL SECTION

STATISTICAL SECTION

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

<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>	68-72
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	73-77
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>	78-79
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>	80-81
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>	82-84

TOWN OF CUTLER BAY, FLORIDA

Net Position By Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	<u>2009</u>	<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>
Governmental activities:										
Net investment in capital assets	\$ 36,283,066	\$ 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
Restricted	1,887,878	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
Unrestricted	12,283,344	14,899,090	16,400,954	17,822,255	19,647,398	21,592,128	19,504,090	16,861,145	14,795,314	15,493,594
Total governmental activities net position	<u>\$ 50,454,288</u>	<u>\$ 56,165,405</u>	<u>\$ 61,130,767</u>	<u>\$ 61,064,585</u>	<u>\$ 60,475,569</u>	<u>\$ 59,508,132</u>	<u>\$ 56,011,701</u>	<u>\$ 53,355,644</u>	<u>\$ 50,378,981</u>	<u>\$ 49,768,295</u>
Business-type activities:										
Net investment in capital assets	\$ 235,923	\$ 3,049,733	\$ 3,103,107	\$ 3,054,780	\$ 3,252,882	\$ 3,233,375	\$ 3,748,383	\$ 3,804,419	\$ 3,834,666	\$ 4,105,252
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	486,401	830,138	764,999	1,060,938	1,000,073	1,102,740	1,168,704	1,109,730	1,021,056	794,095
Total business-type activities net position	<u>\$ 722,324</u>	<u>\$ 3,879,871</u>	<u>\$ 3,868,106</u>	<u>\$ 4,115,718</u>	<u>\$ 4,252,955</u>	<u>\$ 4,336,115</u>	<u>\$ 4,917,087</u>	<u>\$ 4,914,149</u>	<u>\$ 4,855,722</u>	<u>\$ 4,899,347</u>
Primary government:										
Net investment in capital assets	\$ 36,518,989	\$ 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
Restricted	1,887,878	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
Unrestricted	12,769,745	15,729,228	17,165,953	18,883,193	20,647,471	22,694,868	20,672,794	17,970,875	15,816,370	16,287,689
Total primary government net position	<u>\$ 51,176,612</u>	<u>\$ 60,045,276</u>	<u>\$ 64,998,873</u>	<u>\$ 65,180,303</u>	<u>\$ 64,728,524</u>	<u>\$ 63,844,247</u>	<u>\$ 60,928,788</u>	<u>\$ 58,269,793</u>	<u>\$ 55,234,703</u>	<u>\$ 54,667,642</u>

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

	Fiscal Year									
	<u>2009</u>	<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>
EXPENSES										
Governmental activities:										
General government	\$ 3,565,748	\$ 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
Public safety	7,890,206	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
Community development	2,898,067	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
Parks and recreation	1,576,740	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
Interest on long-term debt	6,087	300,708	678,969	569,292	693,494	685,863	618,922	464,240	424,647	392,443
Total governmental activities	<u>15,936,848</u>	<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>
Business-type activities:										
Stormwater	390,732	465,206	1,005,774	921,574	765,001	881,372	1,028,082	1,014,553	1,031,549	1,130,815
Interest on long-term debt	194,244	194,280	114,095	111,070	107,847	55,157	69,563	72,139	69,923	65,825
Total business-type activities	<u>584,976</u>	<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>
Total primary government expenses	<u>\$ 16,521,824</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	139,451	548,152	868,797	678,010	747,983	714,016	655,583	724,140	554,355	707,244
Public safety	395,610	519,974	444,159	746,851	635,494	604,101	692,474	672,027	381,480	391,919
Community development	723,271	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
Parks and recreation	140,853	3,631,061	306,739	412,148	787,381	216,547	182,384	151,233	123,292	140,923
Operating grants and contributions	384,452	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
Capital grants and contributions	715,331	787,789	5,758,822	740,758	197,882	612,014	260,810	303,553	299,123	541,792
Total governmental activities program revenues	<u>2,498,968</u>	<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>
Business-type activities:										
Charges for services:										
Stormwater	986,119	981,683	988,796	986,525	1,007,439	967,654	1,028,456	1,011,803	1,040,448	1,037,701
Operating grants and contributions	-	-	-	-	-	49,400	-	-	-	-
Capital grants and contributions	150,456	364,570	100,812	291,494	-	-	629,504	70,597	-	158,629
Total business-type activities program revenues	<u>1,136,575</u>	<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>
Total primary government revenues	<u>\$ 3,635,543</u>	<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>
Net revenue (expense):										
Governmental activities	(13,437,880)	(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)
Business-type activities	<u>551,599</u>	<u>686,767</u>	<u>(30,261)</u>	<u>245,375</u>	<u>134,591</u>	<u>80,525</u>	<u>560,315</u>	<u>(4,292)</u>	<u>(61,024)</u>	<u>(310)</u>
Total primary government net revenues (expenses)	<u>\$ (12,886,281)</u>	<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>

TOWN OF CUTLER BAY, FLORIDA

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	<u>2009</u>	<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>
General revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 6,599,152	\$ 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
Utility taxes	2,186,688	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
Franchise fees based on gross receipts	1,791,088	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
Unrestricted intergovernmental revenue	5,463,037	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
Unrestricted interest earnings	197,380	108,463	63,707	63,705	70,392	70,473	54,002	73,330	70,576	149,147
Miscellaneous revenues	19,194	-	271,010	-	-	-	105,167	-	25,758	537,185
Gains (losses) on disposal of capital assets	-	-	-	(707)	-	-	-	-	-	-
Total governmental activities	<u>16,256,539</u>	<u>14,875,631</u>	<u>13,769,472</u>	<u>14,059,456</u>	<u>14,171,773</u>	<u>14,717,766</u>	<u>14,966,018</u>	<u>15,339,279</u>	<u>15,783,185</u>	<u>17,856,206</u>
Business-type activities:										
Interest earnings	4,820	3,227	1,514	2,237	2,646	2,637	2,226	1,354	2,597	5,057
Miscellaneous revenues	-	-	-	-	-	-	18,430	-	-	-
Total business-type activities	<u>4,820</u>	<u>3,227</u>	<u>1,514</u>	<u>2,237</u>	<u>2,646</u>	<u>2,637</u>	<u>20,656</u>	<u>1,354</u>	<u>2,597</u>	<u>5,057</u>
Total primary government	<u>\$ 16,261,359</u>	<u>\$ 14,878,858</u>	<u>\$ 13,770,986</u>	<u>\$ 14,061,693</u>	<u>\$ 14,174,419</u>	<u>\$ 14,720,403</u>	<u>\$ 14,986,674</u>	<u>\$ 15,340,633</u>	<u>\$ 15,785,782</u>	<u>\$ 17,861,263</u>
Transfers										
Governmental activities	\$ (81,338)	\$ (408,660)	\$ (16,982)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (38,878)
Business-type activities	81,338	408,660	16,982	-	-	-	-	-	-	38,878
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ 2,737,321	\$ 5,711,117	\$ 4,965,362	\$ (66,182)	\$ (589,016)	\$ (967,437)	\$ (2,364,251)	\$ (2,656,057)	\$ (2,976,663)	\$ (610,686)
Business-type activities	637,757	1,098,654	(11,765)	247,612	137,237	83,162	580,971	(2,938)	(58,427)	43,625
Total primary government	<u>\$ 3,375,078</u>	<u>\$ 6,809,771</u>	<u>\$ 4,953,597</u>	<u>\$ 181,430</u>	<u>\$ (451,779)</u>	<u>\$ (884,275)</u>	<u>\$ (1,783,280)</u>	<u>\$ (2,658,995)</u>	<u>\$ (3,035,090)</u>	<u>\$ (567,061)</u>

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

	Fiscal Year									
	<u>2009</u>	<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>
General Fund										
Nonspendable	\$ 271,536	\$ 318,729	\$ 234,197	333,852	\$ 401,549	\$ 433,700	\$ 362,970	\$ 456,977	\$ 426,781	\$ 432,821
Restricted	-	-	-	-	2,542	2,548	49,907	58,012	63,190	68,851
Assigned	3,690,000	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
Unassigned	8,423,267	10,903,244	11,023,623	11,781,272	14,047,222	16,301,450	18,519,846	18,014,568	16,260,846	17,866,825
Total general fund	<u>\$ 12,384,803</u>	<u>\$ 15,021,973</u>	<u>\$ 16,557,820</u>	<u>\$ 17,975,824</u>	<u>\$ 19,846,313</u>	<u>\$ 21,798,398</u>	<u>\$ 20,932,723</u>	<u>\$ 20,529,557</u>	<u>\$ 18,750,817</u>	<u>\$ 19,368,497</u>
 All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 958
Restricted	1,887,878	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
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(958)
Total all other governmental funds	<u>\$ 1,887,878</u>	<u>\$ 4,366,337</u>	<u>\$ 3,001,303</u>	<u>\$ 5,155,469</u>	<u>\$ 5,420,598</u>	<u>\$ 5,356,686</u>	<u>\$ 5,201,005</u>	<u>\$ 4,841,668</u>	<u>\$ 5,211,112</u>	<u>\$ 4,477,460</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>2009</u>	<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>
REVENUES										
Property taxes	\$ 6,599,152	\$ 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
Licenses and permits	1,023,098	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
Utility taxes	2,186,688	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
Franchise fees	1,791,088	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
Intergovernmental revenue	6,516,513	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
Charges for services	376,087	3,987,314	408,889	417,966	472,880	462,867	444,105	413,625	372,035	380,943
Interest and other	262,881	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
Total revenues	<u>18,755,507</u>	<u>22,305,659</u>	<u>22,347,494</u>	<u>23,807,526</u>	<u>22,977,801</u>	<u>24,049,610</u>	<u>23,355,744</u>	<u>22,035,395</u>	<u>21,605,580</u>	<u>23,207,161</u>
EXPENDITURES										
Current:										
General government	3,415,710	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
Public safety	7,837,236	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
Community development	1,448,464	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
Parks and recreation	1,292,713	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
Capital outlay	1,364,026	10,797,042	10,832,039	2,176,667	582,433	314,439	557,810	290,044	699,565	1,280,826
Debt service:										
Principal	77,956	234,524	227,764	82,639	204,180	212,380	1,470,921	1,487,545	1,527,948	1,570,168
Interest	6,087	300,708	657,312	567,749	692,556	685,863	618,922	464,240	424,647	381,534
Total expenditures	<u>15,442,192</u>	<u>25,901,370</u>	<u>25,764,821</u>	<u>22,813,356</u>	<u>20,842,183</u>	<u>22,161,439</u>	<u>24,377,099</u>	<u>22,797,898</u>	<u>23,014,876</u>	<u>23,284,254</u>
Excess (deficiency) of revenues over expenditures	3,313,315	(3,595,711)	(3,417,327)	994,170	2,135,618	1,888,171	(1,021,355)	(762,503)	(1,409,296)	(77,093)
Other financing sources (uses):										
Capital lease proceeds	51,734	-	-	-	-	-	-	-	-	-
Transfers	(81,338)	(408,660)	(16,982)	-	-	-	-	-	-	(38,878)
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>\$ 3,283,711</u>	<u>\$ 5,115,629</u>	<u>\$ 170,813</u>	<u>\$ 3,572,170</u>	<u>\$ 2,135,618</u>	<u>\$ 1,888,171</u>	<u>\$ (1,021,355)</u>	<u>\$ (762,503)</u>	<u>\$ (1,409,296)</u>	<u>\$ (115,971)</u>
Debt service as a percentage of noncapital expenditures	<u>0.6%</u>	<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>

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>
2009	\$ 6,599,152	\$ 2,186,688	\$ 6,516,513	\$ 1,791,088	\$ 1,023,098	\$ 376,087	\$ 262,881	\$ 18,755,507
2010	\$ 5,448,770	\$ 2,379,305	\$ 6,751,576	\$ 1,864,675	\$ 1,308,923	\$ 3,987,314	\$ 565,096	\$ 22,305,659
2011	\$ 4,215,773	\$ 2,412,904	\$ 11,603,916	\$ 1,419,636	\$ 972,479	\$ 408,889	\$ 1,313,897	\$ 22,347,494
2012	\$ 4,254,352	\$ 2,472,062	\$ 12,160,953	\$ 1,616,617	\$ 1,125,494	\$ 417,966	\$ 1,760,082	\$ 23,807,526
2013	\$ 4,113,511	\$ 2,640,920	\$ 10,141,289	\$ 1,531,087	\$ 2,195,599	\$ 472,880	\$ 1,882,515	\$ 22,977,801
2014	\$ 4,423,111	\$ 2,920,053	\$ 12,108,477	\$ 1,240,721	\$ 1,379,074	\$ 462,867	\$ 1,515,307	\$ 24,049,610
2015	\$ 4,384,908	\$ 2,921,455	\$ 11,963,293	\$ 1,252,984	\$ 1,094,979	\$ 444,105	\$ 1,294,020	\$ 23,355,744
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

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					
2009	\$ 2,213,948	\$ 538,463	\$ 59,422	\$ 2,811,833	2.4470	\$ 4,529,632	62.08%
2010	\$ 1,683,995	\$ 492,970	\$ 66,639	\$ 2,243,604	2.5888	\$ 3,397,498	66.04%
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%

(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	Total Town Millage	County-wide	Debt Service	Fire	Library	School	State/Other	
2009	2.4470	2.4470	4.8379	0.2850	2.2271	0.3822	7.7970	1.0797	19.0559
2010	2.5888	2.5888	4.8379	0.2850	2.2271	0.3822	7.9950	1.1585	19.4745
2011	2.5888	2.5888	5.4275	0.4450	2.5953	0.2840	8.2490	1.1585	20.7481
2012	2.5702	2.5702	4.8050	0.2850	2.4627	0.1795	8.0050	0.9708	19.2782
2013	2.5702	2.5702	4.7035	0.2850	2.4627	0.1725	7.9980	0.9634	19.1553
2014	2.5702	2.5702	4.7035	0.4220	2.4623	0.1725	7.9770	0.9455	19.2530
2015	2.3907	2.3907	4.6669	0.4500	2.4321	0.2840	7.9740	0.9187	19.1164
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

(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)

2018			2009		
Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation
SOUTHLAND MALL PROPERTIES LLC	75,573	3.2%	SOUTHLAND MALL PROPERTIES LLC	\$ 80,800	2.9%
SOUTH DADE SHOPPING LLC	35,300	1.5%	WRI TC S DADE SHOPPING CENTER LLC	40,000	1.4%
FLORIDA POWER & LIGHT COMPANY	30,422	1.3%	PRIDE HOMES	27,976	1.0%
EQUITY ONE FL PORTFOLIO INC	18,816	0.8%	FLORIDA POWER AND LIGHT	20,863	0.7%
THE REALTY ASSOCIATES FUND IX L P	15,675	0.7%	EQUITY ONE INC	19,471	0.7%
BILL USSERY MOTORS OF CUTLER BAY	15,472	0.7%	CUTLER BAY DEVELOPMENT CORP	15,429	0.5%
ADVANCE BUSINESS ASSOCIATE LLP	12,813	0.6%	A&E PARTNERS HOLDING LLC	12,900	0.5%
HEALTHSOUTH REHAB HOSP OF MIA LLC	11,898	0.5%	OLD CUTLER TOWNE CENTER	12,583	0.4%
A & E PARTNERS HOLDING LLC	11,660	0.5%	QUAIL ROOST INVESTORS JOINT VENTURE	11,038	0.4%
QUAIL ROOST INVESTORS JOINT	11,616	0.5%	HEALTH CARE FUND	11,033	0.4%
	<u>\$ 239,245</u>	<u>10.4%</u>		<u>\$ 252,093</u>	<u>8.9%</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
2009	\$ 6,880,555	\$ 6,371,429	92.6%	\$ 227,723	\$ 6,599,152	95.9%
2010	\$ 5,808,242	\$ 5,282,098	90.9%	\$ 166,672	\$ 5,448,770	93.8%
2011	\$ 4,490,701	\$ 4,139,724	92.2%	\$ 76,049	\$ 4,215,773	93.9%
2012	\$ 4,440,172	\$ 4,211,235	94.8%	\$ 43,117	\$ 4,254,352	95.8%
2013	\$ 4,371,838	\$ 4,065,237	93.0%	\$ 48,274	\$ 4,113,511	94.1%
2014	\$ 4,525,390	\$ 4,320,764	95.5%	\$ 102,347	\$ 4,423,111	97.7%
2015	\$ 4,555,747	\$ 4,242,833	93.1%	\$ 142,075	\$ 4,384,908	96.3%
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%

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			
2009	\$ -	\$ -	\$ 117,092	\$ -	\$ -	\$ 21,583	\$ 138,675	0.009%	\$ 3.34
2010	\$ 4,016,565	\$ 9,120,000	\$ 57,843	\$ 2,363,850	\$ -	\$ 14,653	\$ 15,572,911	1.803%	\$ 378.04
2011	\$ 3,562,490	\$ 12,725,122	\$ 13,144	\$ 2,283,653	\$ -	\$ 7,444	\$ 18,591,853	1.209%	\$ 457.43
2012	\$ 3,492,995	\$ 15,303,122	\$ -	\$ 2,200,395	\$ -	\$ -	\$ 20,996,512	1.304%	\$ 506.66
2013	\$ 3,288,815	\$ 15,303,122	\$ -	\$ 2,113,950	\$ -	\$ -	\$ 20,705,887	1.235%	\$ 492.59
2014	\$ 3,076,435	\$ 15,303,122	\$ -	\$ 2,129,939	\$ -	\$ -	\$ 20,509,496	1.140%	\$ 477.59
2015	\$ 2,854,010	\$ 14,054,626	\$ -	\$ 2,019,830	\$ -	\$ -	\$ 18,928,466	0.965%	\$ 429.13
2016	\$ 2,622,565	\$ 12,798,526	\$ -	\$ 1,903,665	\$ -	\$ -	\$ 17,324,756	0.869%	\$ 385.84
2017	\$ 2,382,510	\$ 11,510,633	\$ -	\$ 1,785,218	\$ -	\$ -	\$ 15,678,361	0.753%	\$ 346.70
2018	\$ 2,133,640	\$ 10,189,335	\$ -	\$ 1,662,618	\$ -	\$ -	\$ 13,985,593	n/a	\$ 308.24

(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, 2018
(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)	\$ 980,501	0.87%	\$ 8,534
Miami-Dade County (3)	<u>4,301,643</u>	0.87%	<u>37,441</u>
Subtotal overlapping debt	5,282,144		45,975
Town of Cutler Bay direct debt	<u>12,323</u>	100.00%	<u>12,323</u>
Total direct and overlapping debt	<u><u>\$ 5,294,467</u></u>		<u><u>\$ 58,298</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 and Special 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>
2009	41,579	\$ 1,511,687	\$ 36,357	11.2%
2010	41,194	\$ 1,509,925	\$ 36,654	10.8%
2011	40,644	\$ 1,537,725	\$ 37,834	9.6%
2012	41,441	\$ 1,610,397	\$ 38,860	8.2%
2013	42,035	\$ 1,676,355	\$ 39,880	7.1%
2014	42,944	\$ 1,798,623	\$ 41,883	6.2%
2015	44,109	\$ 1,961,527	\$ 44,470	5.5%
2016	44,901	\$ 1,992,706	\$ 44,380	5.1%
2017	45,222	\$ 2,082,383	\$ 46,048	4.2%
2018	45,373	n/a	n/a	3.5%

- (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, FLORIDAPrincipal Employers
Current Year and Nine Years Ago

2018			2009		
Employer	Employees	Percentage of Total	Employer	Employees	Percentage of Total
ALORICA	1,537	44.6%	ALORICA (FORMERLY PRC, INC)	1,547	45.1%
EAST RIDGE RETIREMENT VILLAGE	287	8.3%	PUBLIX SUPERMARKETS	312	9.1%
PUBLIX SUPERMARKETS	222	6.4%	EAST RIDGE RETIREMENT VILLAGE	267	7.8%
HEALTH SOUTH REHABILITATION	156	4.5%	SEARS ROEBUCK & CO	190	5.5%
MERCEDES BENZ	143	4.2%	HEALTH SOUTH REHABILITATION	170	5.0%
MACY'S	136	4.0%	JC PENNEY	116	3.4%
OLIVE GARDEN	113	3.3%	MACY'S	110	3.2%
ROSS STORES	80	2.3%	MERCEDES BENZ	110	3.2%
WINN DIXIE STORES	79	2.3%	BEST BUY	104	3.0%
TOWN OF CUTLER BAY	79	2.3%	WINN DIXIE STORES	89	2.6%
JC PENNEY	78	2.3%	REGAL CINEMA INC (FORMERLY SOUTHLAND MALL 16)	80	2.3%
BURLINGTON COAT FACTORY	73	2.1%	PETERSON'S HARLEY-DAVIDSON	50	1.5%
SEARS ROEBUCK & CO	69	2.0%	ROSS STORES	50	1.5%
APPLEBEE'S	68	2.0%	TOWN OF CUTLER BAY	50	1.5%
MCDONALD'S	64	1.9%	OLD NAVY	45	1.3%
BUFFALO WILD WINGS	60	1.7%	TOYS R US	42	1.2%
PETERSON'S HARLEY-DAVIDSON	51	1.5%	CAC FLORIDA MEDICAL	29	0.8%
DENNY'S	50	1.5%	LA QUINTA INNS	25	0.7%
REGAL CINEMA INC	49	1.4%	HAIR EGO	24	0.7%
TJ MAXX	49	1.4%	BED, BATH & BEYOND	23	0.7%
	<u>3,443</u>	<u>100.0%</u>		<u>3,433</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>2009</u>	<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>
Legislative	5	5	5	5	5	5	5	5	5	5
Clerk	2	1	2	1	2	2.5	1	3	3	3
General government	7	7	7	8	10	9.5	10.5	9.5	9.5	9.5
Community Development	9	8	7	6	7	7	7.5	7.5	7.5	7.5
Public Works	4	5	5	4	6	6	6	6	6	6
Parks	14	16	14	17	17	17	19	20	18	17.5
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>1</u>	<u>0</u>	<u>0</u>
	<u><u>42</u></u>	<u><u>43</u></u>	<u><u>41</u></u>	<u><u>42</u></u>	<u><u>48</u></u>	<u><u>48</u></u>	<u><u>50</u></u>	<u><u>52</u></u>	<u><u>49</u></u>	<u><u>48.5</u></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>2009</u>	<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>
Public Safety										
Police:										
Number of emergency calls for service	1,195	1,162	991	945	987	950	1,112	1,214	1,172	1,150
Number of priority calls for service	1,031	933	874	832	747	692	804	947	973	871
Number of non-emergency calls for service	16,744	23,775	15,942	14,991	14,001	13,985	14,447	14,538	14,390	13,460
Number of arrests	1,063	1,141	1,081	1,188	1,149	1,272	1,061	906	677	553
Number of sworn personnel	51	50	51	50	50	52	51	53	55	55
Building and Zoning:										
Number of building permits issued	1,854	3,121	2,669	2,684	4,657	2,436	2,343	2,510	2,052	3,412
Number of certificates of use issued	147	57	124	127	113	100	87	88	87	90
Number of occupational licenses issued	812	813	794	898	839	890	888	893	968	982
Culture and Recreation										
Number of parks	7	7	7	8	8	9	9	9	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>2009</u>	<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>
Culture and Recreation										
Parks	7	7	7	8	8	9	9	9	10	10
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	3	3	5	5	5	5	5	5	5	5
Playgrounds	3	3	4	5	5	5	5	5	5	5
Soccer/Football/Lacrosse fields	3	3	3	5	5	5	5	5	5	5
Baseball fields	3	3	3	6	6	6	6	6	6	6
Picnic shelters	2	2	2	2	2	2	2	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	267,325	285,667

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 31, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
May 31, 2019



**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 It's Major Federal Program

We have audited the Town of Cutler Bay' (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, 2018. 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, 2018.

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.

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
Coral Gables, Florida
May 31, 2019

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Federal Grantor/Pass-Through Grant/Program</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<i>U.S. Department of Homeland Security (Federal Emergency Management Agency)</i>			
<i><u>Passed Through State of Florida Division of Emergency Management</u></i>	97.036	Z0042	\$ 564,156
<i>Total U.S. Department of Homeland Security</i>			<u>564,156</u>
<i>U.S. Department of Transportation</i>			
<i><u>Passed Through State of Florida Department of Transportation Highway Planning and Construction (Manta Drive Roadway Improvement Project)</u></i>	20.205	G0S05	<u>290,085</u>
<i>Total U.S. Department of Transportation</i>			<u>290,085</u>
<i>U.S. Department of Justice</i>			
<i><u>Passed Through State of Florida Department of Juvenile Justice</u></i>	16.540	10543	<u>59,581</u>
<i>Total U.S. Department of Justice</i>			<u>59,581</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 913,822</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Ope 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, 2018. 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, except for the Equitable Sharing programs for Justice which follow, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and local Law Enforcement Agencies*. 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.

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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:

CFDA No.

Federal Program or Cluster

97.036

Department of Homeland Security Federal Emergency
Management Agency Public Assistance Grants

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, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.



CABALLERO FIERMAN
LLERENA + GARCIA LLP
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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

Report on the Financial Statements

We have audited the basic financial statements of Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 31, 2019.

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* 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, which are dated May 31, 2019, 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.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
May 31, 2019



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, 2017 to September 30, 2018. 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, 2017 to September 30, 2018.

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
Coral Gables, Florida
May 31, 2019