

# TOWN OF CUTLER BAY, FLORIDA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2013

**TOWN OF CUTLER BAY, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

PREPARED BY: ROBERT DADDARIO, CPA  
FINANCE DIRECTOR

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## INTRODUCTORY SECTION

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April 14, 2014

To the Citizens of the Town of Cutler Bay:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Cutler Bay, Florida, for the fiscal year ended September 30, 2013, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the Town Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. Management of the Town believes it has established a strong internal control environment which enables it to produce financial statements free of material misstatement. While no system of internal control can provide absolute assurance that errors or irregularities do not occur, we believe the control environment established by the Town provides reasonable assurance that it can produce financial statements that are free of material misstatement.

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Alberni, Caballero & Company, L.L.P., 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 auditors have issued an unmodified opinion that this report fairly represents the financial position of the Town in conformity with GAAP. The independent auditors found no deficiencies in internal control over financial reporting that would be considered material weaknesses, nor did they detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

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

### **PROFILE OF THE GOVERNMENT**

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





The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit proposed budgets to the Town Manager, who then makes any necessary revisions. The Town Manager then presents to the Town Council for their review a budget estimate of the expenditures and revenues of all the Town's departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions of 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 42,000 full-time residents. The western-most area of the Town, located along the South Dixie Highway (U.S.1) corridor, is commercial in nature with hotels, restaurants and office complexes.

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

Changes to property taxation laws enacted in recent years have 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, has been negatively impacted by the financial crisis and economic downturn gripping the United States the past several years. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking. As of July 1, 2013, the certified taxable value of property within the Town decreased 37% from the level at July 1, 2008. These decreased property values, when factored on top of the property tax law changes enacted in recent years, resulted in negative impacts to the Town's property tax revenues (all other factors remaining constant).

While the effects of the above noted changes have had a profound impact on the taxable property base within the Town, the Town's property values seem to have stabilized. The 2013 certified tax roll issued by the County Property Appraiser in July 2013, used for ad valorem purposes for fiscal year 2014, reflected an increase of 3.8% in the taxable value of property within the Town versus the certified tax roll for 2012 (used for ad valorem purposes in fiscal year 2013). The Town has seen encouraging signs in building





activity and new development within the Town in fiscal years 2012 and 2013, and this activity is carrying forward into fiscal year 2014 with significant new planned projects in process.

While the area recovers from the economic downturn, the Town continues to operate in an extremely lean and efficient manner and has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

Town administrators recognize the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. To this end, the Town is pursuing a growth management plan that smartly incorporates “mixed-use” residential and commercial development within the Town as is consistent with such growth plan.

In fiscal year 2013, several commercial and residential projects in the Town generated over 100 construction jobs and added an estimated 50 new permanent jobs to the local economy. These jobs are concentrated in the service and retail sectors. During fiscal year 2014, the Town of Cutler Bay 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 fiscal year 2013.

In fiscal year 2013, the Town’s economic development effort was one of the most successful in Miami-Dade County. Several commercial projects totaling more than \$17 million in capital investment, and contributing over 300 new permanent jobs to the local economy, were either in the approval phase or constructed. These commercial developments were located along the commercial corridor on US 1 and Old Cutler Road. In addition, approximately 10 new housing development projects totaling over 500 new units (single-family, townhomes and apartments) were permitted or constructed in fiscal year 2013.

The Town’s economic development plan also includes a “green initiative” that continues to have much success. The green initiative success in fiscal year 2013 includes the LEED (Leadership in Energy, and Environmental Design) certification (completed or in process) of commercial buildings in Town and continued implementation of the PACE (Property Assessed Clean Energy) program. In fiscal year 2013, Chase Bank became the first commercial building in the Town to be LEED certified by the US Green Building Council. In addition to Chase Bank, there are two other commercial projects (City Furniture and Point Royale) that are on track to be LEED certified by mid-fiscal year 2014. All of these projects are located on the US 1 commercial corridor.

Looking forward to fiscal year 2014, several new and on-going projects will experience strong development activity, including construction of new residential properties, expansion/renovation of a large retirement community within the Town, and further commercial/mixed-use development along the US 1 commercial corridor and on Old Cutler Road.

#### Long-term Financial Planning and Major Initiatives

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

The JPA project is divided into two roadway projects, one for Old Cutler Road (a designated historic road that passes through town) and one for Caribbean Boulevard which is a main roadway that runs through the heart of town. Substantial construction of the Old Cutler Road roadway improvement project took place in fiscal years 2012 and 2013 and the project was essentially completed in January 2014. The completed roadway was formally re-dedicated at a ceremony that took place in March 2014.





Construction activity on the Caribbean Boulevard JPA roadway project commenced in the summer of 2013 and will continue through fiscal year 2014. It is anticipated that this roadway project will be completed in late spring/early summer of 2015.

In February 2012, the Town entered into an Interlocal agreement with Miami-Dade County (the "County") to allow the Town to receive funds from the County Charter Transit System Surtax (also known as the "PTP surtax"). This PTP surtax was authorized in 2002 and is shared by the County (80%) and the incorporated municipalities (20%). Since the Town was incorporated after enactment of the PTP surtax, the County had not previously included the Town in the distribution of the funds raised by the PTP surtax. On an annual basis, at least 20% of the PTP surtax proceeds must be spent on transit related items. The remaining portion may be spent on transportation related items. Based on recent PTP surtax history, the Town anticipates receiving approximately \$1.2 million to \$1.5 million in PTP surtax funds annually.

The Town has begun to use 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 \$650,000 through fiscal year 2013. These resurfacing projects are continuing in fiscal year 2014. Additionally, the Town is using a portion of these PTP surtax funds to provide for the Town's share of costs on the previously noted two JPA roadway projects.

In September 2012, the Town commenced operation of a municipal circulator bus service within the Town's boundaries using the transit portion of the PTP surtax. Pursuant to an Interlocal agreement with the County, the County acquired a dedicated circulator bus on the Town's behalf using Federal stimulus funds and the County is operating and maintaining the circulator bus on the Town's behalf on a contractual basis. The charge by the County is being paid with the transit portion of the PTP surtax. Through fiscal year 2013, the circulator bus operated on a fixed route three days per week. Ridership levels have increased steadily as word about the circulator bus spread around Town. As a result, in fiscal year 2014, the Town, pursuant to its agreement with the County, revised the circulator bus schedule such that it now operates five days a week with extended hours of operation.

During fiscal year 2008, the Town commenced its stormwater utility operation after assuming that function from the County in the final quarter of that fiscal year. Since then, the Town has completed approximately \$1.4 million of stormwater drainage improvements. These drainage projects, which were funded by a combination of grants and Town match funds and private contributions, will benefit the local area homeowners as they will help alleviate some of the known flood drainage issues in the area.

The Town's recreation infrastructure and facilities that it received from the County are aging and need renovation and/or replacement. Following its parks master plan, the Town completed approximately \$2.5 million in park improvements in fiscal years 2009 through 2013, excluding the Lakes by the Bay Park project discussed below. These improvements were funded by a combination of sources, including grants, impact fees and other general fund sources. These improvements significantly upgraded the utility, functionality and appearance of the park facilities. Additional park improvement projects have been approved for fiscal year 2014 bringing additional functionality to the Town's park system.

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





In fiscal year 2012, the Town added playground equipment for children at this park which included safety surfacing and a shade structure and, in fiscal year 2014, additional amounts have been appropriated for further enhancements to this new Town park.

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

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

The acquisition of the Town Hall Building property noted above was financed with a combination of taxable and tax free financing (totaling \$8.8 million). Additionally, the lender provided additional funds (totaling \$2 million) for improvements to the building. In fiscal year 2013 the Town commenced a generator improvement project that will allow the generator to power the entire building, not just the "essential lighting". This project will be completed in early fiscal year 2014. Also slated for fiscal year 2014 is the replacement of the building's two elevators, with an estimated cost of approximately \$350,000 to \$400,000.

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, including the possibility of a site to host a Town recreation center.

To date, the Town's debt service on the aforementioned loans has been interest only payments. Principal on certain of the loans are scheduled to commence in December 2014 and will significantly increase the Town's debt service burden. The Town holds adequate funds to meet its debt service obligations.

The Town is currently engaged with its commercial real estate broker and a financial analyst consultant to develop strategies to deal with the Town Hall property and related debt going forward. Such options may include refinancing the debt obligations, selling the property and/or selling and leasing back the property. These options will be further developed and presented to the Town Council for consideration in fiscal year 2014.

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

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

The costs of the Cambridge Curriculum are subject to annual renewal and could exceed the \$300,000 initial cost if requested by the School Board and approved by the Town Council. In late fiscal year 2013,





the School Board requested, and the Town Council approved, approximately \$267,500 for continuation of the program in the 2013-14 school year.

The iPrep Academy contribution noted above is the Town's maximum contribution for the first three years of the program. After the third year, contributions of up to \$150,000 a year may be requested for replacement of equipment, subject to approval by the Town Council.

The 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, 2013 and 2012 were approximately \$348,400 and \$144,800, respectively. As a result of the timing of the County's refinancing of the debt, the payment for fiscal year 2012 was lower than it normally would be. The Town's pro rate share of the debt was calculated and recorded in fiscal year 2010.

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

The Town Council and Town Manager of the Town 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 2013, the Town earned \$73,000 in investment income, as compared to \$66,000 earned in fiscal year 2012. While interest rates continued at low levels, investment income in fiscal year 2013 increased over fiscal year 2012 levels as a result of larger cash balances invested. The low interest rate environment is expected to continue into fiscal year 2014.

The Town Council and Town management closely monitor the resources available to the Town and its use. At September 30, 2013, the total fund balance of the General Fund is approximately \$19.8 million, an increase of approximately \$1.8 million from September 30, 2012. This total fund balance represents approximately 122% of total fiscal year 2013 general fund expenditures (and represents approximately 134% of fiscal year 2013 general fund expenditures excluding debt service and capital outlay).

Of that \$19.8 million total General Fund fund balance, approximately \$14 million is classified as "unassigned" fund balance which is available for future appropriation by the Town Council for purposes it deems appropriate. This unassigned fund balance level represents approximately 86% of total fiscal year 2013 general fund expenditures (and represents approximately 95% of fiscal year 2013 general fund expenditures excluding debt service and capital outlay). Approximately \$5.4 million, or 27%, 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 "nonspendable" (approximately \$401,500) to indicate that it is not available for new spending because it has already been





committed for prepaid expenses and as “restricted” (approximately \$2,500) 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, 2012. 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, 2013 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, Albarni, Caballero & Company, L.L.P. 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 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, 2012**

Executive Director/CEO

**TOWN OF CUTLER BAY, FLORIDA**

**List of Elected Town Officials**

**September 30, 2013**

**Council-Manager Form of Government**

**TOWN COUNCIL**

**Edward MacDougall, Mayor**

**Ernest Sochin, Vice Mayor**

**Mary Ann Mixon, Councilmember, Seat 1**

**Sue Ellen Loyzelle, Councilmember, Seat 2**

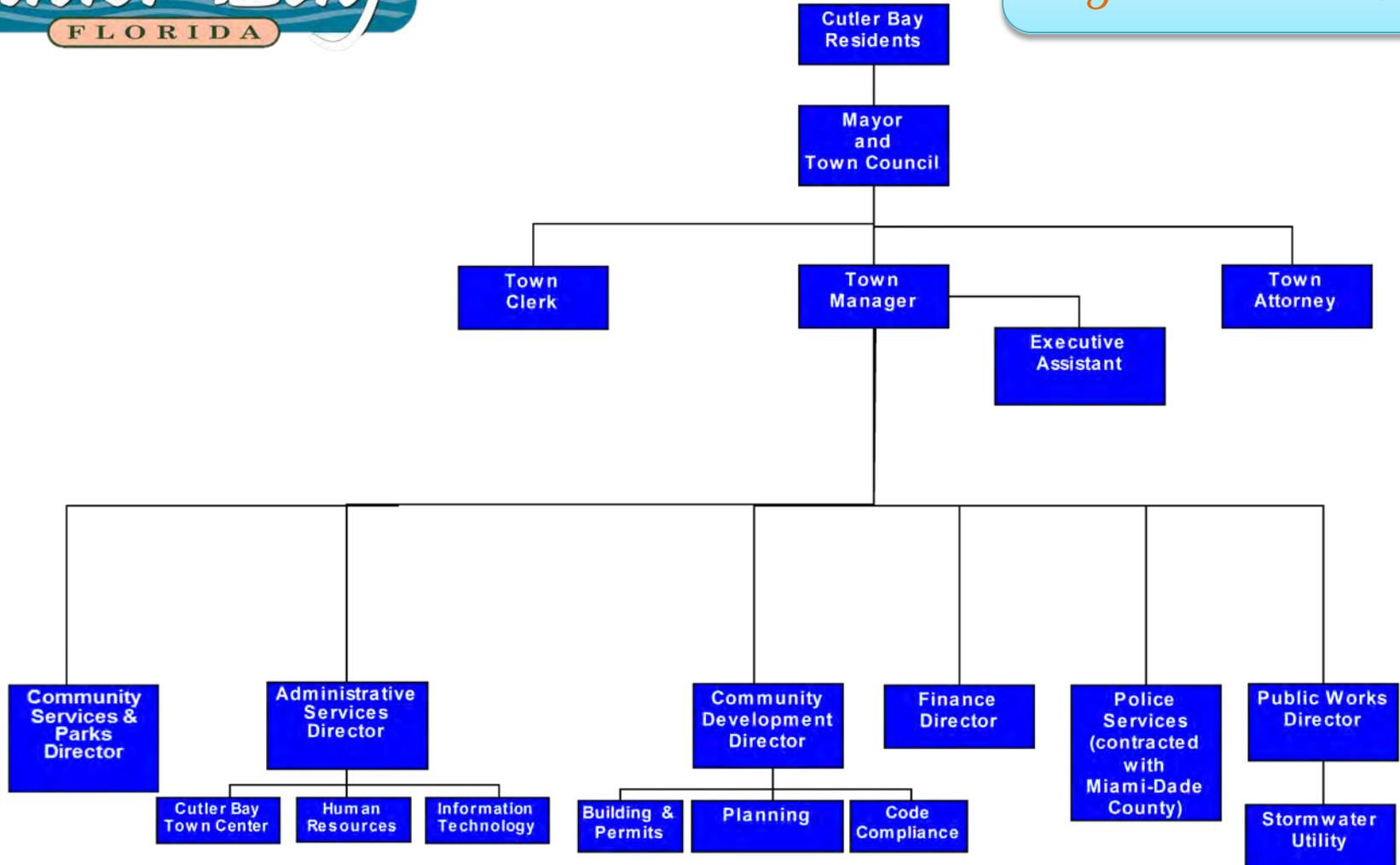
**Peggy Bell, Councilmember, Seat 3**

Prepared by:

Finance Department and Administration



*Town of Cutler Bay  
Organizational Chart*



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**FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

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SUITE 404  
CORAL GABLES, FL 33146  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Town Council and Town Manager  
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, 2013, 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.

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2013, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of a Matter***

As discussed in Note 1 to the financial statements, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of October 1, 2012. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3-15 and 42-45, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 April 11, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP

Coral Gables, Florida

April 11, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

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## Management's Discussion and Analysis

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, 2013 with a comparative analysis with the prior fiscal year.

### Financial Highlights

- The assets of the Town exceeded its liabilities at September 30, 2013 by approximately \$64.7 million (net position). Of this amount, approximately \$20.6 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 \$452,000 from the total net position balance at September 30, 2012. The net decrease results primarily from the Town's fiscal year 2013 operations.
- As of September 30, 2013, the Town's governmental funds reported combined ending fund balances of approximately \$25.2 million, an increase of \$2.1 million from the September 30, 2012 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 130% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2013, unassigned fund balance for the General Fund was approximately \$14 million, or 86% of total General Fund expenditures, versus \$11.8 million and 65%, respectively, at September 30, 2012. The approximate \$2.2 million increase in unassigned fund balance is a positive indicator of improved financial health of the Town.
- The Town records the activity of its stormwater utility (a business type activity) in the Stormwater Fund, an enterprise fund. In fiscal year 2013, the stormwater utility's net position increased by approximately \$137,200, which resulted primarily from operating income of approximately \$134,600 generated from approximately \$1,007,400 in revenues against \$872,800 in expenses, including approximately \$163,000 in depreciation. The other components of the fiscal 2013 increase in net position includes approximately \$2,600 in interest income.
- At September 30, 2013, the General Fund's fund balance of approximately \$19.8 million is comprised of approximately \$401,500 classified as "Nonspendable, approximately \$2,500 classified as "Restricted", approximately \$5.4 million classified as "Assigned", and approximately \$14 million classified as "Unassigned".

### Overview of the Financial Statements

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

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

The statement of net position presents information on all of the Town's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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, in 2010 and earlier, to the Town from the County (park lands and related assets, roadways and sidewalks, and in the case of the stormwater utility fund, a business-type activity, stormwater system assets), as well as by user fees and charges which are intended to recover all or a significant part of the cost of providing services to residents (business-type activities). The governmental activities of the Town include general government, public safety, public works, parks and recreation, and community development. The Town has one business-type activity, the Stormwater Fund. The government-wide financial statements report on only the Town of Cutler Bay.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cutler Bay, like other state and local governments, uses fund accounting to ensure and demonstrate accountability for the collection and use of public resources. The use of funds is an important tool for governments to demonstrate their compliance with the lawfully permitted use of resources. All of the funds of the Town can be divided into two categories, governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Cutler Bay maintains various governmental funds, some of which meet the criteria of major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the JPA (Old Cutler Road) Fund. These funds are considered major funds. The Town also maintains several other special revenue funds, none of which meet the criteria of major funds. The totals of these funds are presented in the aforementioned governmental fund statements in a separate column entitled "Other Governmental Funds", with the detail provided in supplemental combining financial statements.

The Town of Cutler Bay adopted an annual appropriated budget for its General Fund and its JPA (Old Cutler Road) Fund. Budgetary comparison schedules have been provided for the General Fund and the JPA (Old Cutler Road) 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.

**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 \$452,000 during fiscal year 2013, resulting in assets in excess of liabilities of approximately \$64.7 million and \$65.2 million, respectively, at September 30, 2013 and 2012. See the table below.

The largest portion of the Town's assets at September 30, 2012 consists of capital assets (approximately \$59.4 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 acquired in fiscal years 2010 and 2011 related to the Town Hall site. The primary contributors to the increase in capital assets in fiscal year 2013 include improvements made to the Town Hall building, computer hardware and software related acquisitions and the completion of additional stormwater infrastructure.

Other significant assets at September 30, 2013 and 2012 include cash on hand and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$27.1 million at September 30, 2013, increased approximately \$3.3 million in fiscal 2013, primarily resulting from fiscal year 2013 operating activities, adjusted for changes in the timing of collection of accounts receivable and payment of accounts payable. Receivables decreased approximately \$506,000 primarily as a result of a net decrease in receivables from various grants and other miscellaneous sources at September 30, 2013 versus the 2012 balance.

Receivables at September 30, 2013 and 2012 consist primarily of amounts due from the County (\$735,000 and \$745,000, respectively) as well as intergovernmental receivables due from the State (\$497,400 and \$485,800, respectively). Receivables from various grants at September 30, 2013 approximate \$1,370,200 versus \$1,833,500 at September 30, 2012. Receivables from other miscellaneous sources decreased from approximately \$94,900 at September 30, 2012 to approximately \$50,400 at September 30, 2013.

The receivables due from the County at September 30, 2013 and 2012 related primarily to property and utility taxes, CITT transportation surtaxes, clerk of the court remittances and stormwater fees due the Town at those dates. The decrease in the fiscal year 2013 balance relative to the fiscal year 2012 balance relates primarily to the fact that the outstanding clerk of the court remittances due the Town at September 30, 2013 were approximately \$19,000 less than the outstanding amount at September 30, 2012. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

The receivables due from the State at September 30, 2013 and 2012 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. The increase in the fiscal year 2013 balance relative to the fiscal year 2012 balance relates primarily to the fact that the outstanding sales taxes due the Town at September 30, 2013 were approximately \$17,000 more than the outstanding amount at September 30, 2012. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

The decrease in grant receivables at September 30, 2013 over the September 30, 2012 balance is due primarily to amounts receivable from the County related to the two JPA projects the Town has ongoing with the County (Old Cutler Road and Caribbean Boulevard roadway projects). Receivables from these projects were approximately \$1,237,600 and \$1,688,700 at September 30, 2013 and September 30, 2012, respectively. The receivables are dependent on the timing of the work performed which guides the reimbursement billing to the County. Additionally, the September 30, 2012 balance included an approximate \$16,000 receivable on a Federal grant. No such amount was outstanding at September 30, 2013. The balance of the difference is comprised of minor increases and decreases from different grant sources.

The decrease in other miscellaneous receivables at September 30, 2013 over the September 30, 2012 balance is due primarily to fewer receivables at the end of fiscal year 2013 related to cost recovery billings (approximately \$16,000) and from an approximate \$35,000 receivable from a vendor at the end of fiscal year 2012 that did not exist at the end of fiscal year 2013. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

Long-term debt decreased approximately \$276,000 in fiscal year 2013 primarily resulting from scheduled debt service payments. The approximate \$808,000 increase in other liabilities primarily reflects the timing of payment of accounts payable, with more accounts payable outstanding at September 30, 2013 versus the corresponding 2012 balance.

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

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 29,022	\$ 26,105	\$ 1,127	\$ 1,190	\$ 30,149	\$ 27,295	10.5%
Capital assets	53,997	56,883	5,367	5,255	59,364	62,138	-4.5%
Total assets	<u>83,019</u>	<u>82,988</u>	<u>6,494</u>	<u>6,445</u>	<u>89,513</u>	<u>89,433</u>	0.1%
Long-term debt	18,512	18,698	2,024	2,114	20,536	20,812	-1.3%
Other liabilities	4,032	3,225	217	216	4,249	3,441	23.5%
Total liabilities	<u>22,544</u>	<u>21,923</u>	<u>2,241</u>	<u>2,330</u>	<u>24,785</u>	<u>24,253</u>	2.2%
Net position							
Net investment in capital assets	35,405	38,087	3,253	3,055	38,658	41,142	-6.0%
Restricted	5,423	5,155	-	-	5,423	5,155	5.2%
Unrestricted	19,647	17,822	1,000	1,061	20,647	18,883	9.3%
Total net position	<u>\$ 60,475</u>	<u>\$ 61,064</u>	<u>\$ 4,253</u>	<u>\$ 4,116</u>	<u>\$ 64,728</u>	<u>\$ 65,180</u>	-0.7%

The balance of unrestricted net position (approximately \$20.6 million and \$18.9 million, respectively at September 30, 2013 and 2012) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2013 and 2012, 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 \$589,000 for the year ended September 30, 2013 versus a decrease of approximately \$67,000 for fiscal year 2012, representing the results of the Town's operations for the applicable fiscal periods.

**Business-type activities.** Business-type activities increased net position by approximately \$137,000 for the year ended September 30, 2013 versus an increase in net position of approximately \$248,000 for the year ended September 30, 2012, 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		Total Percent Change
	September 30,		September 30,		September 30,		
	2013	2012	2013	2012	2013	2012	
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 4,481	\$ 3,003	\$ 1,007	\$ 987	\$ 5,488	\$ 3,990	37.5%
Operating grants and contributions	4,128	6,004	-	-	4,128	6,004	-31.2%
Capital grants and contributions	198	740	-	292	198	1,032	-80.8%
General revenues:							
Taxes and franchise fees	14,101	13,996	-	-	14,101	13,996	0.8%
Other	71	63	3	2	74	65	13.8%
<b>Total revenues</b>	<b>22,979</b>	<b>23,806</b>	<b>1,010</b>	<b>1,281</b>	<b>23,989</b>	<b>25,087</b>	<b>-4.4%</b>
<b>Expenses</b>							
General government	8,792	9,892	873	1,033	9,665	10,925	-11.5%
Public safety	7,936	8,093	-	-	7,936	8,093	-1.9%
Parks and recreation	3,046	2,784	-	-	3,046	2,784	9.4%
Community development	3,101	2,535	-	-	3,101	2,535	22.3%
Interest on long-term debt	693	569	-	-	693	569	21.8%
<b>Total expenses</b>	<b>23,568</b>	<b>23,873</b>	<b>873</b>	<b>1,033</b>	<b>24,441</b>	<b>24,906</b>	<b>-1.9%</b>
Change in net assets before transfers and forgiveness of debt	(589)	(67)	137	248	(452)	181	-349.7%
Transfers	-	-	-	-	-	-	N/A
Increase (decrease) in net position	(589)	(67)	137	248	(452)	181	-349.7%
Net position, beginning	61,064	61,131	4,116	3,868	65,180	64,999	0.3%
<b>Net position, ending</b>	<b>\$ 60,475</b>	<b>\$ 61,064</b>	<b>\$ 4,253</b>	<b>\$ 4,116</b>	<b>\$ 64,728</b>	<b>\$ 65,180</b>	<b>-0.7%</b>

Key elements in the changes in net assets activity are as follows:

**Governmental activities:**

- Taxes and franchise fees (\$14.1 million and \$14 million, respectively, for fiscal year 2013 and fiscal year 2012) comprised 61% and 59%, respectively, of total revenues of \$23 million and \$23.8 million for fiscal year 2013 and fiscal year 2012, respectively, with property taxes representing the largest single tax source (\$4.1 million and \$4.2 million in fiscal year 2013 and 2012, respectively). Total fiscal year 2013 revenues decreased approximately 3.5%.

Charges for services increased approximately \$1.5 million primarily as a result of fees generated from permits and licenses (an approximate \$1.1 million increase), as well as increased impact fees (an approximate \$488,000 increase) in fiscal year 2013 versus fiscal year 2012, offset by other small miscellaneous changes.

Operating and capital grants and contributions decreased approximately \$2.4 million primarily as a result of a reduction in revenues related to the CITT Fund of approximately \$2.3 million. The Town commenced collection of the CITT surtax funds in fiscal year 2012, which included retroactive payments totaling approximately \$2.5 million. Collections of CITT surtax funds in fiscal year 2013 were comprised of regular, normal monthly distributions. Accordingly, such surtax funds in fiscal year 2013 were less. The small remaining change results primarily from the change in activity in several other Town projects in fiscal year 2013 versus fiscal year 2012.

Taxes and franchise fees increased approximately \$105,000 resulting primarily to increased utility taxes (an approximate \$169,000 increase) and increased intergovernmental revenues (approximately \$163,000) primarily related to increased local government half-cent sales taxes, offset by lower property taxes (an approximate \$140,000 decrease) and lower franchise fee collections (an approximate \$86,000 decrease). The remaining balance results from a combination of smaller changes in various accounts.

- Operating and capital grants and contributions (\$4,128,000 and \$198,000 at September 30, 2013 and \$6,004,000 and \$740,000 at September 30, 2012, respectively) account for 19% and 28% of total revenues at September 30, 2013 and 2012, respectively. The amounts in both the fiscal year 2013 and fiscal year 2012 periods are comprised primarily of local option gas tax receipts, CITT surtax funds and capital and non-capital project grant funds received by the Town. The fiscal year 2012 balance also includes collection of retroactive CITT surtax revenues of approximately \$2.5 million. Use of these funds is restricted to certain prescribed uses.
- Charges for services account for 19.5% and 12.6% of total revenues for fiscal years 2013 and 2012, respectively. These amounts consist primarily of building and zoning fees, impact fees, park service fees and public safety fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The increase in these revenues in fiscal year 2013 resulted primarily from fees generated as a result of increased development activity in Town, specifically permits and licenses (an approximate \$1.1 million increase) and impact fees (an approximate \$488,000 increase).
- Expenses for governmental activities decreased approximately \$305,000, resulting primarily from an approximate \$1.1 million decrease in expenses related to general government and an approximate \$157,000 decrease in public safety expenses, offset by an approximate \$566,000 increase in expenses related to community development, an approximate \$262,000 increase related to parks and recreation and an approximate \$124,000 increase in interest on long-term debt. The primary reasons for these changes are:
  - The decrease in general government expenses results primarily from decreased costs associated with the Town's education initiative with the Miami-Dade School system (an approximate \$2.48 million decrease) offset by increased spending on non-capital roadway related projects (approximately \$1.4 million increase in spending).
  - The decrease in public safety expenses results primarily to decreased red light camera program related expenses in fiscal year 2013 (approximate \$15,000 decrease) as well as reduced depreciation expense (approximately \$10,000 decrease). Further, in fiscal year 2012 approximately \$132,000 was spent on police vehicles (non-capital) that were transferred to the County pursuant to an Interlocal agreement in which the County took possession of said vehicles and agreed to maintain the vehicles and provide them for the Town's use. No such vehicles were acquired in fiscal year 2013.
  - Parks and recreation expenses increased primarily as a result of an increase in depreciation expense (an approximate \$151,000 increase) for significant assets placed in service in recent years, as well as by increased costs related to staffing for park program activities and increased maintenance costs related to parks brought online in recent years (combining for approximately \$106,000 of the increase).
  - Community development expenses increased primarily due to an increase in contractual services (approximately \$654,000) offset by a decrease in professional services (approximately \$97,000). The Town utilizes a contractor to provide building permitting and inspection services. The contractor is paid a percentage of the related permitting revenues as payment for its services. Due to significant development in Town, these fees have increased (as has the corresponding revenue). Professional services decreased in fiscal year 2013 as a result of in-house staff not outsourcing as much planning services to planning consultants.
  - Interest on long-term debt increased as a result of scheduled increase in the QNIP debt service (an approximate increase of \$68,000 in fiscal year 2013) as well as to interest incurred in fiscal year 2013 on the debt associated with the Town's education initiative (an approximate \$56,000 increase).

**Business-type activities:**

- Charges for services for stormwater fees, which represent 99.7% and 77% of total revenues for fiscal years 2013 and 2012, 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 decreased approximately \$292,000 in fiscal year 2013 versus the fiscal year 2012 period as a result of a contribution received from a private developer in fiscal year 2012 for a stormwater drainage construction project to be completed by the Town. No such amount was received in the fiscal year 2013 period.
- Expenses of the stormwater utility decreased approximately \$160,000 reflecting decreased costs for professional services (approximately \$49,000) and other contractual services (approximately \$92,000) due to lower activity levels in fiscal year 2013, as well as due to decreased personnel related costs (approximately \$14,000) as a result of position vacancies during fiscal year 2013.

## Financial Analysis of the Government's Funds

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

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

As of September 30, 2013 and 2012, the Town's governmental funds reported combined ending fund balances of \$25.2 million and \$23.1 million, respectively. The increase in the balance results primarily from normal current operating activities in fiscal 2013 (approximately \$3.6 million) increased by transfers in (approximately \$1.5 million), and offset by capital expenditures (approximately \$582,000), debt service (approximately \$897,000) and transfers out (approximately \$1.5 million).

Total revenues for fiscal year 2013 decreased approximately \$830,000 from fiscal year 2012 levels, due primarily to several factors, as follows:

- Franchise fees decreased approximately \$86,000 from fiscal year 2012 levels, primarily reflecting decreased electrical franchise fees of approximately \$100,000 offset by an approximate \$14,000 increase in solid waste franchise fees.
- Due to increased building activity in Town during fiscal 2013, building and zoning related fees increased approximately \$1.1 million and impact fees increased approximately \$488,000.
- In fiscal year 2013, fine and forfeiture revenue decreased approximately \$151,000. The Town experienced a significant decline in revenues related to the red light camera program established in fiscal year 2011 and, as a result, red light camera violations generated approximately \$86,000 less revenue than in fiscal 2012. Additionally, non-red light camera program violations were down and yielded approximately \$65,000 less revenue than in fiscal year 2012.
- Ad valorem revenues decreased in fiscal 2013 (approximately \$141,000) as a result of a slight decline in property values (primarily from value adjustment board reductions).
- Intergovernmental revenues declined approximately \$2 million, primarily as a result of three factors. Revenue from the CITT surtax funds declined approximately \$2.3 million as a result of the fiscal year 2012 period revenues including an approximate \$2.5 million "retroactive" payment when the Town commenced participating in the program. Such payment did not apply to the fiscal year 2013 period. Second, in fiscal year 2012 the Town completed its Lakes By The Bay park project and revenues that year included \$225,000 in intergovernmental revenue. No such amount applied to fiscal year 2013. Finally, in fiscal year 2013 the Town received approximately \$453,000 more in intergovernmental revenue related to its JPA – Old Cutler Road project than it did in fiscal year 2012 as significantly more development activity took place in fiscal year 2013 for which the Town received reimbursement funding from the County.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources.

The Town's total debt service increased approximately \$246,000 in fiscal year 2013 versus the amounts in fiscal year 2012. Of that increase, approximately \$204,000 related to increased payments on the Town's share of QNIP bonds. Those bonds were refinanced by the County which resulted in an amortization scheduled that provided for reduced debt service payments for fiscal year 2012, before returning to higher levels in future periods. Fiscal year 2013 debt service also increased approximately \$56,000 due to the interest payments made on the debt associated with the Town's high school initiative. 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 will bring to the Town its first ever high school level curriculum. In conjunction therewith, the Town agreed to provide \$2.75 million to fund this initiative which was essentially funded by the issuance of debt (a \$2.578 million tax-exempt bank loan closed in September 2012) and other General Fund sources. As a result of this financing, a full year of debt service was paid in fiscal year 2013 with no such amounts being paid in the fiscal year 2012 period for this debt. These increases in debt service were offset by the payoff of a capital lease in fiscal year 2012 which resulted in approximately \$14,000 less capital lease related debt service in fiscal year 2013.

Capital expenditures decreased approximately \$1.6 million in fiscal year 2013 versus the fiscal year 2012 period primarily as a result decreased expenditures (approximately \$1.52 million) for various parks projects, including completion of the Lakes By The Bay park build out in fiscal year 2012, and decreased expenditures related to Town Hall building and site improvements (approximately \$73,000).

Transfers out (approximately \$1.5 million) reflect transfers of CITT surtax funds from the CITT Fund to the two JPA roadway projects (approximately \$1.2 million), transfer of gas taxes (approximately \$321,000) from the Special Revenue Fund to the General Fund for sidewalk repairs, and transfer of approximately \$19,000 from the General Fund to the JPA (Old Cutler Road) Fund for expenditures for which CITT surtax funds are not eligible to be used. This represented an increase of approximately \$526,000 over the fiscal year 2012 transfers out, primarily reflecting increased construction activity of the two JPA roadway projects in fiscal year 2013.

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2013 increased approximately \$526,000 over fiscal year 2012 amounts due primarily to increased construction activity of the two JPA roadway projects in fiscal year 2013.

Approximately 56% and 51% of the combined ending fund balance, or \$14 million and \$11.8 million, respectively, constitutes "Unassigned" fund balance at September 30, 2013 and 2012, respectively, which is available for spending at the Town's discretion. Approximately 21% and 25% of the combined ending fund balance, or \$5.4 million and \$5.86 million, respectively, constitutes "Assigned" fund balance at September 30, 2013 and 2012, respectively. Assigned fund balances are intended to be used for the specific purposes indicated. Approximately 21% and 22% of the combined ending fund balance, or \$5.4 million and \$5.1 million, respectively, are classified as "Restricted" fund balance as these amounts are legally restricted as to use. The remainder of fund balance is classified as "Nonspendable" to indicate that it is not available for new spending because it has already been committed for prepaid expenses.

#### General Fund

The General Fund is the primary operating fund of the Town of Cutler Bay. At September 30, 2013 and 2012, unassigned fund balance of the General Fund was \$14 million and \$11.8 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, 2013 represents 86% of total General Fund expenditures (65% at September 30, 2012), while total fund balance of the General Fund represents 122% of that same total fund expenditure amount (99% at September 30, 2012). 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 \$1.9 million and \$1.4 million during fiscal years 2013 and 2012, respectively. The fiscal year 2013 increase primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$3.05 million surplus), increased by transfers in (approximately \$321,000), offset by capital expenditures (approximately \$582,000), debt service (approximately \$897,000) and transfers out (approximately \$19,000).

Revenues of the General Fund in fiscal year 2013 were approximately \$1 million more than fiscal year 2012, as a result of the following:

- Permit and zoning fees increased approximately \$1 million. This increase in fees in fiscal year 2013 results from significant development activity in Town with several ongoing development projects.
- Intergovernmental revenues increased approximately \$163,000 due primarily to increased sales tax collections (approximate \$173,000 increase) offset by an approximate \$12,000 in communication services tax collections.
- Utility taxes increased approximately \$169,000 as a result of stronger electric utility taxes in fiscal year 2013.
- Fine and forfeiture revenue decreased approximately \$151,000. The Town experienced a significant decline in revenues related to the red light camera program established in fiscal year 2011 and, as a result, red light camera program violations generated approximately \$86,000 less revenue than in fiscal 2012. Additionally, non-red light camera program violations were down and yielded approximately \$65,000 less revenue than in fiscal year 2012.
- Ad valorem revenues decreased in fiscal 2013 (approximately \$141,000) as a result of a slight decline in property values (primarily from value adjustment board reductions).
- Electric franchise fees declined approximately \$100,000, but this decrease was offset somewhat by an approximate \$14,000 increase in solid waste franchise fees.

- The remaining difference in the change in revenue from fiscal year 2012 levels is a combination of other small net changes in other revenue categories.

Current expenditures of the General Fund in fiscal year 2013 decreased approximately \$2 million versus the expenditure total in fiscal year 2012 due to the following primary reasons:

- General government expenditures decreased primarily from an approximate \$2.48 million decrease in expenditures related to the educational initiative the Town entered into with the Miami-Dade County School Board.
- Public safety expenditures decreased approximately \$148,000 primarily as a result of decreased expenditures related to the red light camera program in fiscal year 2013 (approximate \$15,000 decrease) as well as the lack of vehicle expenditures in fiscal year 2013. In fiscal year 2012 approximately \$132,000 was spent on police vehicles (non-capital) that were transferred to the County pursuant to an Interlocal agreement in which the County took possession of said vehicles and agreed to maintain the vehicles and provide them for the Town's use. No such vehicles were acquired in fiscal year 2013.
- Parks and recreation expenditures increased approximately \$108,000, primarily related to increased costs for staffing for park program activities as well as increased maintenance costs related to parks brought online in recent years (combining for approximately \$106,000 of the increase).
- Community development expenditures increased primarily due to an increase in contractual services (approximately \$654,000) offset by a decrease in professional services (approximately \$97,000). The Town utilizes a contractor to provide building permitting and inspection services. The contractor is paid a percentage of the related permitting revenues as payment for its services. Due to significant development in Town, these fees have increased (as have the corresponding revenue). Professional services decreased in fiscal year 2013 as a result of in-house staff not outsourcing as much planning services to planning consultants.
- The balance of the increase in General Fund current expenditures is comprised of a combination of other small changes.

Also, as discussed above, the General Fund experienced an increase in debt service of approximately \$246,000. This was primarily due to the new amortization requirements on the County's refinanced QNIP bonds (accounting for approximately \$204,000 of the increase). The Town remains obligated to pay to the County for its pro-rata share of debt service on the QNIP bonds. Additionally, interest payments commenced in fiscal year 2013 on the Town's debt related to its education initiative resulting in approximately \$56,000 of increase debt service expenditures. These increases were offset by lack of any capital lease payments in fiscal year 2013 versus 2012 (an approximate \$14,000 decrease in capital lease related debt service).

Capital outlay in the General Fund decreased approximately \$59,000 primarily reflecting decreased expenditures related to Town Hall building and site improvements (approximately \$73,000). Other small changes constitute the balance of the difference.

Transfers out in the General Fund in fiscal year 2013 decreased approximately \$72,000 over fiscal year 2012 as a result of decreased General Fund funding contributions for certain projects reported in special revenue funds. Transfers in to the General Fund increased approximately \$40,000, reflecting an increase in the transfer of gas taxes of approximately \$172,000 from Special Revenue Fund used for sidewalk repairs offset by a decrease in the transfer of police impact fees of approximately \$132,000 which were used in fiscal year 2012 for the purchase of police vehicles.

#### JPA (Old Cutler Road) Fund

The JPA (Old Cutler Road) Fund was established in fiscal year 2010 to account for the revenues derived from Miami Dade County, and other Town sources, to be used specifically for road improvements to Old Cutler Road within the Town. Expenditures increased approximately \$1.15 million over fiscal year 2012 levels reflecting that the project was heavily into its construction phase in fiscal year 2013. These expenditures were funded by increased intergovernmental revenues received from Miami-Dade County in fiscal year 2013 over the fiscal year 2012 amounts (approximate \$453,000 increase) and by increased transfers in of approximately \$694,000 (primarily \$675,000 of increased CITT surtax funds transferred from the CITT Fund in fiscal year 2013 over 2012, as well as approximately \$19,000 transferred from the General Fund in fiscal year 2013 to pay for certain costs that are not eligible to be paid with CITT surtax funds). The JPA (Old Cutler Road) Fund reported no fund balances at September 30, 2013 or September 30, 2012.

**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 2013 generated an increase in net position of approximately \$137,200, versus an increase in net position of approximately \$247,600 during fiscal year 2012. The fiscal year 2013 increase in net position resulted from operating income of approximately \$134,600 and non-operating revenues (approximately \$2,600).

Of the total net position at September 30, 2013 of approximately \$4.3 million, \$3.3 million is classified as net investment in capital assets and \$1 million is classified as unrestricted. At September 30, 2012, total net position of approximately \$4.1 million was classified as \$3.1 million net investment in capital assets and \$1 million as unrestricted.

## **General Fund Budget Highlights**

During fiscal years 2013 and 2012, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$3.1 million and \$3.7 million, respectively. For fiscal year 2013, the results were achieved as actual revenues exceeded budgeted amounts by \$414,000 while actual expenditures were \$2.7 million less than budgeted. In fiscal year 2012, actual revenues exceeded budgeted amounts by \$1.4 million while actual expenditures were \$2.3 million less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal year 2013 period, the primary contributing factors to the favorable revenue variance was better than expected collections of utility taxes, licenses and permits, rental income generated from the Town Hall building, charges for services, as well as better than expected collections from State shared revenue sources, offset somewhat by lower than expected revenues from property taxes and other miscellaneous sources. Given the economic climate in which the Town operated under while preparing its fiscal year 2013 budget, management conservatively estimated various revenue streams as a precautionary measure. In virtually all material revenue categories, actual revenues generated exceeded budget. Similarly, the Town had favorable expenditure budget variances with all departments. This resulted from a conscious effort by management for fiscal restraint in the difficult economic times in which the Town was operating, as well as deferring expenditures for some planned projects to future fiscal years.

In November 2013, the Town Council passed a budget amendment by resolution (#13-95) to:

1. In the General Fund, increase revenues for solid waste franchise fees (\$90,000), utility taxes-electricity (\$300,000), building permits (\$1,142,000), communication services taxes (\$70,000), zoning fees (\$150,000), state revenue sharing (\$75,000), local government half-cent sales tax (\$150,000), parks and recreation fees (\$60,000) and lien searches (\$45,000) offset by decreases to electric franchise fees (\$90,000), judgments and fines (\$20,000), and judgments and fines-red light camera violations (\$70,000) and to appropriation of prior year fund balance (\$1,902,000).
2. In the General Fund, increase General Government contributions and aid to governmental entities (\$300,000) and Community Development other contractual services (\$800,000), offset by a decrease to transfers out to the Stormwater Fund (\$68,000) and an increase to appropriation of prior year fund balance (\$1,032,000).
3. In the Stormwater Fund (a proprietary fund), decrease grant revenues for a grant not obtained during the fiscal year (\$50,000) along with decreases associated with this grant, specifically decrease transfer in from the General Fund (for match purposes) in the amount of \$68,000 and decrease other contractual services expenses by \$118,000.

## **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, 2013 and 2012, amounts to approximately \$54 million and \$5.4 million and \$56.9 million and \$5.3 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		Total Percent Change
	2013	2012	2013	2012	2013	2012	
General Government	\$ 12,112	\$ 12,312	\$ -	\$ -	\$ 12,112	\$ 12,312	-1.6%
Community Development	25,017	26,329	-	-	25,017	26,329	-5.0%
Public Safety	26	27	-	-	26	27	-3.7%
Culture and Recreation	16,842	18,215	-	-	16,842	18,215	-7.5%
Public Works-Stormwater	-	-	5,367	5,255	5,367	5,255	2.1%
	<u>\$ 53,997</u>	<u>\$ 56,883</u>	<u>\$ 5,367</u>	<u>\$ 5,255</u>	<u>\$ 59,364</u>	<u>\$ 62,138</u>	-4.5%

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

**Long-term debt.** At September 30, 2013, the long-term portion of the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$3.1 million, representing a 6.4% 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 were made in fiscal year 2011. In fiscal year 2012, the Town borrowed an additional \$2.578 million from the same lender to fund its educational initiative with the Miami-Dade County School Board. At September 30, 2013, approximately \$15.3 million was outstanding on those notes payable, all of which were classified as long-term.

In conjunction with recording the stormwater assets transferred to the Town by the County, the Town recorded associated debt of approximately \$2.36 million at September 30, 2010, of which approximately \$2.28 million was considered long-term. The long-term balance at September 30, 2013, approximately \$2 million, represents a 4.3% decrease from the prior year.

The Town also has long-term liabilities related to its net OPEB obligation recorded in accordance with GASB Statement No. 45 and for compensated absences. These approximate \$51,000 and \$81,000, respectively, at September 30, 2013, versus \$39,000 and \$67,000, respectively, at September 30, 2012.

Total long-term debt decreased approximately \$276,000, or 1.3%, primarily as a result of principal retirements during fiscal year 2013.

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

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
QNIP bonds	\$ 3,077	\$ 3,289	\$ -	\$ -	\$ 3,077	\$ 3,289	-6.4%
Notes payable	15,303	15,303	-	-	15,303	15,303	0.0%
Stormwater Utility Revenue Bonds	-	-	2,024	2,114	2,024	2,114	-4.3%
Compensated absences	81	67	-	-	81	67	20.9%
Net OPEB obligation	51	39	-	-	51	39	30.8%
	<u>\$ 18,512</u>	<u>\$ 18,698</u>	<u>\$ 2,024</u>	<u>\$ 2,114</u>	<u>\$ 20,536</u>	<u>\$ 20,812</u>	-1.3%

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

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the Miami-Dade County area at September 30, 2013 is approximately 7.8%, which is a decrease from a rate of 8.9% a year ago, and is below the national unemployment rate.
- Inflationary trends in the region are in line with national indices.
- In setting its fiscal year 2014 budget, the Town adopted a mil rate that was the same as the rate for fiscal year 2013. The mil rate adopted, however, was 5.43% higher than the statutorily computed "roll-back" rate.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, began impacting the Town in fiscal year 2009 and will have a negative impact on the amount of property tax revenue the Town generates going forward, assuming the Town does not increase its millage rate or achieve growth in its tax base which will offset the amendment's effects.
- The Town, like most communities across the state and nation, has been negatively impacted by the financial crisis and economic downturn gripping the United States. The south Florida real estate market has been especially hard hit. Property values have experienced significant declines and there has been increased foreclosure activity. As of July 1, 2013, the certified taxable value of property within the Town reflected a decrease of 37% from the level at July 1, 2008. The 2013 certified tax roll issued by the County Property Appraiser in July 2013, used for ad valorem purposes for fiscal year 2014, gave some indications that property values within the Town may have stabilized as it reflected an approximate 3.8% increase in the taxable value of property within the Town versus the certified tax roll for 2012 (used for ad valorem purposes in fiscal year 2013). These values are subject to property owner appeal via the Valuation Adjustment Board ("VAB") process. Preliminary estimates of the 2014 tax roll (for fiscal year 2015 purposes) are not yet available, but the Town is hopeful that the taxable property value for the upcoming year will reflect a modest uptick, hopefully indicating that the large declines of recent years may be abating. The Town has seen encouraging signs in building activity and new development within the Town in fiscal year 2013, and this activity is carrying forward into fiscal year 2014 with significant new planned projects in process.
- While it may take several years before strong property value growth returns to the Town, in the interim, the Town continues to operate in a lean and efficient manner and has been extremely successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

## **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 25,350,090	\$ -	\$ 25,350,090
Restricted cash and cash equivalents	1,741,901	-	1,741,901
Accounts receivable - net	2,490,678	162,748	2,653,426
Prepays	402,306	723	403,029
Other assets	620	-	620
Internal balances	(963,180)	963,180	-
Capital assets not being depreciated:			
Land	10,368,183	-	10,368,183
Construction in progress	382,464	8,099	390,563
Capital assets being depreciated:			
Building	8,554,216	-	8,554,216
Computer hardware and software	934,980	2,023	937,003
Furniture and equipment	781,734	-	781,734
Infrastructure	57,640,563	8,089,046	65,729,609
Improvements	14,459,718	-	14,459,718
Property under capital lease	292,512	29,383	321,895
Total capital assets	93,414,370	8,128,551	101,542,921
Less accumulated depreciation	(39,417,403)	(2,761,719)	(42,179,122)
Total capital assets - net	53,996,967	5,366,832	59,363,799
Total assets	<u>83,019,382</u>	<u>6,493,483</u>	<u>89,512,865</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 3,658,233	\$ 126,580	\$ 3,784,813
Other liabilities	97,270	-	97,270
Accrued interest	24,136	-	24,136
Noncurrent liabilities:			
The amount due in one year	252,499	90,015	342,514
The amount due in over one year	18,511,675	2,023,935	20,535,610
Total liabilities	<u>22,543,813</u>	<u>2,240,530</u>	<u>24,784,343</u>
<u>NET POSITION</u>			
Net investment in capital assets	35,405,031	3,252,882	38,657,913
Restricted for:			
Capital projects	142,756	-	142,756
Public safety	147,948	-	147,948
Parks and recreation	1,269,028	-	1,269,028
Transportation	3,863,408	-	3,863,408
Unrestricted	19,647,398	1,000,071	20,647,469
Total net position	<u>\$ 60,475,569</u>	<u>\$ 4,252,953</u>	<u>\$ 64,728,522</u>

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities		
<b>Functions/programs</b>							
Governmental activities:							
General government	\$ 8,791,886	\$ 747,983	\$ 4,044,474	\$ 197,882	\$ (3,801,547)	\$ -	\$ (3,801,547)
Public safety	7,935,541	635,494	-	-	(7,300,047)	-	(7,300,047)
Community development	3,100,748	2,310,194	-	-	(790,554)	-	(790,554)
Parks and recreation	3,045,599	787,381	83,071	-	(2,175,147)	-	(2,175,147)
Interest on long-term debt	693,494	-	-	-	(693,494)	-	(693,494)
Total governmental activities	<u>23,567,268</u>	<u>4,481,052</u>	<u>4,127,545</u>	<u>197,882</u>	<u>(14,760,789)</u>	<u>-</u>	<u>(14,760,789)</u>
Business-type activities:							
Stormwater	872,847	1,007,438	-	-	-	134,591	134,591
Total business-type activities	<u>872,847</u>	<u>1,007,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,591</u>	<u>134,591</u>
Total	<u>\$ 24,440,115</u>	<u>\$ 5,488,490</u>	<u>\$ 4,127,545</u>	<u>\$ 197,882</u>	<u>(14,760,789)</u>	<u>134,591</u>	<u>(14,626,198)</u>
General revenues:							
Property taxes				4,113,511	-		4,113,511
Utility taxes				2,640,920	-		2,640,920
Franchise fees based on gross receipts				1,531,087	-		1,531,087
Intergovernmental (unrestricted)				5,815,863	-		5,815,863
Investment income				70,392	2,644		73,036
Change in net position				<u>(589,016)</u>	<u>137,235</u>		<u>(451,781)</u>
Net position, Beginning				61,064,585	4,115,718		65,180,303
Net position, Ending				<u>\$ 60,475,569</u>	<u>\$ 4,252,953</u>		<u>\$ 64,728,522</u>

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	Major Funds		Other	Total
	General	JPA (Old Cutler Road) Fund	Governmental Funds	Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 25,350,090	\$ -	\$ -	\$ 25,350,090
Restricted cash and cash equivalents	2,542	-	1,739,359	1,741,901
Accounts receivable - net	899,389	1,136,716	454,573	2,490,678
Prepays	401,549	-	757	402,306
Other assets	619	-	-	619
Due from other funds	10,293,197	3,537,629	5,440,207	19,271,033
Total assets	\$ 36,947,386	\$ 4,674,345	\$ 7,634,896	\$ 49,256,627
<u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable	\$ 3,177,584	\$ 215,837	\$ 264,812	\$ 3,658,233
Deferred revenues	45,580	-	-	45,580
Other liabilities	51,690	-	-	51,690
Due to other funds	13,826,219	4,458,508	1,949,486	20,234,213
Total liabilities	17,101,073	4,674,345	2,214,298	23,989,716
<u>FUND BALANCES</u>				
Nonspendable	401,549	-	-	401,549
Restricted	2,542	-	5,420,598	5,423,140
Assigned	5,395,000	-	-	5,395,000
Unassigned	14,047,222	-	-	14,047,222
Total fund balances	19,846,313	-	5,420,598	25,266,911
Total liabilities and fund balances	\$ 36,947,386	\$ 4,674,345	\$ 7,634,896	\$ 49,256,627

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, 2013**

Fund balances - total government funds (Page 18) \$ 25,266,911

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	93,414,370	
Less accumulated depreciation	<u>(39,417,403)</u>	53,996,967

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

OPEB Liability	(51,000)	
Long term debt	(18,591,937)	
Compensated absences	(121,237)	
Accrued interest payable	<u>(24,135)</u>	<u>(18,788,309)</u>

Net position of governmental activities (Page 16) \$ 60,475,569

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Major Funds		Other	Total
	General	JPA (Old Cutler Road) Fund	Governmental Funds	Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 4,113,511	\$ -	\$ -	\$ 4,113,511
Franchise fees	1,531,087	-	-	1,531,087
Utility taxes	2,640,920	-	-	2,640,920
Charges for services	472,880	-	-	472,880
Intergovernmental	5,815,863	2,325,511	1,999,915	10,141,289
Licenses and permits	2,195,599	-	-	2,195,599
Impact fees	-	-	804,748	804,748
Fines and forfeitures	417,891	-	-	417,891
Interest	53,050	-	17,342	70,392
Rental income	544,793	-	-	544,793
Contributions	-	-	-	-
Miscellaneous	44,691	-	-	44,691
Total revenues	<u>17,830,285</u>	<u>2,325,511</u>	<u>2,822,005</u>	<u>22,977,801</u>
<b>Expenditures:</b>				
Current:				
General government	3,519,693	3,482,717	1,013,738	8,016,148
Public safety	7,918,949	-	-	7,918,949
Community development	1,780,152	-	-	1,780,152
Parks and recreation	1,564,694	-	83,071	1,647,765
Debt service:				
Principal retirement	204,180	-	-	204,180
Interest	692,556	-	-	692,556
Capital outlay:				
General government	552,371	-	-	552,371
Public safety	15,612	-	-	15,612
Community development	3,823	-	-	3,823
Parks and recreation	10,627	-	-	10,627
Total expenditures	<u>16,262,657</u>	<u>3,482,717</u>	<u>1,096,809</u>	<u>20,842,183</u>
Excess (Deficiency) of revenues over expenditures and other financing sources (uses)	<u>1,567,628</u>	<u>(1,157,206)</u>	<u>1,725,196</u>	<u>2,135,618</u>
<b>Other financing sources (uses) :</b>				
Transfers in	321,496	1,157,206	70,350	1,549,052
Transfers out	(18,635)	-	(1,530,417)	(1,549,052)
Total other financing sources (uses)	<u>302,861</u>	<u>1,157,206</u>	<u>(1,460,067)</u>	<u>-</u>
Net change in fund balances	1,870,489	-	265,129	2,135,618
Fund balances - Beginning	<u>17,975,824</u>	<u>-</u>	<u>5,155,469</u>	<u>23,131,293</u>
Fund balances - Ending	<u>\$ 19,846,313</u>	<u>\$ -</u>	<u>\$ 5,420,598</u>	<u>\$ 25,266,911</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, 2013**

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 20)	\$	2,135,618
<p>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.</p>		
Expenditures for capital outlays	582,433	
Less current year depreciation	<u>(3,453,602)</u>	(2,871,169)
<p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.</p>		
Capital outlay which did not meet the threshold for capitalization	<u>(14,840)</u>	(14,840)
<p>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 assets.</p>		
Principal payments on long term debt	<u>204,180</u>	204,180
<p>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.</p>		
OPEB liability	(12,000)	
Compensated absences	(29,868)	
Accrued interest payable	<u>(937)</u>	<u>(42,805)</u>
Change in net position of governmental activities (Page 17)	\$	<u>(589,016)</u>

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2013**

	<u>Stormwater</u>
<u>ASSETS</u>	
Current assets:	
Accounts receivables	\$ 162,748
Prepays	723
Due from other funds	<u>5,123,896</u>
Total current assets	<u>5,287,367</u>
Non-current assets:	
Capital assets, net	<u>5,366,832</u>
Total non-current assets	<u>5,366,832</u>
Total assets	<u>\$ 10,654,199</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 126,580
Due to other funds	4,160,716
Current portion of revenue bonds	<u>90,015</u>
Total current liabilities	<u>4,377,311</u>
Non-current liabilities:	
Revenue bonds	<u>2,023,935</u>
Total non-current liabilities	<u>2,023,935</u>
Total liabilities	<u>6,401,246</u>
Net position:	
Net investment in capital assets	3,252,882
Unrestricted	<u>1,000,071</u>
Total net position	<u>\$ 4,252,953</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, 2013**

	<u>Stormwater</u>
Operating revenues:	
Charges for services	\$ 1,007,438
Total revenues	<u>1,007,438</u>
Operating expenses:	
Operations and maintenance	709,808
Depreciation	<u>163,039</u>
Total operating expenses	<u>872,847</u>
Operating income	<u>134,591</u>
Non-operating revenues:	
Interest income	<u>2,644</u>
Total non-operating revenues	<u>2,644</u>
Changes in net position	137,235
Net position - Beginning	<u>4,115,718</u>
Net position - Ending	<u>\$ 4,252,953</u>

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Stormwater</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 1,035,702
Cash paid to employees	(91,247)
Cash paid to suppliers	<u>(621,316)</u>
Net cash provided by operating activities	<u>323,139</u>
Cash Flows From Non-Capital Financing Activities	
Increase in due to other funds	<u>35,358</u>
Net cash provided by non-capital financing activities	<u>35,358</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(274,696)
Principal payments	<u>(86,445)</u>
Net cash used in non-capital financing activities	<u>(361,141)</u>
Cash Flows From Investing Activities	
Interest income	<u>2,644</u>
Net cash provided by investing activities	<u>2,644</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents- Beginning	<u>-</u>
Cash and Cash Equivalents- Ending	<u>\$ -</u>
Reconciliation Of Operating Income to Net Cash Provided By Operating Activities:	
Operating income	<u>\$ 134,591</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	163,039
Change in operating assets and liabilities:	
Accounts receivables	28,264
Prepays	(52)
Accounts payable	<u>(2,703)</u>
Net cash provided by operating activities	<u>\$ 323,139</u>

See notes to basic financial statements

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**I. 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.

## I. 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:

The **General 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.

The **JPA (Old Cutler Road) fund** was established to account for the revenues derived from Miami-Dade County to be used specifically for road improvements to Old Cutler Road within the Town.

The Town reports the following major proprietary fund:

The **Stormwater 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. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The Town has elected not to follow subsequent FASB guidance.

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.

**I. 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.

**IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS**

The Town implemented the following GASB Statement during the fiscal year ended September 30, 2013 that had an impact on the financial statements:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all other elements presented in a statement of net position.

**d. Deposits**

The Town's cash and cash equivalents consist of cash on hand and demand deposits.

**e. Prepaids**

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.

**f. 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".

**g. Restricted Assets**

Proceeds from impact fees, CITT surtax and local option gas taxes are classified as restricted in various special revenue funds since these resources are specifically earmarked for restricted purposes including law enforcement, transportation and recreational eligible items.

**h. Property Taxes**

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Miami-Dade County (the County) on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h. Property Taxes (Continued)**

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town council and the Miami-Dade County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate to finance general governmental services for the year ended September 30, 2013 was 2.5702 mills per \$1,000 of assessed valuation.

**i. Capital Assets**

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

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

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

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

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

**j. 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. 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. Compensated absences of governmental funds are typically liquidated from the general fund. For all employees, including the Town Manager, the vacation policy of the Town provides for employees to earn 80 hours of vacation leave during each of the first five years of service. From five through nine years of service, 120 hours are earned each year and for ten or more years of service, 160 hours are earned each year. Unused vacation leave, for all employees other than the Town Manager, may be carried over to the following year and accumulated up to a maximum of 280 hours. Employees, other than the Town Manager, who terminate employment under terms of voluntary separation are paid for all unused accumulated vacation leave at their final rate of pay. 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, upon separation from Town service.

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. **Compensated Absences (Continued)**

Pursuant to his employment contract, the Town Manager, upon separation, is entitled to a payout of his accrued vacation up to a maximum of 480 hours and for his accrued sick leave up to a maximum of 300 hours. If the Town Manager voluntarily resigns with less than 60 days' advance written notice or if he is terminated for misconduct or ethical violations, as defined, the Town Manager shall not be entitled to a payout for any accrued vacation or sick leave.

k. **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are amortized over the term of the related debt. For proprietary fund types, bonds payable are reported net of the applicable bond premium, discount, and issuance costs.

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

l. **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.

m. **Deferred Revenue**

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

n. **Net Position**

Total equity as of September 30, 2013, is classified into three components of net position:

**Net investment in capital assets** — This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

**Restricted net position** — This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.

**Unrestricted net position** — This category includes all of the remaining net position that does not meet the definition of the other two categories.

o. **Fund Balance**

As of September 30, 2013, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Fund Balance (Continued)

**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.

**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.

	General	JPA (Old Cutler Road) Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>				
Nonspendable:				
Prepays	\$ 401,549	\$ -	\$ -	\$ 401,549
Restricted:				
Transportation	-	-	3,863,408	3,863,408
Parks and recreation	-	-	1,269,028	1,269,028
Public safety	2,542	-	145,406	147,948
Capital projects	-	-	142,756	142,756
Assigned:				
Building: capital reserve	1,000,000	-	-	1,000,000
Building: operating reserve	1,000,000	-	-	1,000,000
Lender depository requirement	3,095,000	-	-	3,095,000
Education initiative reserve	300,000	-	-	300,000
Unassigned	14,047,222	-	-	14,047,222
Total Fund Balances	<u>\$ 19,846,313</u>	<u>\$ -</u>	<u>\$ 5,420,598</u>	<u>\$ 25,266,911</u>

<b>Fund Balances:</b>				
Nonspendable	\$ 401,549	\$ -	\$ -	\$ 401,549
Restricted	2,542	-	5,420,598	5,423,140
Assigned	5,395,000	-	-	5,395,000
Unassigned	14,047,222	-	-	14,047,222
Total Fund Balances	<u>\$ 19,846,313</u>	<u>\$ -</u>	<u>\$ 5,420,598</u>	<u>\$ 25,266,911</u>

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Fund Balance (Continued)**

**Minimum Level of Unassigned Fund Balance Policy**

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

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

**p. 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.

**q. 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.

**r. 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.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

For the year ended September 30, 2013, the Town complied, in all material respects, with these revenue restrictions.

## III. 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, 2013, the Town had no investments.

**IV. RECEIVABLES/PAYABLES**

**Receivables**

The Town's receivables at September 30, 2013 were as follows:

	Taxes	Grants	Fees	Others	Totals
General Fund	\$ 795,815	\$ 9,917	\$ -	\$ 93,657	\$ 899,389
JPA (Old Cutler Road) Fund	-	1,136,208	-	508	1,136,716
Non-major governmental funds	230,980	223,593	-	-	454,573
Stormwater Fund	-	-	162,748	-	162,748
	<u>\$ 1,026,795</u>	<u>\$ 1,369,718</u>	<u>\$ 162,748</u>	<u>\$ 94,165</u>	<u>\$ 2,653,426</u>

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

The Town's payables at September 30, 2013 were as follows:

	Vendors	Miami-Dade County	Total
General Fund	\$ 1,121,892	\$ 2,055,692	\$ 3,177,584
JPA (Old Cutler Road) Fund	215,837	-	215,837
Non-major governmental funds	264,812	-	264,812
Stormwater Fund	51,580	75,000	126,580
	<u>\$ 1,654,121</u>	<u>\$ 2,130,692</u>	<u>\$ 3,784,813</u>

## V. CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2013 was as follows:

	October 1, 2012	Additions	Deletions	Transfers	September 30, 2013
<b><u>Governmental activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 10,368,183	\$ -	\$ -	\$ -	\$ 10,368,183
Construction in progress	-	382,464	-	-	382,464
Total capital assets not being depreciated	<u>10,368,183</u>	<u>382,464</u>	<u>-</u>	<u>-</u>	<u>10,750,647</u>
Capital assets being depreciated:					
Building	8,554,216	-	-	-	8,554,216
Roads and sidewalks	57,640,563	-	-	-	57,640,563
Improvements	14,342,656	117,062	-	-	14,459,718
Computer hardware and software	879,305	55,675	-	-	934,980
Property under capital lease	292,512	-	-	-	292,512
Furniture and equipment	769,344	12,390	-	-	781,734
Total capital assets being depreciated	<u>82,478,596</u>	<u>185,127</u>	<u>-</u>	<u>-</u>	<u>82,663,723</u>
Less accumulated depreciation for:					
Building	(1,134,553)	(427,855)	-	-	(1,562,408)
Roads and sidewalks	(30,925,455)	(1,306,893)	-	-	(32,232,348)
Improvements	(2,444,081)	(1,480,582)	-	-	(3,924,663)
Computer hardware and software	(652,264)	(137,087)	-	-	(789,351)
Property under capital lease	(292,512)	-	-	-	(292,512)
Furniture and equipment	(514,936)	(101,185)	-	-	(616,121)
Total accumulated depreciation	<u>(35,963,801)</u>	<u>(3,453,602)</u>	<u>-</u>	<u>-</u>	<u>(39,417,403)</u>
Total capital assets being depreciated, net	<u>46,514,795</u>	<u>(3,268,475)</u>	<u>-</u>	<u>-</u>	<u>43,246,320</u>
Governmental activities capital assets, net	<u>\$ 56,882,978</u>	<u>\$(2,886,011)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,996,967</u>

**V. CAPITAL ASSETS (Continued)**

	October 1, 2012	Additions	Deletions	Transfers	September 30, 2013
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 26,813	\$ 272,672	\$ -	\$ (291,386)	\$ 8,099
Total capital assets not being depreciated	26,813	272,672	-	(291,386)	8,099
Capital assets being depreciated:					
Computer hardware and software	-	2,023	-	-	2,023
Property under capital lease	29,383	-	-	-	29,383
Infrastructure	7,797,660	-	-	291,386	8,089,046
Total capital assets being depreciated	7,827,043	2,023	-	291,386	8,120,452
Less accumulated depreciation for:					
Computer hardware and software	-	(225)	-	-	(225)
Property under capital lease	(29,383)	-	-	-	(29,383)
Infrastructure	(2,569,298)	(162,813)	-	-	(2,732,111)
Total accumulated depreciation	(2,598,681)	(163,038)	-	-	(2,761,719)
Total capital assets being depreciated, net	5,228,362	(161,015)	-	291,386	5,358,733
Business-type activities capital assets, net	<u>\$ 5,255,175</u>	<u>\$ 111,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,366,832</u>

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

General government	\$ 733,213
Public safety	16,140
Community development	1,316,124
Culture and recreation	1,388,125
Total depreciation expense - governmental activities	<u>\$ 3,453,602</u>

**VI. LONG-TERM DEBT**

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

As a condition of incorporation, the Town agreed to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 and 2002 (QNIP Bonds) issued prior to the Town's incorporation. The Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the right to receive and apply to debt service on the bonds all of the public service taxes, as defined, collected on behalf of the Town with respect to bonds outstanding at the time of the municipal incorporation. The Town's debt service obligations as to the bonds in each fiscal year shall be its pro rata share of such debt service obligation. The Town's pro rata share will be equal to that percentage of the total debt service accruing on the bonds in such fiscal year calculated by multiplying such total debt service by a fraction the numerator of which will be the total amount of public service taxes collected within the boundaries of the unincorporated area comprising the boundaries of the Town during the fiscal year in which the Town 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.

**VI. LONG-TERM DEBT (Continued)**

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

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

Debt service requirements to maturity for the fiscal year ending September 30, 2013 are summarized as follows:

September 30,	Principal	Interest	Total
2014	\$ 212,380	\$ 136,606	\$ 348,986
2015	222,425	126,499	348,924
2016	231,445	116,821	348,266
2017	240,055	107,461	347,516
2018	248,870	97,752	346,622
2019-2023	1,399,945	329,533	1,729,478
2024-2027	733,695	73,544	807,239
	<u>\$ 3,288,815</u>	<u>\$ 988,216</u>	<u>\$ 4,277,031</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. 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. Principal and interest payments vary from year to year and interest rates range from 2.18% to 4.42%.

Debt service requirements to maturity for the fiscal year ending September 30, 2013 are summarized as follows:

September 30,	Principal	Interest	Total
2014	\$ -	\$ 548,477	\$ 548,477
2015	1,134,473	532,922	1,667,395
2016	1,176,911	490,484	1,667,395
2017	1,221,036	446,358	1,667,394
2018	1,266,919	400,476	1,667,395
2019-2023	5,405,696	1,336,606	6,742,302
2024-2028	3,747,191	522,325	4,269,516
2029-2030	1,350,896	40,181	1,391,077
	<u>\$ 15,303,122</u>	<u>\$ 4,317,829</u>	<u>\$ 19,620,951</u>

**VI. 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. The principal payment for the fiscal year ended September 30, 2013 was \$86,445 and the balance of the remaining principal payments range from \$90,015 to \$185,639 through September 2029.

Debt service requirements to maturity for the fiscal year ending September 30, 2013 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 90,015	\$ 104,361	\$ 194,376
2015	93,967	100,327	194,294
2016	98,430	95,802	194,232
2017	103,403	90,881	194,284
2018	108,630	85,711	194,341
2019-2023	629,978	341,471	971,449
2024-2028	803,888	167,433	971,321
2029	185,639	8,585	194,224
	<u>\$ 2,113,950</u>	<u>\$ 994,571</u>	<u>\$ 3,108,521</u>

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2013:

	<u>October 1,</u>			<u>September 30,</u>	<u>Due Within</u>
	2012	<u>Additions</u>	<u>Deletions</u>	2013	One Year
<b><u>Governmental activities:</u></b>					
QNIP bonds	\$ 3,492,995	\$ -	\$ 204,180	\$ 3,288,815	\$ 212,380
Notes payable	15,303,122	-	-	15,303,122	-
Compensated absences	91,369	106,282	76,414	121,237	40,119
Net OPEB obligation	39,000	12,000	-	51,000	-
Total governmental activities	<u>\$ 18,926,486</u>	<u>\$ 118,282</u>	<u>\$ 280,594</u>	<u>\$ 18,764,174</u>	<u>\$ 252,499</u>
<b><u>Business-type activities:</u></b>					
Stormwater utility revenue bonds	<u>\$ 2,200,395</u>	<u>\$ -</u>	<u>\$ 86,445</u>	<u>\$ 2,113,950</u>	<u>\$ 90,015</u>
Total business-type activities	<u>\$ 2,200,395</u>	<u>\$ -</u>	<u>\$ 86,445</u>	<u>\$ 2,113,950</u>	<u>\$ 90,015</u>

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

**VII. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances as of September 30, 2013, were as follows:

	Receivable	Payable
General Fund	\$ 10,293,197	\$ 13,826,219
JPA (Old Cutler Road) Fund	3,537,629	4,458,508
Non-major governmental funds	5,440,207	1,949,486
Stormwater Fund	5,123,896	4,160,716
	<u>\$ 24,394,929</u>	<u>\$ 24,394,929</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, 2013 was as follows:

	Transfers In*	Transfers Out*
General Fund	\$ 321,496	\$ 18,635
JPA (Old Cutler Road) Fund	1,157,206	-
Non-major governmental funds	70,350	1,530,417
	<u>\$ 1,549,052</u>	<u>\$ 1,549,052</u>

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

- \$1,138,571 and \$70,350, respectively, were transferred from the CITT Fund (a non-major governmental fund) to the JPA (Old Cutler Road) Fund and to the JPA (Caribbean Blvd) Fund (a non-major governmental fund), respectively, to fund the Town's portion of roadway enhancements and project oversight costs related to those two JPA roadway improvement projects.
- \$18,635 was transferred from the General Fund to the JPA (Old Cutler Road) Fund to cover a portion of the cost related to a roadway message board.
- \$321,496 was transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund to transfer gas taxes used for sidewalk repairs.

**VIII. FLORIDA RETIREMENT SYSTEM**

The Town elected to participate in the Florida Retirement System (FRS) effective February 1, 2007. The FRS is a cost sharing, multiple employer, public employee retirement plan, which covers substantially all of its full-time and eligible part-time employees. The FRS Pension Plan is a defined benefit plan, qualified under section 401(a) of the Internal Revenue Code, with defined contribution options.

The Florida Legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning in June 2002. Formally created as the Public Employee Optional Retirement Program (PEORP), the FRS Investment Plan is available as an option for all current and future FRS members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan where the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant's name. With a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement.

**VIII. FLORIDA RETIREMENT SYSTEM (Continued)**

The 2011 Florida Legislative session passed Senate Bill 2100, making substantive changes to the FRS. The bill was signed into law effective July 1, 2011. The bill requires all FRS Investment and Pension Plan members to make 3% employee contributions on a pretax basis. Employees who are in the Deferred Retirement Option Program (DROP) are not required to pay employee contributions. The bill changes the annual interest rate of the DROP from 6.5% to 1.3% per year. Furthermore, the bill eliminates the cost-of-living adjustment (COLA) on FRS services earned on or after July 1, 2011. However, a reduced COLA will be calculated if a member's retirement or DROP participation date is effective on or after August 1, 2011.

Under the bill, the Pension Plan's vesting requirement changed from 6 years to 8 years. For new employees initially enrolled in the Pension Plan on or after July 1, 2011, those members will be vested upon completion of 8 years of creditable services. For existing employees, vesting will remain at 6 years of creditable service.

The bill also changed the Pension Plan's normal retirement date. For all classes except special risk, the age increased from 62 to 65 years of age, and the years of creditable service increased from 30 to 33 years. Upon vesting, those members are entitled to an annual retirement benefit payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year from the member's retirement date to his/her normal retirement age.

Participants (employees) have the option of joining one of two FRS plans, the FRS Pension Plan, a defined benefit plan, and the FRS Investment Plan, a defined contribution plan. Each plan has its own unique features and terms. Generally, employees are initially enrolled in the FRS Pension Plan but can make an election to switch into the FRS Investment Plan before the end of the fifth month following initial enrollment in the FRS. Outside of this window, the employee is provided one other opportunity to switch between plans at any future date. After electing that other one-time switch, the employee can no longer switch between plans.

The Town's contributions for the Florida Retirement System for the last three years which were equal to the required contribution for each year were as follows:

<u>September 30,</u>	<u>Required Contribution</u>
2013	\$ 147,590
2012	\$ 109,295
2011	\$ 192,377

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contributions rates are established by state law as a level percentage of payroll (Chapter 121.70 Florida Statutes). Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. Pension costs for the Town were at blended rates that ranged from 5.62% to 15.93% of gross salaries during the fiscal year.

A copy of the FRS' latest annual report can be obtained by contacting the Division of Retirement, Research and Education Section toll-free (877) 377-1737, or by visiting their website at:

[http://www.dms.myflorida.com/human\\_resource\\_support/retirement/publications/system\\_information/annual\\_reports](http://www.dms.myflorida.com/human_resource_support/retirement/publications/system_information/annual_reports)

**IX. 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.

**X. 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, 2013, the Town was a defendant in two claims/lawsuits. Although the outcomes of these claims/lawsuits are not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**Agreement with Miami-Dade County for Stormwater Utility Billing**

On June 20, 2008, the Town executed an agreement with Miami-Dade County for the County to administer, bill and collect the stormwater utility service charges for the Town. The County bills the Town \$0.81 per bill and also deducts the Town's pro-rata share of debt service on 1999 and 2004 Stormwater Bonds issued by the County. The agreement expires on June 20, 2018 and may be extended for an additional ten (10) year period.

**Agreement with Miami-Dade County for Local Police Patrol Services**

On May 4, 2010, the Town executed an agreement with Miami-Dade County for local police patrol services. Services to the Town under the contract commenced on August 20, 2009. 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 2013, approximately \$7,618,998 was paid by the Town for such services. The agreement expires on August 20, 2014.

**Agreement with Miami-Dade County School Board**

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

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

The amount approved by the Town Council for the fiscal year 2013-2014 school year was \$267,499.

**X. COMMITMENTS AND CONTINGENCIES (Continued)**

**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.

**XI. POST-EMPLOYMENT HEALTH CARE BENEFITS**

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

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

An actuarial valuation was performed as of September 30, 2012 to determine the net OPEB obligation. The plan is not funded. The valuation used the projected unit cost method, with linear pro-ratio to assumed benefit commencement.

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

Annual required contribution	\$	12,000
Interest on net OPEB obligation		2,000
Adjustment to annual required contribution		(2,000)
Annual OPEB cost (expense)		<u>12,000</u>
Contributions made		<u>-</u>
Increase in net OPEB obligation		12,000
Net OPEB obligation - beginning of year		<u>39,000</u>
Net OPEB obligation - end of year	\$	<u><u>51,000</u></u>

**XI. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2013	\$ 12,000	\$ -	\$ 51,000
September 30, 2012	\$ 12,000	\$ -	\$ 39,000
September 30, 2011	\$ 9,000	\$ -	\$ 27,000

*Funded Status and Funding Progress.* As of September 30, 2012, the most recent actuarial valuation date, the plan was 0% funded. The unfunded actuarial accrued liability (UAAL) is \$51,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1.5 million and the ratio of the UAAL to the covered payroll was 2.6 percent.

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

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

In the September 30, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.0% initially, gradually decreasing over time. By 2030 the rate of increase is 5.1%, and by 2050 4.6%. The rates included a 3.8% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over thirty years.

**Schedule of Funding Progress for the Town**

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

## **XII. SUBSEQUENT EVENTS**

In October 2013, a community development district transferred to the Town an approximate 5 acre parcel of land known as Lakes By The Bay Linear Park. This parcel is a passive park providing walking trails along a lakeside area.

The Town is currently in the process of valuing this parcel for recording in its financial statements in fiscal year 2014.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF CUTLER BAY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 4,164,257	\$ 4,164,257	\$ 4,113,511	\$ (50,746)
Franchise fees	1,520,000	1,520,000	1,531,087	11,087
Utility taxes	2,185,000	2,485,000	2,640,920	155,920
Charges for services	140,000	200,000	472,880	272,880
Intergovernmental	5,485,043	5,780,043	5,815,863	35,820
Licenses and permits	850,000	2,142,000	2,195,599	53,599
Fines and forfeitures	500,000	410,000	417,891	7,891
Interest	40,000	40,000	53,050	13,050
Rental income	500,000	500,000	544,793	44,793
Miscellaneous	130,000	175,000	44,691	(130,309)
Total revenues	<u>15,514,300</u>	<u>17,416,300</u>	<u>17,830,285</u>	<u>413,985</u>
<b>Expenditures:</b>				
General government	1,630,614	1,930,614	1,657,497	273,117
Legislative	151,408	151,408	135,214	16,194
Town clerk	396,840	396,840	267,991	128,849
Finance	412,640	412,640	343,743	68,897
Town attorney	500,000	500,000	332,981	167,019
Town Hall building	2,074,955	2,074,955	1,501,573	573,382
Community development	1,239,103	2,039,103	1,783,975	255,128
Public works	929,270	929,270	729,801	199,469
Culture and recreation	1,866,705	1,866,705	1,575,321	291,384
Police services	8,616,804	8,616,804	7,934,561	682,243
Total expenditures	<u>17,818,339</u>	<u>18,918,339</u>	<u>16,262,657</u>	<u>2,655,682</u>
(Deficiency) Excess of revenues under expenditures before other financing sources (uses)	<u>(2,304,039)</u>	<u>(1,502,039)</u>	<u>1,567,628</u>	<u>3,069,667</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	15,183,477	14,313,477	-	(14,313,477)
Contingency reserve	(5,450,000)	(5,450,000)	-	5,450,000
Insurance contingencies	(1,000,000)	(1,000,000)	-	1,000,000
Grant match reserve	(200,000)	(200,000)	-	200,000
Building capital reserve	(1,500,000)	(1,500,000)	-	1,500,000
Building operating reserve	(1,000,000)	(1,000,000)	-	1,000,000
Restricted building loan reserve	(3,060,700)	(3,060,700)	-	3,060,700
Education initiative reserve	(300,000)	(300,000)	-	300,000
Other reserves	(738)	(738)	-	738
Revenue stabilization reserve	(300,000)	(300,000)	-	300,000
Tax equalization reserve	(300,000)	(300,000)	-	300,000
Transfers in	300,000	300,000	321,496	21,496
Transfers out	(68,000)	-	(18,635)	(18,635)
Issuance of debt	-	-	-	-
Total other financing sources	<u>2,304,039</u>	<u>1,502,039</u>	<u>302,861</u>	<u>(1,199,178)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,870,489</u>	<u>1,870,489</u>
Fund balances - Beginning			<u>17,975,824</u>	
Fund balances - Ending			<u>\$ 19,846,313</u>	

See notes to budgetary comparison schedule

**TOWN OF CUTLER BAY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - JPA (OLD CUTLER ROAD) FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 5,542,000	\$ 5,542,000	\$ 2,325,511	\$ (3,216,489)
Total revenues	<u>5,542,000</u>	<u>5,542,000</u>	<u>2,325,511</u>	<u>(3,216,489)</u>
<b>Expenditures:</b>				
Current:				
General government	<u>6,733,000</u>	<u>6,733,000</u>	<u>3,482,717</u>	<u>3,250,283</u>
Total expenditures	<u>6,733,000</u>	<u>6,733,000</u>	<u>3,482,717</u>	<u>3,250,283</u>
Deficiency of revenues under expenditures and other financing sources	<u>(1,191,000)</u>	<u>(1,191,000)</u>	<u>(1,157,206)</u>	<u>33,794</u>
<b>Other financing sources:</b>				
Transfers in	<u>1,191,000</u>	<u>1,191,000</u>	<u>1,157,206</u>	<u>(33,794)</u>
Total other financing sources	<u>1,191,000</u>	<u>1,191,000</u>	<u>1,157,206</u>	<u>(33,794)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning			<u>-</u>	
Fund balances, Ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**Notes to Budgetary Comparison Schedule**

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, or 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. Supplemental appropriations for the fiscal year ended September 30, 2013 were as follows:

In November 2013, the Town Council passed a budget amendment by resolution (#13-95) to:

1. In the General Fund, increase revenues for solid waste franchise fees (\$90,000), utility taxes-electricity (\$300,000), building permits (\$1,142,000), communication services taxes (\$70,000), zoning fees (\$150,000), state revenue sharing (\$75,000), local government half-cent sales tax (\$150,000), parks and recreation fees (\$60,000) and lien searches (\$45,000) offset by decreases to electric franchise fees (\$90,000), judgments and fines (\$20,000), and judgments and fines-red light camera violations (\$70,000) and to appropriation of prior year fund balance (\$1,902,000).
2. In the General Fund, increase General Government contributions and aid to governmental entities (\$300,000) and Community Development other contractual services (\$800,000), offset by a decrease to transfers out to the Stormwater Fund (\$68,000) and an increase to appropriation of prior year fund balance (\$1,032,000).
3. In the Stormwater Fund (a proprietary fund), decrease grant revenues for a grant not obtained during the fiscal year (\$50,000) along with decreases associated with this grant, specifically decrease transfer in from the General Fund (for match purposes) in the amount of \$68,000 and decrease other contractual services expenses by \$118,000.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**Notes to Budgetary Comparison Schedule (Continued)**

- g. Formal budgetary integration is employed as a management control device. Additionally, the Town does not utilize encumbrance accounting.

The General Fund, Special Revenue Fund, The Children's Trust Fund, JPA (Old Cutler Road) Fund, JPA (Caribbean Blvd) Fund, CITT Fund, Green Traffic Circle Fund, ARRA Lighting Fund, and the Stormwater Fund have legally adopted budgets which were passed prior to the October 1, 2012 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.

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## **COMBINING FINANCIAL STATEMENTS**

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## NON-MAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

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

**ARRA Lighting Fund** – This fund was established to account for the revenues derived from the Federal ARRA Stimulus grant to be used specifically for energy efficient lighting improvements at the Town’s Town Hall building.

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

**Green Traffic Circle Fund** – This fund was established to account for the revenues derived from a contribution from a private source to be used specifically for constructing a traffic circle within the Town.

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

**TOWN OF CUTLER BAY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<u>Special Revenue Funds</u>						Total
	Special Revenue Fund	The Children's Trust Fund	CITT Fund	ARRA Lighting Fund	JPA (Caribbean Blvd) Fund	Green Traffic Circles Fund	Nonmajor Governmental Funds
<u>ASSETS</u>							
Restricted cash and cash equivalents	\$ 1,739,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,739,359
Receivables, net	17,459	11,719	213,521	110,435	101,439	-	454,573
Prepays	-	757	-	-	-	-	757
Other assets	-	-	-	-	-	-	-
Due from other funds	971,477	446,859	3,333,322	-	484,063	204,486	5,440,207
Total assets	<u>\$ 2,728,295</u>	<u>\$ 459,335</u>	<u>\$ 3,546,843</u>	<u>\$ 110,435</u>	<u>\$ 585,502</u>	<u>\$ 204,486</u>	<u>\$ 7,634,896</u>
<u>LIABILITIES</u>							
Accounts payable	\$ -	\$ 3,033	\$ 41,579	\$ -	\$ 129,974	\$ 90,226	\$ 264,812
Due to other funds	107,222	456,302	781,188	110,435	455,528	38,811	1,949,486
Total liabilities	<u>107,222</u>	<u>459,335</u>	<u>822,767</u>	<u>110,435</u>	<u>585,502</u>	<u>129,037</u>	<u>2,214,298</u>
<u>FUND BALANCES</u>							
Restricted	2,621,073	-	2,724,076	-	-	75,449	5,420,598
Total fund balances	<u>2,621,073</u>	<u>-</u>	<u>2,724,076</u>	<u>-</u>	<u>-</u>	<u>75,449</u>	<u>5,420,598</u>
Total liabilities and fund balances	<u>\$ 2,728,295</u>	<u>\$ 459,335</u>	<u>\$ 3,546,843</u>	<u>\$ 110,435</u>	<u>\$ 585,502</u>	<u>\$ 204,486</u>	<u>\$ 7,634,896</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, 2013**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Special Revenue Fund	The Children's Trust Fund	CITT Fund	ARRA Lighting Fund	JPA (Caribbean Blvd) Fund	Green Traffic Circle Fund	
Revenues:							
Intergovernmental	\$ 197,882	\$ 83,071	\$ 1,448,637	\$ -	\$ 270,325	\$ -	\$ 1,999,915
Impact fees	804,748	-	-	-	-	-	804,748
Interest	5,962	-	11,380	-	-	-	17,342
Total revenues	<u>1,008,592</u>	<u>83,071</u>	<u>1,460,017</u>	<u>-</u>	<u>270,325</u>	<u>-</u>	<u>2,822,005</u>
Expenditures:							
Current:							
General government	-	-	544,026	-	340,675	129,037	1,013,738
Parks and recreation	-	83,071	-	-	-	-	83,071
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>83,071</u>	<u>544,026</u>	<u>-</u>	<u>340,675</u>	<u>129,037</u>	<u>1,096,809</u>
Excess (Deficiency) of revenues over expenditures and other financing sources (uses)	<u>1,008,592</u>	<u>-</u>	<u>915,991</u>	<u>-</u>	<u>(70,350)</u>	<u>(129,037)</u>	<u>1,725,196</u>
Other financing sources :							
Transfers in	-	-	-	-	70,350	-	70,350
Transfers out	(321,496)	-	(1,208,921)	-	-	-	(1,530,417)
Total other financing sources (uses)	<u>(321,496)</u>	<u>-</u>	<u>(1,208,921)</u>	<u>-</u>	<u>70,350</u>	<u>-</u>	<u>(1,460,067)</u>
Net change in fund balance	<u>687,096</u>	<u>-</u>	<u>(292,930)</u>	<u>-</u>	<u>-</u>	<u>(129,037)</u>	<u>265,129</u>
Fund balances, Beginning	<u>1,933,977</u>	<u>-</u>	<u>3,017,006</u>	<u>-</u>	<u>-</u>	<u>204,486</u>	<u>5,155,469</u>
Fund balances, Ending	<u>\$ 2,621,073</u>	<u>\$ -</u>	<u>\$ 2,724,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,449</u>	<u>\$ 5,420,598</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 194,667	\$ 194,667	\$ 197,882	\$ 3,215
Impact fees	85,000	85,000	804,748	719,748
Interest	<u>3,000</u>	<u>3,000</u>	<u>5,962</u>	<u>2,962</u>
Total revenues	<u>282,667</u>	<u>282,667</u>	<u>1,008,592</u>	<u>725,925</u>
Other financing uses:				
Appropriation of prior year fund balance	1,928,944	1,928,944	-	(1,928,944)
Reserve for future police impact fees	(90,206)	(90,206)	-	90,206
Reserve for future park impact fees	(633,726)	(633,726)	-	633,726
Reserve for future public works projects	(658,261)	(658,261)	-	658,261
Reserve for future road impact fee projects	(127,040)	(127,040)	-	127,040
Reserve for future public buildings projects	(67,938)	(67,938)	-	67,938
Transfers out	<u>(634,440)</u>	<u>(634,440)</u>	<u>(321,496)</u>	<u>312,944</u>
Total other financing uses	<u>(282,667)</u>	<u>(282,667)</u>	<u>(321,496)</u>	<u>(38,829)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>687,096</u>	<u>687,096</u>
Fund balances, Beginning			<u>1,933,977</u>	
Fund balances, Ending			<u>\$ 2,621,073</u>	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 111,759	\$ 111,759	\$ 83,071	\$ (28,688)
Total revenues	<u>111,759</u>	<u>111,759</u>	<u>83,071</u>	<u>(28,688)</u>
Expenditures:				
Current:				
Parks and recreation	<u>111,759</u>	<u>111,759</u>	<u>83,071</u>	<u>28,688</u>
Total expenditures	<u>111,759</u>	<u>111,759</u>	<u>83,071</u>	<u>28,688</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning			<u>-</u>	
Fund balances, Ending			<u>\$ -</u>	

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - CITT FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,300,000	\$ 1,300,000	\$ 1,448,637	\$ 148,637
Interest	-	-	11,380	11,380
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,460,017</u>	<u>160,017</u>
Expenditures:				
Current:				
General government	<u>1,300,000</u>	<u>1,300,000</u>	<u>544,026</u>	<u>755,974</u>
Total expenditures	<u>1,300,000</u>	<u>1,300,000</u>	<u>544,026</u>	<u>755,974</u>
Excess of revenues under expenditures and other financing sources	-	-	<u>915,991</u>	<u>915,991</u>
Other financing sources:				
Appropriation of prior year fund balance	3,425,000	3,425,000	-	(3,425,000)
Reserve for future expenditure	(2,409,000)	(2,409,000)	-	2,409,000
Transfers out	<u>(1,016,000)</u>	<u>(1,016,000)</u>	<u>(1,208,921)</u>	<u>(192,921)</u>
Total other financing sources	-	-	<u>(1,208,921)</u>	<u>(1,208,921)</u>
Net change in fund balance	-	-	<u>(292,930)</u>	<u>(292,930)</u>
Fund balances, Beginning			<u>3,017,006</u>	
Fund balances, Ending			<u>\$ 2,724,076</u>	

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - JPA (Caribbean Blvd) FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,903,546	\$ 2,903,546	\$ 270,325	\$ (2,633,221)
Total revenues	<u>2,903,546</u>	<u>2,903,546</u>	<u>270,325</u>	<u>(2,633,221)</u>
Expenditures:				
Current:				
General government	<u>3,062,986</u>	<u>3,062,986</u>	<u>340,675</u>	<u>2,722,311</u>
Total expenditures	<u>3,062,986</u>	<u>3,062,986</u>	<u>340,675</u>	<u>2,722,311</u>
Deficiency of revenues under expenditures and other financing sources	<u>(159,440)</u>	<u>(159,440)</u>	<u>(70,350)</u>	<u>89,090</u>
Other financing sources:				
Transfers in	<u>159,440</u>	<u>159,440</u>	<u>70,350</u>	<u>(89,090)</u>
Total other financing sources	<u>159,440</u>	<u>159,440</u>	<u>70,350</u>	<u>(89,090)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning			<u>-</u>	
Fund balances, Ending			<u>\$ -</u>	

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - GREEN TRAFFIC CIRCLE FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	<u>204,486</u>	<u>204,486</u>	<u>129,037</u>	<u>75,449</u>
Total expenditures	<u>204,486</u>	<u>204,486</u>	<u>129,037</u>	<u>75,449</u>
Deficiency of revenues under expenditures and other financing sources	<u>(204,486)</u>	<u>(204,486)</u>	<u>(129,037)</u>	<u>75,449</u>
Other financing sources:				
Appropriation of prior year fund balance	204,486	204,486		
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>204,486</u>	<u>204,486</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(129,037)</u>	<u>75,449</u>
Fund balances, Beginning			<u>204,486</u>	
Fund balances, Ending			<u>\$ 75,449</u>	

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET VS ACTUAL - STORMWATER FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 990,000	\$ 990,000	\$ 1,007,438	\$ 17,438
Grants	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>1,040,000</u>	<u>990,000</u>	<u>1,007,438</u>	<u>17,438</u>
Operating expenses:				
Operations and maintenance	<u>1,538,412</u>	<u>1,420,412</u>	<u>872,847</u>	<u>547,565</u>
Total operating expenses	<u>1,538,412</u>	<u>1,420,412</u>	<u>872,847</u>	<u>547,565</u>
Operating loss	<u>(498,412)</u>	<u>(430,412)</u>	<u>134,591</u>	<u>565,003</u>
Non-operating revenues:				
Interest income	<u>-</u>	<u>-</u>	<u>2,644</u>	<u>2,644</u>
Other financing sources:				
Transfers in	<u>68,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>(430,412)</u>	<u>(430,412)</u>	<u>137,235</u>	<u>567,647</u>
Net position - Beginning	<u>3,794,973</u>	<u>3,794,973</u>	<u>4,115,718</u>	
Net position - Ending	<u>\$ 3,364,561</u>	<u>\$ 3,364,561</u>	<u>\$ 4,252,953</u>	

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**STATISTICAL SECTION**

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## 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>Page</u>
<b>Financial Trends</b>	
<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>	<b>55-58</b>
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	<b>59-63</b>
<b>Debt Capacity</b>	
<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>	<b>64-65</b>
<b>Demographic and Economic Information</b>	
<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>	<b>66-67</b>
<b>Operating Information</b>	
<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>	<b>68-70</b>

**TOWN OF CUTLER BAY, FLORIDA**  
Net Position By Component  
Last Ten Fiscal Years (1)  
(accrual basis of accounting)

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

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

**TOWN OF CUTLER BAY, FLORIDA**  
Changes in Net Position  
Last Ten Fiscal Years (1)  
(accrual basis of accounting)

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
<b>EXPENSES</b>								
Governmental activities:								
General government	\$ 2,266,246	\$ 2,852,271	\$ 3,436,645	\$ 3,565,748	\$ 4,256,359	\$ 4,604,808	\$ 9,891,870	\$ 8,791,886
Public safety	5,363,660	6,249,705	6,871,073	7,890,206	7,490,653	8,055,192	8,093,112	7,935,541
Community development	70,757	1,211,490	1,957,968	2,898,067	2,859,147	2,568,161	2,534,614	3,100,748
Parks and recreation	652,494	931,051	1,438,346	1,576,740	1,624,291	1,729,029	2,784,113	3,045,599
Interest on long-term debt	906	4,570	7,199	6,087	300,708	678,969	569,292	693,494
<b>Total governmental activities</b>	<b>8,354,063</b>	<b>11,249,087</b>	<b>13,711,231</b>	<b>15,936,848</b>	<b>16,531,159</b>	<b>17,636,160</b>	<b>23,873,001</b>	<b>23,567,268</b>
Business-type activities:								
Stormwater	-	-	67,384	584,976	659,486	1,119,869	1,032,644	872,848
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>67,384</b>	<b>584,976</b>	<b>659,486</b>	<b>1,119,869</b>	<b>1,032,644</b>	<b>872,848</b>
<b>Total primary government expenses</b>	<b>8,354,063</b>	<b>11,249,087</b>	<b>13,778,615</b>	<b>16,521,824</b>	<b>17,190,645</b>	<b>18,756,029</b>	<b>24,905,645</b>	<b>24,440,116</b>
<b>PROGRAM REVENUES</b>								
Governmental activities:								
Charges for services:								
General government	140,310	10,914	39,737	139,451	548,152	868,797	678,010	747,983
Public safety	144,735	348,726	443,701	395,610	519,974	444,159	746,851	635,494
Community development	-	833,563	792,172	723,271	1,050,184	1,004,857	1,165,854	2,310,194
Parks and recreation	555,857	221,865	136,593	140,853	3,631,061	306,739	412,148	787,381
Operating grants and contributions	349,393	586,295	249,051	384,452	1,238,145	465,658	6,003,742	4,127,545
Capital grants and contributions	137,881	9,319,655	32,573,921	715,331	787,789	5,758,822	740,758	197,882
<b>Total governmental activities program revenues</b>	<b>1,328,176</b>	<b>11,321,018</b>	<b>34,235,175</b>	<b>2,498,968</b>	<b>7,775,305</b>	<b>8,849,032</b>	<b>9,747,363</b>	<b>8,806,479</b>
Business-type activities:								
Charges for services:								
Stormwater	-	-	150,693	986,119	981,683	988,796	986,525	1,007,439
Capital grants and contributions	-	-	-	150,456	364,570	100,812	291,494	-
<b>Total business-type activities program revenues</b>	<b>-</b>	<b>-</b>	<b>150,693</b>	<b>1,136,575</b>	<b>1,346,253</b>	<b>1,089,608</b>	<b>1,278,019</b>	<b>1,007,439</b>
<b>Total primary government revenues</b>	<b>1,328,176</b>	<b>11,321,018</b>	<b>34,385,868</b>	<b>3,635,543</b>	<b>9,121,558</b>	<b>9,938,640</b>	<b>11,025,382</b>	<b>9,813,918</b>
Net revenue (expense):								
Governmental activities	(7,025,887)	71,931	20,523,944	(13,437,880)	(8,755,854)	(8,787,128)	(14,125,638)	(14,760,789)
Business-type activities	-	-	83,309	551,599	686,767	(30,261)	245,375	134,591
<b>Total primary government net revenues (expenses)</b>	<b>(7,025,887)</b>	<b>71,931</b>	<b>20,607,253</b>	<b>(12,886,281)</b>	<b>(8,069,087)</b>	<b>(8,817,389)</b>	<b>(13,880,263)</b>	<b>(14,626,198)</b>
<b>General revenues and Other Changes in Net Position:</b>								
Governmental activities:								
Property taxes	3,591,359	5,335,778	6,667,064	6,599,152	5,448,770	4,215,773	4,254,352	4,113,511
Utility taxes	1,288,432	1,836,054	2,155,040	2,186,688	2,379,305	2,412,904	2,472,062	2,640,920
Franchise fees based on gross receipts	960,000	1,373,216	1,636,231	1,791,088	1,864,675	1,419,636	1,616,617	1,531,087
Unrestricted intergovernmental revenue	3,581,552	4,118,670	5,123,456	5,463,037	5,074,418	5,386,442	5,653,427	5,815,863
Unrestricted interest earnings	43,806	237,033	305,716	197,380	108,463	63,707	63,705	70,392
Miscellaneous revenues	2,014	24,597	58,801	19,194	-	271,010	-	-
Gains (losses) on disposal of capital assets	-	-	-	-	-	-	(707)	-
<b>Total governmental activities</b>	<b>9,467,163</b>	<b>12,925,348</b>	<b>15,946,308</b>	<b>16,256,539</b>	<b>14,875,631</b>	<b>13,769,472</b>	<b>14,059,456</b>	<b>14,171,773</b>
Business-type activities:								
Interest earnings	-	-	1,258	4,820	3,227	1,514	2,237	2,646
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>1,258</b>	<b>4,820</b>	<b>3,227</b>	<b>1,514</b>	<b>2,237</b>	<b>2,646</b>
<b>Total primary government</b>	<b>9,467,163</b>	<b>12,925,348</b>	<b>15,947,566</b>	<b>16,261,359</b>	<b>14,878,858</b>	<b>13,770,986</b>	<b>14,061,693</b>	<b>14,174,419</b>
<b>Transfers</b>								
Governmental activities	-	-	-	(81,338)	(408,660)	(16,982)	-	-
Business-type activities	-	-	-	81,338	408,660	16,982	-	-
<b>Total primary government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>								
Governmental activities	\$ 2,441,276	\$ 12,997,279	\$ 36,470,252	\$ 2,737,321	\$ 5,711,117	\$ 4,965,362	\$ (66,182)	\$ (589,016)
Business-type activities	\$ -	\$ -	\$ 84,567	\$ 637,757	\$ 1,098,654	\$ (11,765)	\$ 247,612	\$ 137,237
<b>Total primary government</b>	<b>\$ 2,441,276</b>	<b>\$ 12,997,279</b>	<b>\$ 36,554,819</b>	<b>\$ 3,375,078</b>	<b>\$ 6,809,771</b>	<b>\$ 4,953,597</b>	<b>\$ 181,430</b>	<b>\$ (451,779)</b>

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

**TOWN OF CUTLER BAY, FLORIDA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years (1)  
(modified accrual basis of accounting)

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

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

**TOWN OF CUTLER BAY, FLORIDA**  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years (1)  
(modified accrual basis of accounting)

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>								
Property taxes	\$ 3,591,359	\$ 5,335,778	\$ 6,667,064	\$ 6,599,152	\$ 5,448,770	\$ 4,215,773	\$ 4,254,352	\$ 4,113,511
Licenses and permits	127,260	1,065,638	1,117,357	1,023,098	1,308,923	972,479	1,125,494	2,195,599
Utility taxes	1,288,432	1,836,054	2,155,040	2,186,688	2,379,305	2,412,904	2,472,062	2,640,920
Franchise fees	960,000	1,373,216	1,636,231	1,791,088	1,864,675	1,419,636	1,616,617	1,531,087
Intergovernmental revenue	4,058,570	4,915,333	5,980,712	6,516,513	6,751,576	11,603,916	12,160,953	10,141,289
Charges for services	700,592	349,430	311,519	376,087	3,987,314	408,889	417,966	472,880
Interest and other	44,826	261,630	364,517	262,881	565,096	1,313,897	1,760,082	1,882,515
<b>Total revenues</b>	<u>10,771,039</u>	<u>15,137,079</u>	<u>18,232,440</u>	<u>18,755,507</u>	<u>22,305,659</u>	<u>22,347,494</u>	<u>23,807,526</u>	<u>22,977,801</u>
<b>EXPENDITURES</b>								
Current:								
General government	2,245,553	2,748,244	3,294,772	3,415,710	4,463,461	3,606,047	9,175,385	8,016,148
Public safety	5,363,617	6,224,741	6,815,994	7,837,236	7,440,693	8,007,537	8,066,879	7,918,949
Community development	70,757	1,185,763	1,509,035	1,448,464	1,418,418	1,163,575	1,195,292	1,780,152
Parks and recreation	652,494	915,464	1,181,067	1,292,713	1,246,524	1,270,547	1,548,745	1,647,765
Capital outlay	141,934	494,454	438,337	1,364,026	10,797,042	10,832,039	2,176,667	582,433
Debt service:								
Principal	7,384	44,835	71,113	77,956	234,524	227,764	82,639	204,180
Interest	906	4,570	7,199	6,087	300,708	657,312	567,749	692,556
<b>Total expenditures</b>	<u>8,482,645</u>	<u>11,618,071</u>	<u>13,317,517</u>	<u>15,442,192</u>	<u>25,901,370</u>	<u>25,764,821</u>	<u>22,813,356</u>	<u>20,842,183</u>
Excess (deficiency) of revenues over expenditures	2,288,394	3,519,008	4,914,923	3,313,315	(3,595,711)	(3,417,327)	994,170	2,135,618
Other financing sources (uses):								
Capital lease proceeds	70,128	121,537	74,980	51,734	-	-	-	-
Transfers	-	-	-	(81,338)	(408,660)	(16,982)	-	-
Debt proceeds	-	-	-	-	9,120,000	3,605,122	2,578,000	-
<b>Net change in fund balances</b>	<u>2,358,522</u>	<u>3,640,545</u>	<u>4,989,903</u>	<u>3,283,711</u>	<u>5,115,629</u>	<u>170,813</u>	<u>3,572,170</u>	<u>2,135,618</u>
Debt service as a percentage of noncapital expenditures	<u>0.1%</u>	<u>0.4%</u>	<u>0.6%</u>	<u>0.6%</u>	<u>3.5%</u>	<u>5.9%</u>	<u>3.2%</u>	<u>4.4%</u>

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

**TOWN OF CUTLER BAY, FLORIDA**  
 General Governmental Tax Revenues By Source  
 Last Ten Fiscal Years (1)  
 (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>
2006	\$ 3,591,359	\$ 1,288,432	\$ 4,058,570	\$ 960,000	\$ 127,260	\$ 700,592	\$ 44,826	\$ 10,771,039
2007	\$ 5,335,778	\$ 1,836,054	\$ 4,915,333	\$ 1,373,216	\$ 1,065,638	\$ 349,430	\$ 261,630	\$ 15,137,079
2008	\$ 6,667,064	\$ 2,155,040	\$ 5,980,712	\$ 1,636,231	\$ 1,117,357	\$ 311,519	\$ 364,517	\$ 18,232,440
2009	\$ 6,599,152	\$ 2,186,688	\$ 6,516,513	\$ 1,791,088	\$ 1,023,098	\$ 376,087	\$ 262,881	\$ 18,755,507
2010	\$ 5,448,770	\$ 2,379,305	\$ 6,751,576	\$ 1,864,675	\$ 1,308,923	\$ 3,987,314	\$ 565,096	\$ 22,305,659
2011	\$ 4,215,773	\$ 2,412,904	\$ 11,603,916	\$ 1,419,636	\$ 972,479	\$ 408,889	\$ 1,313,897	\$ 22,347,494
2012	\$ 4,254,352	\$ 2,472,062	\$ 12,160,953	\$ 1,616,617	\$ 1,125,494	\$ 417,966	\$ 1,760,082	\$ 23,807,526
2013	\$ 4,113,511	\$ 2,640,920	\$ 10,141,289	\$ 1,531,087	\$ 2,195,599	\$ 472,880	\$ 1,882,515	\$ 22,977,801

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

**TOWN OF CUTLER BAY, FLORIDA**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years (1)  
(amounts expressed in thousands, except as noted)

Fiscal Year	Real Property		Personal Property	Net Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value
	Residential Property	Commercial Property					
2006	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2007	\$ 1,752,683	\$ 431,400	\$ 46,852	\$ 2,230,935	2.4470	\$ 3,548,313	62.87%
2008	\$ 2,231,296	\$ 495,928	\$ 55,318	\$ 2,782,542	2.4470	\$ 4,362,898	63.78%
2009	\$ 2,213,948	\$ 538,463	\$ 59,422	\$ 2,811,833	2.4470	\$ 4,529,632	62.08%
2010	\$ 1,683,995	\$ 492,970	\$ 66,639	\$ 2,243,604	2.5888	\$ 3,397,498	66.04%
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%

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

Source: Miami-Dade County Property Appraisal office.

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

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

**TOWN OF CUTLER BAY, FLORIDA**  
Property Tax Rates  
Direct and Overlapping Governments (2)  
Last Ten Fiscal Years (1)

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	
2006	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2007	2.4470	2.4470	5.6150	0.2850	2.6510	0.4860	8.1050	1.1578	20.7468
2008	2.4470	2.4470	4.5796	0.2850	2.2487	0.3842	7.9480	1.0808	18.9733
2009	2.4470	2.4470	4.8379	0.2850	2.2271	0.3822	7.7970	1.0797	19.0559
2010	2.5888	2.5888	4.8379	0.2850	2.2271	0.3822	7.9950	1.1585	19.4745
2011	2.5888	2.5888	5.4275	0.4450	2.5953	0.2840	8.2490	1.1585	20.7481
2012	2.5702	2.5702	4.8050	0.2850	2.4627	0.1795	8.0050	0.9708	19.2782
2013	2.5702	2.5702	4.7035	0.2850	2.4627	0.1725	7.9980	0.9634	19.1553

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

(2) 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 Appraisal office.

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

2013			2008		
Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation
SOUTHLAND MALL PROPERTIES LLC	79,508	4.7%	SOUTHLAND MALL PROPERTIES LLC	56,600	2.0%
WRI TC S DADE SHOPPING CENTER LLC	27,500	1.6%	WRI TC S DADE SHOPPING CENTER LLC	34,600	1.2%
FLORIDA POWER & LIGHT COMPANY	26,653	1.6%	PRIDE HOMES	25,075	0.9%
EQUITY ONE FL PORTFOLIO INC	19,531	1.1%	FLORIDA POWER & LIGHT COMPANY	20,302	0.7%
BILL USSERY MOTORS OF CUTLER BAY	16,122	0.9%	EQUITY ONE INC	17,355	0.6%
THE REALTY ASSOCIATES FUND IX L P	14,779	0.9%	LENNAR HOMES INC	16,388	0.6%
A & E PARTNERS HOLDING LLC	11,000	0.6%	SHOMA HOMES	15,785	0.6%
QUAIL ROOST INVESTORS JOINT	10,330	0.6%	A&E PARTNERS HOLDING LLC	12,900	0.5%
HEALTHSOUTH REHAB HOSP OF MIA LLC	10,172	0.6%	OLD CUTLER TOWNE CENTER	12,583	0.5%
SEARS ROEBUCK & CO	9,269	0.5%	HEALTH CARE FUND	11,033	0.4%
	<u>\$ 224,864</u>	<u>13.2%</u>		<u>\$ 222,621</u>	<u>8.0%</u>

Source: Miami-Dade County Property Appraisal office.

**TOWN OF CUTLER BAY, FLORIDA**  
Property Tax Levies and Collections  
Last Ten Fiscal Years (1)

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
2006	(1)	(1)	(1)	(1)	(1)	(1)
2007	\$ 5,459,098	\$ 5,193,807	95.1%	\$ 141,971	\$ 5,335,778	97.7%
2008	\$ 6,808,880	\$ 6,372,439	93.6%	\$ 294,625	\$ 6,667,064	97.9%
2009	\$ 6,880,555	\$ 6,371,429	92.6%	\$ 227,723	\$ 6,599,152	95.9%
2010	\$ 5,808,242	\$ 5,282,098	90.9%	\$ 166,672	\$ 5,448,770	93.8%
2011	\$ 4,490,701	\$ 4,139,724	92.2%	\$ 76,049	\$ 4,215,773	93.9%
2012	\$ 4,440,172	\$ 4,211,235	94.8%	\$ 43,117	\$ 4,254,352	95.8%
2013	\$ 4,371,838	4,065,237	93.0%	\$ 48,274	\$ 4,113,511	94.1%

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

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

Discounts Allowed:

November	4%
December	3%
January	2%
February	1%
April	Taxes delinquent

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

**TOWN OF CUTLER BAY, FLORIDA**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years (1)

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

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

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

n/a All data necessary for computation not available.

**TOWN OF CUTLER BAY, FLORIDA**  
 Direct and Overlapping Governmental Activities Debt  
 Fiscal Year Ended September 30, 2013  
 (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)	\$ 443,784	0.89%	\$ 3,959
Miami-Dade County (3)	<u>1,023,586</u>	0.89%	<u>9,131</u>
Subtotal overlapping debt	1,467,370		13,090
Town of Cutler Bay direct debt	<u>18,592</u>	100.00%	<u>18,592</u>
Total direct and overlapping debt	<u><u>\$ 1,485,962</u></u>		<u><u>\$ 31,682</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.

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

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

**TOWN OF CUTLER BAY, FLORIDA**  
Demographic and Economic Statistics  
Last Ten Fiscal Years (1)

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Personal Income (in thousands) (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2006	37,103	\$ 1,296,156	\$ 34,934	4.1%
2007	40,468	\$ 1,431,272	\$ 35,368	4.4%
2008	41,300	\$ 1,482,133	\$ 35,887	7.1%
2009	41,579	\$ 1,511,687	\$ 36,357	11.6%
2010	41,194	\$ 1,509,925	\$ 36,654	12.3%
2011	40,644	\$ 1,537,725	\$ 37,834	10.2%
2012	41,441	\$ 1,610,397	\$ 38,860	8.9%
2013	42,035	n/a	n/a	7.8%

- (1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.
- (2) Population estimate based on data published by the University of Florida, Bureau of Economic and Business Research, except for 2006 which is from Adopted Operating Budget.
- (3) Personal income is the Miami-Dade per capita personal income applied to the Cutler Bay population.
- (4) Per Capita Personal Income is for Miami-Dade County from the U.S. Department of Commerce, Bureau of Economic Analysis.
- (5) State of Florida, Local Area Unemployment Statistics Program, Miami-Miami Beach-Kendall, FL Metropolitan Division.
- n/a Data not available.

**TOWN OF CUTLER BAY, FLORIDA**

Principal Employers

Current Year and Five Years Ago

2013			2008		
Employer	Employees	Percentage of Total	Employer	Employees	Percentage of Total
PRC, Inc.	1,537	42.9%	PRC, Inc.	1,547	52.1%
East Ridge Retirement Village	267	7.5%	Publix Supermarkets	367	12.4%
Macy's	204	5.7%	Sears Roebuck & Co.	221	7.4%
Publix Supermarkets	195	5.4%	Southland Mall 16	139	4.7%
Health South	160	4.5%	JC Penney	124	4.2%
Sears Roebuck & Co.	133	3.7%	Macy's	116	3.9%
McDonalds	102	2.8%	Winn Dixie Stores	79	2.7%
Best Buy	101	2.8%	Peterson's Harley-Davidson	50	1.7%
Mercedes Benz	99	2.8%	Ross Stores	50	1.7%
Winn Dixie Stores	91	2.5%	Town of Cutler Bay	49	1.6%
JC Penney	88	2.5%	Williamson Saturn	40	1.3%
Olive Gardens	88	2.5%	Old Navy	36	1.2%
Sears Roebuck & Co.	81	2.3%	Hair Ego	25	0.8%
Southland Mall 16	80	2.2%	Bed Bath & Beyond	23	0.8%
Applebees	79	2.2%	Jo Ann Fabric & Crafts	21	0.7%
Ross Stores	61	1.7%	Charlotte Russe	20	0.7%
Town of Cutler Bay	61	1.7%	CAC Florida Medical	18	0.6%
Denny's	55	1.5%	La Quinta Inns	18	0.6%
Buffalo Wild Wings	53	1.5%	PETCO	15	0.5%
TJ Maxx	46	1.3%	Berlo Industry	13	0.4%
	<u>3,581</u>	<u>100.0%</u>		<u>2,971</u>	<u>100.0%</u>

Source: Town of Cutler Bay local business tax registrations

**TOWN OF CUTLER BAY, FLORIDA**  
 Full-Time Equivalent Town Government Employees By Function  
 Last Ten Fiscal Years (1)

Function	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
Legislative	5	5	5	5	5	5	5	5
Clerk	1	1	1	2	1	2	1	2
General government	3	6	7	7	7	7	8	10
Community Development	-	5	9	9	8	7	6	7
Public Works	-	5	5	4	5	5	4	6
Parks	-	13	14	14	16	14	17	17
Public Safety:								
Police	n/a (2)	n/a (2)	n/a (2)	n/a (2)	n/a (2)	n/a (2)	n/a (2)	n/a (2)
Civilian administrative staff	-	1	1	1	1	1	1	1
	<u>9</u>	<u>36</u>	<u>42</u>	<u>42</u>	<u>43</u>	<u>41</u>	<u>42</u>	<u>48</u>

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

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

Source: Town of Cutler Bay Finance Department

**TOWN OF CUTLER BAY, FLORIDA**  
 Operating Indicators By Function  
 Last Ten Fiscal Years (1)

Function/Program	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	
<b>Public Safety</b>									
Police:									
Number of emergency calls for service	708	1,157	1,285	1,195	1,162	991	945	987	
Number of priority calls for service	n/a	1,120	1,195	1,031	933	874	832	747	
Number of non-emergency calls for service	7,381	21,118	23,922	16,744	23,775	15,942	14,991	14,001	
Number of arrests	455	1,324	1,212	1,063	1,141	1,081	1,188	1,149	
Number of sworn personnel	36	44	46	51	50	51	50	50	
Building and Zoning:									
Number of building permits issued	n/a (2)	2,297	2,176	1,854	3,121	2,669	2,684	4,657	
Number of certificates of use issued	n/a (2)	185	152	147	57	124	127	113	
Number of occupational licenses issued	n/a (2)	605	787	812	813	794	898	839	
<b>Culture and Recreation</b>									
Number of parks	n/a (2)	7	7	7	7	7	8	8	

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

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

n/a - data not available for this period.

Source: Various Town departments

**TOWN OF CUTLER BAY, FLORIDA**  
 Capital Asset Statistics By Function/Program  
 Last Ten Fiscal Years (1)

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013		
<b>Culture and Recreation</b>										
Parks	n/a (2)	7	7	7	7	7	8	8		
Swimming pools	n/a (2)	1	1	1	1	1	1	1		
Tennis courts	n/a (2)	3	3	3	3	5	5	5		
Playgrounds	n/a (2)	3	3	3	3	4	5	5		
Soccer/Football/Lacrosse fields	n/a (2)	2	2	3	3	3	5	5		
Baseball fields	n/a (2)	3	3	3	3	3	6	6		
Picnic shelters	n/a (2)	1	1	2	2	2	2	2		
<b>Public Works</b>										
Streets (length in feet)	n/a (3)	n/a (3)	472,102	472,102	472,102	472,102	472,102	472,102	472,102	472,102
Sidewalks (area in square feet)	n/a (3)	n/a (3)	267,325	267,325	267,325	267,325	267,325	267,325	267,325	267,325

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

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

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

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

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**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 11, 2014.

**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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP

Coral Gables, Florida

April 11, 2014



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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

We have audited the basic financial statements the Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated April 11, 2014.

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. 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*. Disclosures in those reports, which are dated April 9, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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, and management of the Town, and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP

Coral Gables, Florida  
April 11, 2014