

TOWN OF CUTLER BAY, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2014

TOWN OF CUTLER BAY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

PREPARED BY: ROBERT DADDARIO, CPA
FINANCE DIRECTOR

TOWN OF CUTLER BAY, FLORIDA

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INTRODUCTORY SECTION



May 26, 2015

Rafael G. Casals
Town Manager

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, 2014, 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 Albarni, Caballero & Fierman, 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 audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the fiscal year ended September 30, 2014 and that the financial statements are fairly presented in accordance with GAAP. The independent auditors found no deficiencies in internal control over financial reporting that would be considered material weaknesses, nor did they detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

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





PROFILE OF THE GOVERNMENT

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

The annual budget serves as the foundation for the Town’s financial planning and control. All departments of the Town are required to submit proposed budgets to the Town Manager, who then makes any necessary revisions. The Town Manager then presents to the Town Council for their review a budget estimate of the expenditures and revenues of all the Town’s departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions 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.

Shortly after the Town's incorporation, changes to property taxation laws were enacted that had a negative impact on the taxable base upon which property tax revenue of the Town is calculated. Additionally, Cutler Bay, like most communities across the state and nation, was negatively impacted by the financial crisis and economic downturn gripping the United States the past several years. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking. As of July 1, 2014, the certified taxable value of property within the Town decreased 32% 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 2014 certified tax roll issued by the County Property Appraiser in July 2014, used for ad valorem purposes for fiscal year 2015, reflected an approximate 8.1% increase in the taxable value of property within the Town versus the certified tax roll for 2013 (used for ad valorem purposes in fiscal year 2014). This increased value follows an approximate 3.8% increase from the prior year which gives indication that the local market has stabilized and is starting to recover. The Town has seen encouraging signs in building activity and new development within the Town in fiscal years 2012, 2013, and 2014, and this activity is carrying forward into fiscal year 2015 with significant new planned projects in process. While the area recovers from the economic downturn, the Town continues to operate in an extremely lean and efficient manner and has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

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

In fiscal year 2015, several commercial and residential projects commenced in the Town that 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 2016 and 2017, additional projects are slated to commence that 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.





The Town's Land Development Regulations also includes a "green initiative" that continues to have much success. The green initiative success 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 2015, the Point Royale Shopping Center, located along the US#1 commercial corridor, became an additional LEED certified development.

The Town remains the lead municipality in the implementation of the "Green Corridor" PACE program. As of May 2015, the PACE program has financed over 95 projects, totaling over \$ 2,438,000 in improvements. The intent of the PACE program is to enable property owners to borrow money to make energy efficient improvements, or storm protection improvements (i.e., hurricane shutters, impact windows, etc.), to their facilities (residential homes and/or commercial property) and repay those amounts over time through their property tax bill. This initiative is providing market opportunities for local vendors specializing in the development, distribution and installation of energy efficient technology that meets the requirements of the PACE program. Additional information regarding the PACE program can be found at https://ygrene.us/fl/green_corridor/about.

Looking forward to fiscal year 2016, 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, were ongoing in fiscal year 2014. 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. The Old Cutler Road roadway improvement project was essentially completed in January 2014. The completed roadway was formally re-dedicated at a ceremony that took place in March 2014. This project received two widely respected awards. The overall project was awarded "Project of the Year" for the State of Florida by the Cuban American Association of Civil Engineers. Additionally, the Town's Public Works Director was recognized by the American Public Works Association with the "Professional Manager of the Year" award for his work on this roadway project.



Construction activity on the Caribbean Boulevard JPA roadway project commenced in the summer of 2013 and continued through fiscal year 2014. It is anticipated that this roadway project will be completed in early summer of 2015. As a result of savings realized on the JPA projects, the County approved, in June 2014, use of a portion of this savings to extend the improvements along Caribbean Boulevard covering the area from Coral Sea Road to the C-100 Canal Bridge (referred to as the “GAP 1” section). The GAP 1 project is estimated to cost approximately \$2.6 million, funded primarily by the County. While this project is ongoing, it has already started receiving accolades. The American Public Works Association has awarded its Contractor of the Year award and Consultant of the Year award to two of the Town’s consultants on this project (Acosta Tractors Inc. and Stantec, respectively).

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

Upon award of these funds, the Town immediately began using these PTP surtax funds to provide enhancements in the Town. From the transportation portion of the PTP surtax funds, the Town completed several roadway resurfacing projects on Town owned roads totaling approximately \$1.1 million through fiscal year 2014. Another approximate \$1 million of resurfacing projects are budgeted for fiscal year 2015. Additionally, the Town is using a portion of these PTP surtax funds to provide for the Town’s share of costs on the previously noted two JPA roadway projects.

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

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





During fiscal year 2008, the Town commenced its stormwater utility operation after assuming that function from the County in the final quarter of that fiscal year. Since then, the Town has completed approximately \$1.4 million of stormwater drainage improvements. These drainage projects, which were funded by a combination of grants and Town match funds and private contributions, will benefit the local area homeowners as they will help alleviate some of the known flood drainage issues in the area. In fiscal year 2015, the Town will commence and complete a major stormwater drainage project along SW 212th Street totaling approximately \$600,000. This project is being substantially paid for through a combination of grant and State appropriation funding.

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 \$2.6 million in park improvements since incorporation, excluding the Lakes by the Bay Park project discussed below. These improvements were funded by a combination of sources, including grants, impact fees and other general fund sources. These improvements significantly upgraded the utility, functionality and appearance of the park facilities. Additional park improvement projects have been approved for fiscal year 2015 bringing additional functionality to the Town's park system.

In fiscal year 2010, the County transferred an additional parcel of land to the Town to be used as park land. This parcel, known as Lakes by the Bay Park, encompasses approximately 49.3 acres, has been recorded by the Town at the County's historical cost (approximately \$345,000). This park was developed at a quicker pace than anticipated and opened to the public in December 2011 at a cost of approximately \$9 million (including the cost of the aforementioned land parcel). This park, the largest in Town, provides both active and passive activities for Town residents. It is nestled near protected wetland areas and it is anticipated that nature trails will be included as part of the park build out in the future. The development project was funded primarily with County provided funds. In fiscal year 2012, the Town added playground equipment for children at this park which included safety surfacing and a shade structure. Additional improvements to this park are under consideration for fiscal year 2015.

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, which the Town spent primarily on building out its space and the Council Chambers. Other significant upgrades to the Town Hall building have been made or are in process. In fiscal year 2014 the Town completed a generator improvement project totaling approximately \$382,000 that allows the generator to power the entire building, not just the “essential lighting”. In fiscal year 2014, the Town commenced an elevator modernization project that is estimated to cost approximately \$350,000 to \$400,000. This project will be completed in fiscal year 2015. Future improvements contemplated for fiscal years 2015 and 2016 include “hardening” of the building (such as installation of impact resistant windows) to enable it to be used as an Emergency Operations Center, replacement of the HVAC system, and upgrades to the parking light lighting.

The Town Hall property also includes an adjacent land parcel that was separately acquired in December 2010 for approximately \$1.9 million. This acquisition was financed by the same lender which provided the financing for the Town Hall building acquisition and improvements. It currently serves as a parking lot, but, in the future, it may serve another purpose, 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. In fiscal year 2015, the Town commenced discussions with its lenders to consolidate and refund the aforementioned debt related to Town Hall and, on May 26, 2015, successfully closed on the refunding transaction. As a result, the Town will experience significant debt service savings over the life of the new loans than had the aforementioned prior loans remained in place.

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

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

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





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

The Town is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds (i.e., the QNIP bonds) issued or authorized prior to the Town's incorporation. The payments for the fiscal year ended September 30, 2014 and 2013 were approximately \$348,985 and \$348,400, respectively. The Town's pro rata share of the debt was calculated and recorded in fiscal year 2010.

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

The Town Council and Town Manager 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 both fiscal year 2014 and 2013, the Town earned approximately \$73,000 in investment income. The low interest rate environment is expected to continue into fiscal year 2015.

The Town Council and Town management closely monitor the resources available to the Town and its use. At September 30, 2014, the total fund balance of the General Fund is approximately \$21.8 million, an increase of approximately \$2 million from September 30, 2013. This total fund balance represents approximately 136% of total fiscal year 2014 general fund expenditures (and represents approximately 146% of fiscal year 2014 general fund expenditures excluding debt service and capital outlay).





Of that \$21.8 million total General Fund fund balance, approximately \$16.3 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 102% of total fiscal year 2014 general fund expenditures (and represents approximately 109% of fiscal year 2014 general fund expenditures excluding debt service and capital outlay). Approximately \$5.06 million, or 23%, of the General Fund’s total fund balance is classified as “assigned” fund balance as it is intended to be used for specified purposes. The remainder of the General Fund’s fund balance is classified as “non-spendable” (approximately \$434,000) 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, 2013. 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, 2014 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, Albani, Caballero & Fierman, 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 G. Casals, Town Manager

Robert Daddario, Finance Director





Government Finance Officers Association

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

Presented to

**Town of Cutler Bay
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

TOWN OF CUTLER BAY, FLORIDA

List of Elected Town Officials

September 30, 2014

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

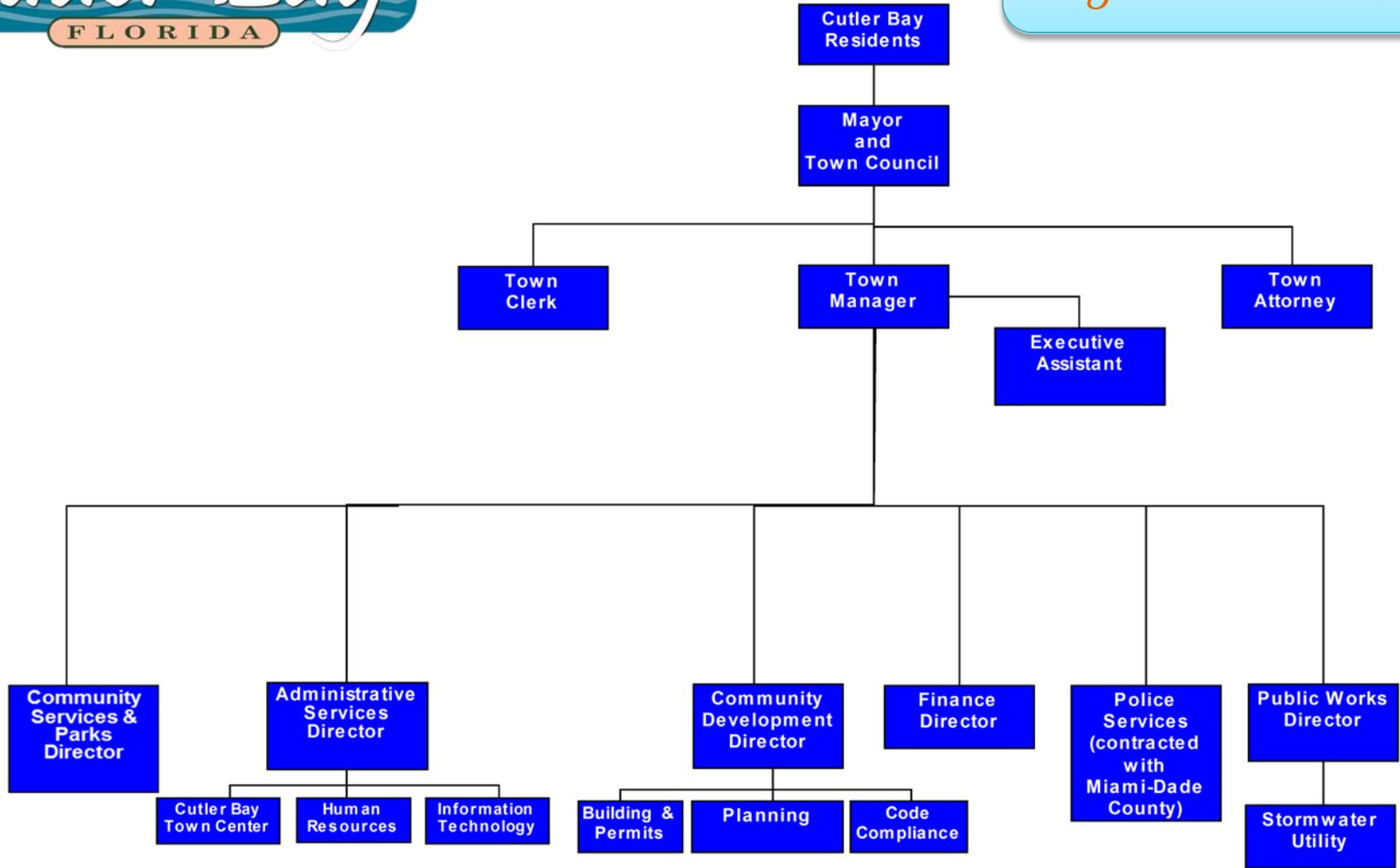
Peggy Bell, Councilmember, Seat 3

Prepared by:

Finance Department and Administration



*Town of Cutler Bay
Organizational Chart*



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



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ACF-CPA.COM



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, (the "Town") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note I to the financial statements, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2013. 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 Schedule on pages 3-16 and 44-48, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements 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 by us and other auditors. In our opinion, the combining and individual 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 May 26, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Alberni Caballero & Fierman, LLP

Alberni, Caballero & Fierman, LLP
Coral Gables, Florida
May 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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, 2014 with a comparative analysis with the prior fiscal year.

Financial Highlights

- The assets of the Town exceeded its liabilities at September 30, 2014 by approximately \$63.8 million (net position). Of this amount, approximately \$22.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by approximately \$884,000 from the total net position balance at September 30, 2013. The net decrease results primarily from the Town's fiscal year 2014 operations.
- As of September 30, 2014, the Town's governmental funds reported combined ending fund balances of approximately \$27.2 million, an increase of \$1.9 million from the September 30, 2013 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, 2014, unassigned fund balance for the General Fund was approximately \$16.3 million, or 102% of total General Fund expenditures, versus \$14 million and 86%, respectively, at September 30, 2013. The approximate \$2.3 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 2014, the stormwater utility's net position increased by approximately \$83,200. This increase resulted primarily from operating income of approximately \$86,300, which was generated from approximately \$967,700 in charges for services and approximately \$881,400 in operating expenses, including approximately \$166,400 in depreciation. Operating income was reduced by net non-operating expense of approximately \$3,100, comprised of operating grants of \$49,400 plus interest income of approximately \$2,600, reduced by interest expense of approximately \$55,100.
- At September 30, 2014, the General Fund's fund balance of approximately \$21.8 million is comprised of approximately \$434,000 classified as "Nonspendable, approximately \$2,500 classified as "Restricted", approximately \$5.06 million classified as "Assigned", and approximately \$16.3 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 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, the JPA (Old Cutler Road) Fund, and the JPA (Caribbean Blvd) Fund. These funds are considered major funds. The Town also maintains several other special revenue funds and a capital projects fund, none of which meet the criteria of major funds. The totals of these funds are presented in the aforementioned governmental fund statements in a separate column entitled "Other Governmental Funds", with the detail provided in supplemental combining financial statements.

The Town of Cutler Bay adopted an annual appropriated budget for its General Fund, its JPA (Old Cutler Road) Fund, and its JPA (Caribbean Blvd) Fund. Budgetary comparison schedules have been provided for the General Fund, the JPA (Old Cutler Road) Fund and the JPA (Caribbean Blvd) 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 \$884,000 during fiscal year 2014, resulting in assets in excess of liabilities of approximately \$63.8 million and \$64.7 million, respectively, at September 30, 2014 and 2013. See the table below.

The largest portion of the Town's assets at September 30, 2014 consists of capital assets (approximately \$56.1 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 2014 include improvements made to the Town Hall building, computer hardware and software related acquisitions, and park improvements and equipment purchases.

Other significant assets at September 30, 2014 and 2013 include cash on hand and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$27.6 million at September 30, 2014, an increase of approximately \$535,000 in fiscal 2014, primarily resulting from fiscal year 2014 operating activities, adjusted for changes in the timing of the liquidation of assets and liabilities. Receivables increased approximately \$1.25 million primarily as a result of a net increase in receivables from grant reimbursements due from the County related to the two JPA roadway projects at September 30, 2014 versus the 2013 balance.

Receivables at September 30, 2014 and 2013 consist primarily of amounts due from the County (\$840,000 and \$735,000, respectively) as well as intergovernmental receivables due from the State (\$511,000 and \$497,400, respectively), and receivables from various grants (\$2,485,000 versus \$1,370,200, respectively). The remainder of the receivables balance is comprised of balances from other miscellaneous sources (\$73,000 and \$50,400, respectively at September 30, 2014 and 2013), which increased due primarily to insurance reimbursements receivable at year-end fiscal 2014.

The receivables due from the County at September 30, 2014 and 2013 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 increase in the fiscal year 2014 balance relative to the fiscal year 2013 balance relates primarily to the fact that the outstanding property tax revenues, clerk of the court remittances and stormwater fees due the Town at September 30, 2014 were approximately \$97,000 more than the respective amounts outstanding at September 30, 2013. 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, 2014 and 2013 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 2014 balance relative to the fiscal year 2013 balance relates primarily to the fact that the outstanding sales taxes due the Town at September 30, 2014 were approximately \$13,000 more than the outstanding amount at September 30, 2013. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

The increase in grant receivables at September 30, 2014 over the September 30, 2013 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 \$2,403,800 and \$1,237,600 at September 30, 2014 and September 30, 2013, respectively. The receivables are dependent on the timing of the work performed which guides the reimbursement billing to the County. The balance of the difference is comprised of minor increases and decreases from different grant sources.

The increase in other miscellaneous receivables at September 30, 2014 over the September 30, 2013 balance is due primarily to pending insurance claim receivables (approximately \$15,000) and cost recovery billings (approximately \$21,000), offset by fewer ad revenues receivable (approximately \$13,000) for bus shelter advertising, at the end of the fiscal year 2014 period. The balance of the difference is comprised of minor increases and decreases from different revenue sources.

Deferred outflows of resources at September 30, 2014 reflects the Town's pro-rata share of the loss on the County's refunding of the Stormwater Utility Revenue Bonds. This amount is being amortized to interest

expense over the life of the bonds. While a loss was recognized on refunding, substantial debt service savings will be achieved over the life of the refunded bonds.

Long-term debt decreased approximately \$1.35 million in fiscal year 2014 primarily resulting from scheduled debt service payments and from the increase in reclassification of current portion of debt at September 30, 2014 due primarily on the Town's existing notes payable. The approximate \$213,500 decrease in other liabilities primarily reflects the timing of payment of accounts payable, with fewer accounts payable outstanding at September 30, 2014 versus the corresponding 2013 balance. Deferred inflows of resources at September 30, 2014 reflects local business license tax for fiscal year 2015 received in fiscal year 2014.

Statement of Net Position
September 30,
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 30,655	\$ 29,022	\$ 1,317	\$ 1,127	\$ 31,972	\$ 30,149	6.0%
Capital assets	50,936	53,997	5,213	5,367	56,149	59,364	-5.4%
Total assets	81,591	83,019	6,530	6,494	88,121	89,513	-1.6%
Deferred Outflows of Resources	-	-	150	-	150	-	N/A
Long-term debt	17,161	18,512	2,020	2,024	19,181	20,536	-6.6%
Other liabilities	4,877	3,986	324	217	5,201	4,203	23.7%
Total liabilities	22,038	22,498	2,344	2,241	24,382	24,739	-1.4%
Deferred Inflows of Resources	45	46	-	-	45	46	-2.2%
Net position							
Net investment in capital assets	32,557	35,405	3,233	3,253	35,790	38,658	-7.4%
Restricted	5,359	5,423	-	-	5,359	5,423	-1.2%
Unrestricted	21,592	19,647	1,103	1,000	22,695	20,647	9.9%
Total net position	\$ 59,508	\$ 60,475	\$ 4,336	\$ 4,253	\$ 63,844	\$ 64,728	-1.4%

The balance of unrestricted net position (approximately \$22.7 million and \$20.6 million, respectively at September 30, 2014 and 2013) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2014 and 2013, 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 \$967,000 for the year ended September 30, 2014 versus a decrease of approximately \$589,000 for fiscal year 2013, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities. Business-type activities increased net position by approximately \$83,000 for the year ended September 30, 2014 versus an increase in net position of approximately \$137,000 for the year ended September 30, 2013, representing the results of the Town's operations of the stormwater utility.

Changes in Net Position
For The Fiscal Year Ended
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	
Revenues							
Program revenues:							
Charges for services	\$ 2,914	\$ 3,676	\$ 967	\$ 1,007	\$ 3,881	\$ 4,683	-17.1%
Operating grants and contributions	5,839	4,128	49	-	5,888	4,128	42.6%
Capital grants and contributions	612	1,003	-	-	612	1,003	-39.0%
General revenues:							
Taxes and franchise fees	14,647	14,101	-	-	14,647	14,101	3.9%
Other	70	71	3	3	73	74	-1.4%
Total revenues	24,082	22,979	1,019	1,010	25,101	23,989	4.6%
Expenses							
General government	10,559	8,792	881	765	11,440	9,557	19.7%
Public safety	8,041	7,936	-	-	8,041	7,936	1.3%
Parks and recreation	3,186	3,046	-	-	3,186	3,046	4.6%
Community development	2,577	3,101	-	-	2,577	3,101	-16.9%
Interest on long-term debt	686	693	55	108	741	801	-7.5%
Total expenses	25,049	23,568	936	873	25,985	24,441	6.3%
Change in net position before transfers	(967)	(589)	83	137	(884)	(452)	95.6%
Transfers	-	-	-	-	-	-	N/A
Increase (decrease) in net position	(967)	(589)	83	137	(884)	(452)	95.6%
Net position, beginning	60,475	61,064	4,253	4,116	64,728	65,180	-0.7%
Net position, ending	\$ 59,508	\$ 60,475	\$ 4,336	\$ 4,253	\$ 63,844	\$ 64,728	-1.4%

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

Governmental activities:

- Taxes and franchise fees (\$14.6 million and \$14.1 million, respectively, for fiscal year 2014 and fiscal year 2013) comprised 61% and 61%, respectively, of total revenues of \$24 million and \$23 million for fiscal year 2014 and fiscal year 2013, respectively, with property taxes representing the largest single tax source (\$4.4 million and \$4.1 million in fiscal year 2014 and 2013, respectively). Total fiscal year 2014 revenues increased approximately 4.8%.

Charges for services decreased approximately \$762,000 primarily as a result of less building permit fee revenue generated in fiscal year 2014 versus fiscal year 2013, offset by other small miscellaneous changes.

Operating and capital grants and contributions increased approximately \$1.3 million primarily as a result of an approximate \$1.6 million increase in funding received related to the two JPA roadway projects (Old Cutler Road and Caribbean Blvd) plus an approximate \$80,000 increase in revenues related to the CITT Fund, offset by an approximate \$432,000 decrease in impact fees in fiscal year 2014 versus the 2013 period. The small remaining change results primarily from the change in activity in several other Town projects in fiscal year 2014 versus fiscal year 2013.

Taxes and franchise fees increased approximately \$546,000 resulting primarily to increased property taxes (an approximate \$309,000 increase), utility taxes (an approximate \$279,000 increase) sales taxes (approximately \$175,000) and State revenue sharing (approximately \$40,000), offset by lower franchise fee collections (an approximate \$291,000 decrease). The net decrease in franchise fee collections results from a decrease in electrical utility franchise fees of approximately \$324,000 in fiscal year 2014 versus the 2013 period, partially offset by an approximate \$33,000 increase in solid waste franchise fees. The Town collects electrical franchise fees from the local utility company via the County pursuant to the County's Interlocal agreement

with the utility. The franchise fee calculation provides a deduction from the franchise fee payment otherwise due for property taxes paid by the utility to the County and all participating municipalities within the County. As a result of significant upgrades to the utilities power plant, its property taxes paid to the County increased significantly thereby reducing the amount of franchise fees it was required to pay in fiscal year 2014. The remaining balance results from a combination of smaller changes in various accounts.

- Operating and capital grants and contributions (\$5,839,000 and \$612,000 at September 30, 2014 and \$4,128,000 and \$1,003,000 at September 30, 2013, respectively) account for 26.8% and 22.3% of total revenues at September 30, 2014 and 2013, respectively. The amounts in both the fiscal year 2014 and fiscal year 2013 periods are comprised primarily of local option gas tax receipts, impact fees, CITT surtax funds and capital and non-capital project grant funds received by the Town.
- Charges for services account for 12.1% and 16% of total revenues for fiscal years 2014 and 2013, respectively. These amounts consist primarily of building and zoning fees, park service fees and public safety fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The decrease in these revenues in fiscal year 2014 resulted primarily decreased building permit fee revenue generated in fiscal year 2014.
- Expenses for governmental activities increased approximately \$1,481,000, resulting primarily from an approximate \$1,767,000 increase in expenses related to general government, an approximate \$105,000 increase in public safety expenses, an approximate \$140,000 increase related to parks and recreation, offset by an approximate \$524,000 decrease in expenses related to community development and an approximate \$7,000 decrease in interest on long-term debt. The primary reasons for these changes are:
 - The increase in general government expenses results primarily from increased costs associated with the Town's ongoing roadway and transportation related projects. The JPA Caribbean Blvd project had a full twelve months of activity in fiscal year resulting in approximately \$3.5 million more expenditures than in fiscal year 2013. The JPA Old Cutler Road project wound down and was completed in fiscal year 2014, as a result approximately \$2.4 million less was spent on that project in fiscal year 2014. Roadway resurfacing and transit related projects using CITT revenues increased approximately \$260,000 in fiscal year 2014. Additionally, the Town incurred approximately \$63,000 in costs in fiscal year 2014 related to an update of its Transportation Master plan. No such amounts were incurred in the fiscal year 2013 period.

Non roadway/transportation project related items that contributed to the increase included increased salaries and benefits (approximately \$217,000), which resulted from salary increases, as well as increases in associated payroll taxes and retirement contributions, as well as increased insurance benefits paid for employees, increased property and casualty insurance (approximately \$23,000), increased expenditures related to the educational initiative the Town entered into with the Miami-Dade County School Board (approximately \$33,000), and increased other contractual services (approximately \$55,000) for items including consultants used to update the Town's strategic master plan and provide GIS mapping services, as well as increased contracted IT costs. The balance of the difference relates from a combination of smaller changes in various accounts.

- The increase in public safety expenses results primarily to increased costs related to contracted police services with the County.
- Parks and recreation expenses increased primarily as a result of an increase in salary and benefit costs as well as by an increase in contractual services, related to staffing for park program activities and increased maintenance costs related to parks brought online in recent years (combining for approximately \$152,000 of the increase). The balance of the difference relates from a combination of smaller changes in various accounts.
- Community development expenses decreased primarily due to a decrease in contractual services (approximately \$484,000) plus a decrease in depreciation expense of approximately \$23,000. The Town utilizes a contractor to provide building permitting and inspection services. The contractor is paid a percentage of the related permitting

revenues as payment for its services. While development activity in Town remains strong, it was less than experienced in fiscal year 2013. As a result, revenues decreased as well as the related fees paid to the contractor these fees have increased (as has the corresponding revenue). The balance of the difference relates from a combination of smaller changes in various accounts.

- Interest on long-term debt decreased approximately \$7,000, as a result of scheduled debt service amortization on the Town's share of the QNIP bonds.

Business-type activities:

- Charges for services for stormwater fees, which represent 94.9% and 99.7% of total revenues for fiscal years 2014 and 2013, respectively, in the proprietary fund, resulted from the Town's operation of the stormwater utility within the Town's boundaries which commenced in the fourth quarter of fiscal 2008. Operating grants and contributions increased approximately \$49,000 in fiscal year 2014 versus the fiscal year 2013 period as a result of a grant received from the State of Florida in fiscal year 2014 for a flood plain study. No such amount was received in the fiscal year 2013 period.
- Expenses of the stormwater utility increased approximately \$63,000 reflecting increased operating expenses of approximately \$116,000 offset by decreased interest expense of approximately \$53,000. Operating expenses increased primarily as a result of an approximate \$87,000 increase in salary and benefits related to staffing increases in the department that reflected a full twelve months in fiscal year 2014. Additionally, other contractual services increased approximately \$41,000 in fiscal year 2014 due to amounts paid to a contractor to assist the Town in its flood plain study. The balance of the difference relates from a combination of smaller changes in various accounts. Interest expense decreased approximately \$53,000 as a result of the County's refunding of the Stormwater Utility Revenue Bonds resulting in debt service savings to the Town.

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, 2014 and 2013, the Town's governmental funds reported combined ending fund balances of \$27.2 million and \$25.3 million, respectively. The increase in the balance results primarily from normal current operating activities in fiscal 2014 (approximately \$3.1 million) increased by transfers in (approximately \$1.4 million), and offset by capital expenditures (approximately \$314,000), debt service (approximately \$898,000) and transfers out (approximately \$1.4 million).

Total revenues for fiscal year 2014 increased approximately \$1,072,000 from fiscal year 2013 levels, due primarily to several factors, as follows:

- Ad valorem revenues increased in fiscal year 2014 approximately \$310,000 as a result of an increase in property values.
- Franchise fees decreased approximately \$291,000 from fiscal year 2013 levels, primarily reflecting decreased electrical franchise fees of approximately \$324,000 offset by an approximate \$33,000 increase in solid waste franchise fees. The Town collects electrical franchise fees from the local utility company via the County pursuant to the County's Interlocal agreement with the utility. The franchise fee calculation provides a deduction for property taxes paid by the utility to the County and all participating municipalities within the County from the franchise fee payment otherwise due. As a result of significant upgrades to the utilities power plant, its property taxes paid to the County increased significantly thereby reducing the amount of franchise fees it was required to pay in fiscal year 2014.

- Utility taxes increased approximately \$279,000 in fiscal year 2014 reflecting growth experienced in Town.
- While building activity in Town remained strong in fiscal 2014, it was less than was experienced in fiscal year 2013. As a result building and zoning related fees decreased approximately \$805,000 and impact fees decreased approximately \$431,000.
- Intergovernmental revenues increased approximately \$1,967,000. Revenue related to the Town's two JPA roadway projects (Old Cutler Road and Caribbean Blvd) increased approximately \$1.6 million. The Caribbean Blvd project was in full operation in fiscal year 2014 and revenues increased approximately \$3.1 million. The Old Cutler Road project was completed during fiscal year 2014 and, as a result, revenues on this project decreased \$1.5 million. Revenue from the CITT surtax funds increased approximately \$80,000 in fiscal year 2014 versus the 2013 period. In fiscal year 2014 the Town received grant funds from the County to update its transportation master plan. This resulted in approximately \$32,000 of revenues in the 2014 period. Sales tax revenues and Revenue Sharing remittances from the State increased approximately \$175,000 and \$40,000, respectively, in fiscal year 2014. The balance of the difference relates from a combination of smaller changes in various accounts.
- Rental income increased approximately \$56,000 primarily as a result of occupancy and rental rate increases.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources.

The Town's total debt service increased approximately \$1,500 in fiscal year 2014 versus the amounts in fiscal year 2013. This debt service results from the normal amortization of the Town's outstanding debt.

Capital expenditures decreased approximately \$268,000 in fiscal year 2014 versus the fiscal year 2013 period, primarily as a result decreased expenditures related to generator improvements (approximately \$300,000) and tenant suite build outs (approximately \$85,000), offset by approximately \$103,000 for a new playground equipment at one of the Town's parks. The balance of the difference relates from a combination of smaller changes in various accounts.

Transfers out (approximately \$1.37 million) reflect transfers of CITT surtax funds from the CITT Fund to the two JPA roadway projects (approximately \$751,000) and to the Green Traffic Circle (approximately \$60,000) for the Town's portion of the project cost; transfer of gas taxes (approximately \$315,000) from the Special Revenue Fund to the General Fund for sidewalk repairs; transfer from the General Fund to the JPA (Old Cutler Road) Fund (approximately \$5,000) for expenditures for which CITT surtax funds are not eligible to be used, and to the Capital Projects Fund (approximately \$22,000) to pay for certain park project expenditures, and to the Transportation Fund (approximately \$32,000) for the Town's grant match; and transfer of park impact fees from the Special Revenue Fund to the Capital Projects Fund (approximately \$103,000) to pay for new playground equipment and to the General Fund (approximately \$80,000) to reimburse the General Fund for park improvement expenditures. This represented an decrease of approximately \$182,000 over the fiscal year 2013 transfers out, primarily reflecting decreased construction activity of the two JPA roadway projects in fiscal year 2014 (approximately \$457,000) offset by increased transfers related to park projects (approximately \$183,000), completion of the Green Traffic Circle (approximately \$60,000) and transportation plan update grant match (approximately \$32,000).

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2014 decreased approximately \$182,000 over fiscal year 2013 amounts due primarily to the reasons stated in the preceding paragraph.

Approximately 60% and 56% of the combined ending fund balance, or \$16.3 million and \$14 million, respectively, constitutes "Unassigned" fund balance at September 30, 2014 and 2013, respectively, which is available for spending at the Town's discretion. Approximately 18.6% and 21% of the combined ending fund balance, or \$5.06 million and \$5.4 million, respectively, constitutes "Assigned" fund balance at September 30, 2014 and 2013, respectively. Assigned fund balances are intended to be used for the specific purposes indicated. Approximately 19.7% and 21% of the combined ending fund balance, or \$5.4 million and \$5.4 million, respectively, are classified as "Restricted" fund balance as these amounts are legally restricted as to

use. The remainder of fund balance is classified as “Nonspendable” to indicate that it is not available for new spending because it has already been committed for prepaid expenses.

General Fund

The General Fund is the primary operating fund of the Town of Cutler Bay. At September 30, 2014 and 2013, unassigned fund balance of the General Fund was \$16.3 million and \$14 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, 2014 represents 102% of total General Fund expenditures (86% at September 30, 2013), while total fund balance of the General Fund represents 136% of that same total fund expenditure amount (122% at September 30, 2013). 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 \$1.95 million and \$1.9 million during fiscal years 2014 and 2013, respectively. The fiscal year 2014 increase primarily reflects the results of the Town’s operating activity for the fiscal year (approximately \$2.7 million surplus), increased by transfers in (approximately \$395,000), offset by capital expenditures (approximately \$189,000), debt service (approximately \$898,000) and transfers out (approximately \$58,000).

Revenues of the General Fund in fiscal year 2014 were approximately \$213,000 less than fiscal year 2013, as a result of the following:

- Permits and zoning fees decreased approximately \$805,000. While building activity in Town remained strong in fiscal 2014, it was less than was experienced in fiscal year 2013.
- Intergovernmental revenues increased approximately \$247,000 due primarily to increased sales tax collections (approximate \$175,000 increase) and State revenue sharing collections (approximately \$40,000). The balance of the change in this category is the result of smaller increases and decreases in various intergovernmental revenue sources.
- Utility taxes increased approximately \$279,000 as a result of stronger electric utility taxes in fiscal year 2014 from growth experienced in Town.
- Ad valorem revenues increased in fiscal 2014 (approximately \$309,000) as a result of an increase in property values.
- Franchise fees decreased approximately \$291,000, primarily due to a decrease in electrical franchise fees (approximately \$324,000), offset by an approximate \$33,000 increase in solid waste franchise fees. The Town collects electrical franchise fees from the local utility company via the County pursuant to the County’s Interlocal agreement with the utility. The franchise fee calculation provides a deduction for property taxes paid by the utility to the County and all participating municipalities within the County from the franchise fee payment otherwise due. As a result of significant upgrades to the utilities power plant, its property taxes paid to the County increased significantly thereby reducing the amount of franchise fees it was required to pay in fiscal year 2014.
- Rental income increased approximately \$56,000 primarily as a result of an increase in occupancy and scheduled rental rate increases in fiscal year 2014.
- The remaining difference in the change in revenue from fiscal year 2013 levels is a combination of other small net changes in other revenue categories.

Current expenditures of the General Fund in fiscal year 2014 increased approximately \$131,000 versus the expenditure total in fiscal year 2013 due to the following primary reasons:

- General government expenditures increased approximately \$358,000 primarily as a result of increased salaries and benefits (approximately \$217,000), which resulted from salary increases, as well as increases in associated payroll taxes and retirement contributions, as well as increased insurance benefits paid for employees, increased property and casualty insurance (approximately \$23,000), increased expenditures related to the educational initiative the Town entered into with the Miami-Dade County School Board (approximately \$33,000), and increased other contractual

services (approximately \$55,000) for items including consultants used to update the Town's strategic master plan and provide GIS mapping services, as well as increased contracted IT costs. The balance of the difference relates from a combination of smaller changes in various accounts.

- Public safety expenditures increased approximately \$112,000 primarily as a result of increased costs of police services contracted from the County.
- Parks and recreation expenditures increased approximately \$158,000, primarily as a result of an increase in salary and benefit costs as well as by an increase in contractual services, related to staffing for park program activities and increased maintenance costs related to parks brought online in recent years (combining for approximately \$152,000 of the increase). The balance of the difference relates from a combination of smaller changes in various accounts.
- Community development expenditures decreased approximately \$497,000 primarily due to a decrease in contractual services. The Town utilizes a contractor to provide building permitting and inspection services. The contractor is paid a percentage of the related permitting revenues as payment for its services. While development activity in Town remains strong, it was less than experienced in fiscal year 2013. As a result, revenues decreased as well as the related fees paid to the contractor these fees have increased (as has the corresponding revenue). The balance of the difference relates from a combination of smaller changes in various accounts.
- 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 \$1,500. This debt service results from the normal amortization of the Town's outstanding debt.

Capital outlay in the General Fund decreased approximately \$393,000 in fiscal year 2014 primarily related to reduced outlays related to generator improvements (approximately \$300,000) and tenant suite build outs (approximately \$85,000). Other small changes constitute the balance of the difference.

Transfers out in the General Fund in fiscal year 2014 increased approximately \$39,000 over fiscal year 2013 as a result of increased General Fund funding contributions for the Town's match for a transportation grant (approximately \$32,000) and for certain park project expenditures (approximately \$22,000), offset by a decrease in contribution towards one of the Town's JPA roadway projects (approximately \$15,000). Transfers in to the General Fund increased approximately \$73,000, reflecting a transfer in of park impact fees (approximately \$80,000) to reimburse the General Fund for certain park improvements, offset by a decrease in the transfer of gas taxes of approximately \$7,000 from Special Revenue Fund used for sidewalk repairs.

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. This roadway project was completed in fiscal year 2014. Expenditures decreased approximately \$2.4 million over fiscal year 2013. These expenditures were funded by decreased intergovernmental revenues received from Miami-Dade County in fiscal year 2014 over the fiscal year 2013 amounts (approximate \$1.5 million decrease) and by decreased transfers in of approximately \$834,000 (primarily \$819,000 of decreased CITT surtax funds transferred from the CITT Fund in fiscal year 2014 over 2013, as well as approximately \$15,000 less transferred from the General Fund in fiscal year 2014 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, 2014 or September 30, 2013.

JPA (Caribbean Blvd) Fund

The JPA (Caribbean Blvd) Fund was established in fiscal year 2010 to account for the revenues derived from Miami Dade County, and other Town sources, to be used specifically for road improvements to Caribbean Blvd within the Town. Construction on this project commenced in late fiscal year 2013. Expenditures increased approximately \$3.5 million over fiscal year 2013. These expenditures were funded by increased intergovernmental revenues received from Miami-Dade County in fiscal year 2014 over the

fiscal year 2013 amounts (approximate \$3.13 million increase) and by increased transfers in of approximately \$362,000 (primarily increased CITT surtax funds transferred from the CITT Fund in fiscal year 2014 over 2013). The JPA (Caribbean Blvd) Fund reported no fund balances at September 30, 2014 or September 30, 2013.

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 2014 generated an increase in net position of approximately \$83,200, versus an increase in net position of approximately \$137,200 during fiscal year 2013. The fiscal year 2014 increase in net position resulted from operating income of approximately \$86,300 offset by net non-operating expense of approximately \$3,100 (comprised of grant revenue of \$49,400 and interest income of approximately \$2,600, offset by interest expense of approximately \$55,100).

Of the total net position at September 30, 2014 of approximately \$4.3 million, \$3.2 million is classified as net investment in capital assets and \$1.1 million is classified as unrestricted. At September 30, 2013, total net position of approximately \$4.3 million was classified as \$3.3 million net investment in capital assets and \$1 million as unrestricted.

General Fund Budget Highlights

During fiscal years 2014 and 2013, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$3.4 million and \$3.1 million, respectively. For fiscal year 2014, the results were achieved as actual revenues exceeded budgeted amounts by \$834,500 while actual expenditures were \$2.5 million less than budgeted. In fiscal year 2013, actual revenues exceeded budgeted amounts by \$414,000 while actual expenditures were \$2.7 million less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal year 2014 period, the primary contributing factors to the favorable revenue variance was better than expected collections of property taxes, utility taxes, sales taxes and State revenue sharing collections, licenses and permits, and rental income generated from the Town Hall building. Given the economic climate in which the Town operated under while preparing its fiscal year 2014 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 October 2014, the Town Council passed a budget amendment by resolution (#14-70) to:

1. In the General Fund, increase revenues by \$361,000. This reflected increases to solid waste franchise fees (\$50,000), utility taxes-electricity (\$500,000) and utility taxes-water (\$40,000), zoning fees (\$50,000), local government half-cent sales tax (\$100,000), parks and recreation fees (\$60,000) and lien searches (\$50,000), burglar alarm fees (\$25,000) and code compliance fines (\$20,000), offset by decreases to electric franchise fees (\$360,000), State revenue sharing (\$30,000), judgments and fines (\$40,000), and judgments and fines-red light camera violations (\$94,000) and school crossing guard revenues (\$10,000), with a corresponding decrease to appropriation of prior year fund balance (\$361,000).
2. In the General Fund, decrease expenditures by \$300,000, with a corresponding decrease to appropriation of prior year fund balance (\$300,000). The decrease in General Fund expenditures is comprised of (a) in the General Government department, increases to professional services (\$10,000), other contractual services (\$25,000), communications and freight (\$10,000), insurance (\$5,000), repairs and maintenance (\$10,000) and machinery and equipment (\$30,000), offset by a decrease in QNIP debt service (\$50,000), (b) in the Town Attorney department, a decrease in professional fees (\$150,000), (c) in the Community Development department, and increase in other contractual services (\$50,000), (d) in the Finance department, a decrease in capital outlay (\$40,000), (e) in the Public Works department, an increase in other contractual services (\$50,000), and (f) in the Town Hall Building department, a decrease in capital outlay (\$250,000).

3. In the Stormwater Fund (a proprietary fund), decrease stormwater fees (\$30,000) and decrease other contractual services expenses (\$30,000).

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, 2014 and 2013, amounts to approximately \$50.9 million and \$5.2 million and \$54 million and \$5.4 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:

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2014	2013	2014	2013	2014	2013	
General Government	\$ 11,526	\$ 12,112	\$ -	\$ -	\$ 11,526	\$ 12,112	-4.8%
Community Development	23,735	25,017	-	-	23,735	25,017	-5.1%
Public Safety	16	26	-	-	16	26	-38.5%
Culture and Recreation	15,659	16,842	-	-	15,659	16,842	-7.0%
Public Works-Stormwater	-	-	5,213	5,367	5,213	5,367	-2.9%
	<u>\$ 50,936</u>	<u>\$ 53,997</u>	<u>\$ 5,213</u>	<u>\$ 5,367</u>	<u>\$ 56,149</u>	<u>\$ 59,364</u>	-5.4%

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, 2014, the long-term portion of the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$2.9 million, representing a 7.2% 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, 2014, approximately \$15.3 million was outstanding on those notes payable, of which approximately \$14.2 million are classified as long-term.

In conjunction with recording the stormwater assets transferred to the Town by the County, the Town recorded associated debt of approximately \$2.36 million at September 30, 2010, of which approximately \$2.28 million was considered long-term. The long-term balance at September 30, 2014, approximately \$2 million, represents a 0.2% 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 \$64,000 and \$74,000, respectively, at September 30, 2014, versus \$51,000 and \$81,000, respectively, at September 30, 2013.

Total long-term debt decreased approximately \$1.35 million, or 6.6%, primarily as a result from scheduled debt service payments during fiscal year 2014 and from the increase in reclassification of current portion of debt at September 30, 2014 due primarily on the Town's existing notes payable.

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

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2014	2013	2014	2013	2014	2013	
QNIP bonds	\$ 2,854	\$ 3,077	\$ -	\$ -	\$ 2,854	\$ 3,077	-7.2%
Notes payable	14,169	15,303	-	-	14,169	15,303	-7.4%
Stormwater Utility Revenue Bonds	-	-	2,020	2,024	2,020	2,024	-0.2%
Compensated absences	74	81	-	-	74	81	-8.6%
Net OPEB obligation	64	51	-	-	64	51	25.5%
	<u>\$ 17,161</u>	<u>\$ 18,512</u>	<u>\$ 2,020</u>	<u>\$ 2,024</u>	<u>\$ 19,181</u>	<u>\$ 20,536</u>	-6.6%

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, 2014 is approximately 6.8%, which is a decrease from a rate of 7.6% a year ago. However, the rate is above the national unemployment rate of 5.9%.
- Inflationary trends in the region are in line with national indices.
- In setting its fiscal year 2015 budget, the Town adopted the statutorily computed "roll-back" mil rate of 2.3907 (the mil rate adopted and in effect for fiscal year 2014 was 2.5702).
- 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, 2014, the certified taxable value of property within the Town reflected a decrease of 32% from the level at July 1, 2008. The 2014 certified tax roll issued by the County Property Appraiser in July 2014, used for ad valorem purposes for fiscal year 2015, gave further indication that property values within the Town may have stabilized as it reflected an approximate 8.1% increase in the taxable value of property within the Town versus the certified tax roll for 2013 (used for ad valorem purposes in fiscal year 2014). This increased value follows an approximate 3.8% increase from the prior year which gives indication that the local market has stabilized and is starting to recover. These values are subject to property owner appeal via the Valuation Adjustment Board ("VAB") process. Preliminary estimates of the 2015 tax roll (for fiscal year 2016 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 yearly declines of the recent economic downturn period are behind it. The Town has seen encouraging signs in building activity and new development within the Town in the past couple of years and this activity is carrying forward into fiscal year 2015 with significant new planned projects in process.
- While modest property value increases have been seen the past couple of years, it may take several years before strong property value growth returns to the Town. In the interim, the Town continues to operate in a lean and efficient manner and has been extremely successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 25,586,969	\$ -	\$ 25,586,969
Restricted cash and cash equivalents	2,040,172	-	2,040,172
Accounts receivable - net	3,660,567	248,083	3,908,650
Prepays	434,490	802	435,292
Internal balances	(1,067,479)	1,067,479	-
Capital assets not being depreciated:			
Land	10,400,739	-	10,400,739
Construction in progress	53,403	16,605	70,008
Capital assets being depreciated:			
Building	8,554,216	-	8,554,216
Computer hardware and software	918,170	6,523	924,693
Furniture and equipment	811,158	-	811,158
Infrastructure	57,640,563	8,089,046	65,729,609
Improvements	15,045,444	-	15,045,444
Property under capital lease	292,512	29,383	321,895
Total capital assets	<u>93,716,205</u>	<u>8,141,557</u>	<u>101,857,762</u>
Less accumulated depreciation	<u>(42,779,877)</u>	<u>(2,928,135)</u>	<u>(45,708,012)</u>
Total capital assets - net	<u>50,936,328</u>	<u>5,213,422</u>	<u>56,149,750</u>
Total assets	<u>81,591,047</u>	<u>6,529,786</u>	<u>88,120,833</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on refunding	<u>-</u>	<u>149,892</u>	<u>149,892</u>
<u>LIABILITIES</u>			
Accounts payable	3,382,193	213,624	3,595,817
Other liabilities	51,173	-	51,173
Accrued interest	24,136	-	24,136
Accrued liabilities	21,592	-	21,592
Noncurrent liabilities:			
The amount due in one year	1,398,346	110,109	1,508,455
The amount due in over one year	<u>17,160,797</u>	<u>2,019,830</u>	<u>19,180,627</u>
Total liabilities	<u>22,038,237</u>	<u>2,343,563</u>	<u>24,381,800</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Business license tax	<u>44,678</u>	<u>-</u>	<u>44,678</u>
<u>NET POSITION</u>			
Net investment in capital assets	32,556,771	3,233,375	35,790,146
Restricted for:			
Capital projects	182,527	-	182,527
Public safety	167,880	-	167,880
Parks and recreation	1,342,866	-	1,342,866
Transportation	3,665,960	-	3,665,960
Unrestricted	<u>21,592,128</u>	<u>1,102,740</u>	<u>22,694,868</u>
Total net position	<u>\$ 59,508,132</u>	<u>\$ 4,336,115</u>	<u>\$ 63,844,247</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Governmental activities:							
General government	\$ 10,559,285	\$ 714,016	\$ 5,766,988	\$ 306,353	\$ (3,771,928)	\$ -	\$ (3,771,928)
Public safety	8,040,961	604,101	-	19,560	(7,417,300)	-	(7,417,300)
Community development	2,576,918	1,379,074	-	-	(1,197,844)	-	(1,197,844)
Parks and recreation	3,186,576	216,547	71,660	286,101	(2,612,268)	-	(2,612,268)
Interest on long-term debt	685,863	-	-	-	(685,863)	(55,157)	(741,020)
Total governmental activities	25,049,603	2,913,738	5,838,648	612,014	(15,685,203)	(55,157)	(15,740,360)
Business-type activities:							
Stormwater	881,372	967,654	49,400	-	-	135,682	135,682
Total business-type activities	881,372	967,654	49,400	-	-	135,682	135,682
Total	\$ 25,930,975	\$ 3,881,392	\$ 5,888,048	\$ 612,014	(15,685,203)	80,525	(15,604,678)
General revenues:							
Property taxes					4,423,111	-	4,423,111
Utility taxes					2,920,053	-	2,920,053
Franchise fees based on gross receipts					1,240,721	-	1,240,721
Intergovernmental (unrestricted)					6,063,408	-	6,063,408
Interest income (unrestricted)					70,473	2,637	73,110
Change in net position					(967,437)	83,162	(884,275)
Net position, Beginning					60,475,569	4,252,953	64,728,522
Net position, Ending					\$ 59,508,132	\$ 4,336,115	\$ 63,844,247

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>JPA (Old Cutler Road) Fund</u>	<u>JPA (Caribbean Blvd.) Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 25,586,969	\$ -	\$ -	\$ -	\$ 25,586,969
Restricted cash and cash equivalents	2,547	-	-	2,037,625	2,040,172
Accounts receivable - net	988,120	336,646	2,067,205	268,596	3,660,567
Prepays	433,700	-	-	790	434,490
Due from other funds	-	-	-	3,747,262	3,747,262
Total assets	<u>\$ 27,011,336</u>	<u>\$ 336,646</u>	<u>\$ 2,067,205</u>	<u>\$ 6,054,273</u>	<u>\$ 35,469,460</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 2,581,073	\$ -	\$ 319,512	\$ 481,608	\$ 3,382,193
Accrued Liabilities	21,592	-	-	-	21,592
Other liabilities	51,173	-	-	-	51,173
Due to other funds	<u>2,514,423</u>	<u>336,646</u>	<u>1,747,693</u>	<u>215,979</u>	<u>4,814,741</u>
Total liabilities	<u>5,168,261</u>	<u>336,646</u>	<u>2,067,205</u>	<u>697,587</u>	<u>8,269,699</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Business license tax	<u>44,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,678</u>
<u>FUND BALANCES</u>					
Nonspendable	433,700	-	-	-	433,700
Restricted	2,547	-	-	5,356,686	5,359,233
Assigned	5,060,700	-	-	-	5,060,700
Unassigned	<u>16,301,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,301,450</u>
Total fund balances	<u>21,798,397</u>	<u>-</u>	<u>-</u>	<u>5,356,686</u>	<u>27,155,083</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,011,336</u>	<u>\$ 336,646</u>	<u>\$ 2,067,205</u>	<u>\$ 6,054,273</u>	<u>\$ 35,469,460</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

Fund balances - total government funds (Page 17) \$ 27,155,083

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	93,716,205	
Less accumulated depreciation	<u>(42,779,877)</u>	50,936,328

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

OPEB Liability	(64,000)	
Long term debt	(18,379,557)	
Compensated absences	(115,586)	
Accrued interest payable	<u>(24,136)</u>	<u>(18,583,279)</u>

Net position of governmental activities (Page 16) \$ 59,508,132

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	JPA (Old Cutler Road) Fund	JPA (Caribbean Road) Fund		
Revenues:					
Property taxes	\$ 4,423,111	\$ -	\$ -	\$ -	\$ 4,423,111
Franchise fees	1,240,721	-	-	-	1,240,721
Utility taxes	2,920,053	-	-	-	2,920,053
Charges for services	462,867	-	-	-	462,867
Intergovernmental	6,063,408	809,574	3,397,319	1,838,176	12,108,477
Licenses and permits	1,379,074	-	-	-	1,379,074
Impact fees	-	-	-	373,037	373,037
Fines and forfeitures	451,235	-	-	-	451,235
Interest	56,358	-	-	14,115	70,473
Rental income	601,512	-	-	-	601,512
Contributions	1,750	-	-	-	1,750
Miscellaneous	17,300	-	-	-	17,300
Total revenues	<u>17,617,389</u>	<u>809,574</u>	<u>3,397,319</u>	<u>2,225,328</u>	<u>24,049,610</u>
Expenditures:					
Current:					
General government	3,878,158	1,110,762	3,830,043	1,000,237	9,819,200
Public safety	8,030,573	-	-	-	8,030,573
Community development	1,282,914	-	-	-	1,282,914
Parks and recreation	1,722,795	-	-	93,275	1,816,070
Debt service:					
Principal retirement	212,380	-	-	-	212,380
Interest	685,863	-	-	-	685,863
Capital outlay:					
General government	124,357	21,795	-	-	146,152
Community development	11,544	-	-	-	11,544
Parks and recreation	53,293	-	-	103,450	156,743
Total expenditures	<u>16,001,877</u>	<u>1,132,557</u>	<u>3,830,043</u>	<u>1,196,962</u>	<u>22,161,439</u>
Excess (Deficiency) of revenues over expenditures and other financing sources (uses)	<u>1,615,512</u>	<u>(322,983)</u>	<u>(432,724)</u>	<u>1,028,366</u>	<u>1,888,171</u>
Other financing sources (uses):					
Transfers in	394,508	322,983	432,724	216,331	1,366,546
Transfers out	(57,936)	-	-	(1,308,610)	(1,366,546)
Total other financing sources (uses)	<u>336,572</u>	<u>322,983</u>	<u>432,724</u>	<u>(1,092,279)</u>	<u>-</u>
Net change in fund balances	1,952,084	-	-	(63,913)	1,888,171
Fund balances - Beginning	<u>19,846,313</u>	<u>-</u>	<u>-</u>	<u>5,420,599</u>	<u>25,266,912</u>
Fund balances - Ending	<u>\$ 21,798,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356,686</u>	<u>\$ 27,155,083</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, 2014

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 19)	\$	1,888,171
<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		314,439
Less current year depreciation		<u>(3,404,952)</u>
		(3,090,513)
<p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.</p>		
		29,874
<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 position.</p>		
Principal payments on long term debt		<u>212,380</u>
		212,380
<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		(13,000)
Compensated absences		<u>5,651</u>
		<u>(7,349)</u>
Change in net position of governmental activities (Page 16)	\$	<u>(967,437)</u>

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2014

	<u>Stormwater</u>
<u>ASSETS</u>	
Current assets:	
Accounts receivables	\$ 248,083
Prepays	802
Due from other funds	<u>1,067,479</u>
Total current assets	<u>1,316,364</u>
Non-current assets:	
Capital assets, net	<u>5,213,422</u>
Total non-current assets	<u>5,213,422</u>
Total assets	<u>6,529,786</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Loss on refunding	<u>149,892</u>
Total deferred outflows of resources	<u>149,892</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	213,624
Current portion of revenue bonds	<u>110,109</u>
Total current liabilities	<u>323,733</u>
Non-current liabilities:	
Revenue bonds	<u>2,019,830</u>
Total non-current liabilities	<u>2,019,830</u>
Total liabilities	<u>2,343,563</u>
Net position:	
Net investment in capital assets	3,233,375
Unrestricted	<u>1,102,740</u>
Total net position	<u>\$ 4,336,115</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, 2014

	<u>Stormwater</u>
Operating revenues:	
Charges for services	\$ 967,654
Total revenues	<u>967,654</u>
Operating expenses:	
Operations and maintenance	714,956
Depreciation	<u>166,416</u>
Total operating expenses	<u>881,372</u>
Operating income	<u>86,282</u>
Non-operating revenues (expenses):	
Interest income	2,637
Interest expense	(55,157)
Grant	<u>49,400</u>
Total non-operating revenues (expenses)	<u>(3,120)</u>
Changes in net position	83,162
Net position - Beginning	<u>4,252,953</u>
Net position - Ending	<u>\$ 4,336,115</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Stormwater</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 930,818
Cash paid to employees	(167,025)
Cash paid to suppliers	<u>(565,265)</u>
Net cash provided by operating activities	<u>198,528</u>
 Cash Flows From Non-Capital Financing Activities	
Grant received	<u>901</u>
Net cash provided by non-capital financing activities	<u>901</u>
 Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(13,006)
Interest payments	(45,164)
Principal payments	<u>(143,896)</u>
Net cash used in non-capital financing activities	<u>(202,066)</u>
 Cash Flows From Investing Activities	
Interest income	<u>2,637</u>
Net cash provided by investing activities	<u>2,637</u>
 Net Change 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>\$ 86,282</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	166,416
Change in operating assets and liabilities:	
Accounts receivables	(36,836)
Prepays	(79)
Change in due to/from other funds	(104,299)
Accounts payable	<u>87,044</u>
Net cash provided by operating activities	<u>\$ 198,528</u>
 Noncash capital and related financing activities	
Deferred loss on refunding	<u>\$ 159,885</u>
Amortization of deferred loss on refunding	<u>\$ 9,993</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

The Town reports the following major proprietary fund:

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.

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

During the fiscal year ended September 30, 2014, the Town implemented the following GASB Statements that had an impact on the financial statements:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities.

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 to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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 fiscal year ended September 30, 2014 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 asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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. Other than for the Town Manager as noted below, the Town's sick leave policy does not meet the criteria for accrual under current accounting standards. In the governmental funds, a liability is recorded only when they matured, for example, as a result of employee resignations or retirements. The compensated absences balance is measured using the employees' rates of pay, and associated salary related costs, at the balance sheet date. Compensated absences of governmental funds are typically liquidated from the general fund.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

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

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

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, 2014, 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.

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

o. **Fund Balance**

As of September 30, 2014, fund balances of the governmental funds are classified as follows:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

	General	JPA (Old Cutler Road) Fund	JPA (Caribbean Boulevard) Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Prepays	\$ 433,700	\$ -	\$ -	\$ -	\$ 433,700
Restricted:					
Transportation	-	-	-	3,665,960	3,665,960
Parks and recreation	-	-	-	1,342,866	1,342,866
Public safety	2,547	-	-	165,333	167,880
Capital projects	-	-	-	182,527	182,527
Committed:					
Assigned:					
Building: capital reserve	1,000,000	-	-	-	1,000,000
Building: operating reserve	1,000,000	-	-	-	1,000,000
Lender depository requirement	3,060,700	-	-	-	3,060,700
Unassigned	16,301,450	-	-	-	16,301,450
Total Fund Balances	<u>\$ 21,798,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356,686</u>	<u>\$ 27,155,083</u>
Fund Balances:					
Nonspendable	\$ 433,700	\$ -	\$ -	\$ -	\$ 433,700
Restricted	2,547	-	-	5,356,686	5,359,233
Committed	-	-	-	-	-
Assigned	5,060,700	-	-	-	5,060,700
Unassigned	16,301,450	-	-	-	16,301,450
Total Fund Balances	<u>\$ 21,798,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356,686</u>	<u>\$ 27,155,083</u>

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014, 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, 2014, the Town had no investments.

IV. RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2014 were as follows:

	Taxes	Grants	Fees	Others	Totals
General Fund	\$ 866,278	\$ 6,055	\$ -	\$ 115,787	\$ 988,120
JPA (Old Cutler Road) Fund	-	336,646	-	-	336,646
JPA (Caribbean Blvd.) Fund	-	2,067,205	-	-	2,067,205
Non-major governmental funds	241,822	26,774	-	-	268,596
Stormwater Fund	-	48,499	199,584	-	248,083
	<u>\$ 1,108,100</u>	<u>\$ 2,485,179</u>	<u>\$ 199,584</u>	<u>\$ 115,787</u>	<u>\$ 3,908,650</u>

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

Payables

The Town's payables at September 30, 2014 were as follows:

	Vendors	Miami-Dade County	Total
General Fund	\$ 632,474	\$ 1,948,599	\$ 2,581,073
JPA (Old Cutler Road) Fund	-	-	-
JPA (Caribbean Blvd.) Fund	319,512	-	319,512
Non-major governmental funds	414,233	67,375	481,608
Stormwater Fund	146,624	67,000	213,624
	<u>\$ 1,512,843</u>	<u>\$ 2,082,974</u>	<u>\$ 3,595,817</u>

V. CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2014 was as follows:

	<u>Balance</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>September 30, 2014</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,368,183	\$ 32,556	\$ -	\$ -	\$ 10,400,739
Construction in progress	<u>382,464</u>	<u>11,748</u>	<u>-</u>	<u>(340,809)</u>	<u>53,403</u>
Total capital assets not being depreciated	<u>10,750,647</u>	<u>44,304</u>	<u>-</u>	<u>(340,809)</u>	<u>10,454,142</u>
Capital assets being depreciated:					
Building	8,554,216	-	-	-	8,554,216
Infrastructure	57,640,563	-	-	-	57,640,563
Improvements	14,459,718	244,916	-	340,809	15,045,444
Computer hardware and software	934,980	25,086	(41,895)	-	918,170
Property under capital lease	292,512	-	-	-	292,512
Furniture and equipment	<u>781,734</u>	<u>30,823</u>	<u>(1,399)</u>	<u>-</u>	<u>811,158</u>
Total capital assets being depreciated	<u>82,663,723</u>	<u>300,825</u>	<u>(43,294)</u>	<u>340,809</u>	<u>83,262,063</u>
Less accumulated depreciation for:					
Building	(1,562,408)	(427,855)	-	-	(1,990,263)
Infrastructure	(32,232,348)	(1,294,716)	-	-	(33,527,064)
Improvements	(3,924,663)	(1,514,899)	-	-	(5,439,562)
Computer hardware and software	(789,351)	(90,531)	41,895	-	(837,987)
Property under capital lease	(292,512)	-	-	-	(292,512)
Furniture and equipment	<u>(616,121)</u>	<u>(76,951)</u>	<u>583</u>	<u>-</u>	<u>(692,489)</u>
Total accumulated depreciation	<u>(39,417,403)</u>	<u>(3,404,952)</u>	<u>42,478</u>	<u>-</u>	<u>(42,779,877)</u>
Total capital assets being depreciated, net	<u>43,246,320</u>	<u>(3,104,127)</u>	<u>(816)</u>	<u>340,809</u>	<u>40,482,186</u>
Governmental activities capital assets, net	<u>\$ 53,996,967</u>	<u>\$ (3,059,823)</u>	<u>\$ (816)</u>	<u>\$ -</u>	<u>\$ 50,936,328</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 8,099	\$ 8,506	\$ -	\$ -	\$ 16,605
Total capital assets not being depreciated	<u>8,099</u>	<u>8,506</u>	<u>-</u>	<u>-</u>	<u>16,605</u>
Capital assets being depreciated:					
Property under capital lease	29,383	-	-	-	29,383
Computer hardware and software	2,023	4,500	-	-	6,523
Infrastructure	<u>8,089,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,089,046</u>
Total capital assets being depreciated	<u>8,120,452</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>8,124,952</u>
Less accumulated depreciation for:					
Property under capital lease	(29,383)	-	-	-	(29,383)
Computer hardware and software	(225)	(1,174)	-	-	(1,399)
Infrastructure	<u>(2,732,111)</u>	<u>(165,242)</u>	<u>-</u>	<u>-</u>	<u>(2,897,353)</u>
Total accumulated depreciation	<u>(2,761,719)</u>	<u>(166,416)</u>	<u>-</u>	<u>-</u>	<u>(2,928,135)</u>
Total capital assets being depreciated, net	<u>5,358,733</u>	<u>(161,916)</u>	<u>-</u>	<u>-</u>	<u>5,196,817</u>
Business-type activities capital assets, net	<u>\$ 5,366,832</u>	<u>\$ (153,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,213,422</u>

V. CAPITAL ASSETS (Continued)

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

General government	\$	729,250
Public safety		10,388
Community development		1,293,738
Parks and recreation		<u>1,371,576</u>
Total depreciation expense - governmental activities	\$	<u><u>3,404,952</u></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. For the year ended September 30, 2014, the public service taxes pledged amounted to \$2,920,053 and the debt service was \$348,986. The pledged revenues provided a coverage ratio of 8.4.

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, 2014 are summarized as follows:

September 30,	Principal	Interest	Total
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	258,505	87,683	346,188
2020-2024	1,456,730	272,847	1,729,577
2025-2027	<u>418,405</u>	<u>42,548</u>	<u>460,953</u>
	<u>\$ 3,076,435</u>	<u>\$ 851,611</u>	<u>\$ 3,928,046</u>

VI. LONG-TERM DEBT (Continued)

Notes Payable

On June 14, 2010, the Town executed a loan agreement with a local bank to borrow up to \$13,800,000 (Notes A through E) for the purpose of financing the costs of the acquisition and renovations to the new Town Hall and acquisition of vacant land adjacent to the new Town Hall. Certain of these loans were modified on September 20, 2012, to provide for a revised amortization structure. Also on September 20, 2012, the Town executed a loan agreement with a local bank to borrow \$2,578,000 for the purpose of financing certain costs for the establishment of a high school level curriculum within the Town pursuant to an educational initiative with the Miami-Dade County School Board. The notes are secured by a pledge to budget and appropriate sufficient funds to pay for the principal and interest due on the notes from the Town's Non-Ad Valorem Revenues. For the fiscal year ended September 30, 2014 the Town's legally available Non-Ad Valorem Revenues applicable to this pledge were \$12,845,292, and the debt service was \$549,257. The pledged revenues provided a coverage ratio of 23.4. 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, 2014 are summarized as follows:

September 30,	Principal	Interest	Total
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	1,314,631	352,763	1,667,394
2020-2024	4,845,361	1,143,946	5,989,307
2025-2029	3,789,008	394,393	4,183,401
2030	554,783	8,010	562,793
	<u>\$ 15,303,122</u>	<u>\$ 3,769,352</u>	<u>\$ 19,072,474</u>

Stormwater Utility Revenue Bonds

The Town is required to pay the County its pro rata share for the Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued prior to the Town's incorporation. All of the Town's stormwater fees have been pledged as security for the bond payments. For the year ended September 30, 2014 the stormwater fees pledged amounted to \$967,654 and the debt service was \$189,060. The pledged revenues provided a coverage ratio of 5.1. On September 16, 2013 the Miami-Dade County Stormwater Utility Revenue Refunding Bonds, Series 2013, refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 1999 and Series 2004, except for the Stormwater Utility Revenue Bonds, Series 2004, maturing on April 1, 2014 and April 1, 2015. As a result of this, the County adjusted the Town's required payment schedule. This resulted in a reduction in the amount of interest to be paid over the remaining life and an increase in the amount of principal to be paid. This resulted in a cash flow savings of approximately \$9,500 per year over the life of the new payment plan to the County. As a result of the increase in principal to be paid, the Town reported a deferred loss on refunding of \$159,885 in the statement of net position which will be amortized to interest expense over the remaining life of the debt. The principal payment for the fiscal year ended September 30, 2014 was \$143,896 and the balance of the remaining principal payments range from \$110,109 to \$178,245 through September 2029.

VI. LONG-TERM DEBT (Continued)

Stormwater Utility Revenue Bonds (Continued)

Debt service requirements to maturity for the fiscal year ending September 30, 2014 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 110,109	\$ 74,359	\$ 184,468
2016	114,521	69,886	184,407
2017	118,550	65,924	184,474
2018	122,706	61,822	184,528
2019	126,863	57,576	184,439
2020-2024	703,468	218,906	922,374
2025-2029	833,722	88,500	922,222
	<u>\$ 2,129,939</u>	<u>\$ 636,973</u>	<u>\$ 2,766,912</u>

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2014:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
QNIP bonds	\$ 3,288,815	\$ -	\$ (212,380)	\$ 3,076,435	\$ 222,425
Notes payable	15,303,122	-	-	15,303,122	1,134,473
Compensated absences	121,237	106,803	(112,454)	115,586	41,448
Net OPEB obligation	<u>51,000</u>	<u>13,000</u>	<u>-</u>	<u>64,000</u>	<u>-</u>
Total governmental activities	<u>\$ 18,764,174</u>	<u>\$ 119,803</u>	<u>\$ (324,834)</u>	<u>\$ 18,559,143</u>	<u>\$ 1,398,346</u>
<u>Business-type activities:</u>					
Stormwater utility revenue bonds	<u>\$ 2,113,950</u>	<u>\$ 159,885</u>	<u>\$ (143,896)</u>	<u>\$ 2,129,939</u>	<u>\$ 110,109</u>
Total business-type activities	<u>\$ 2,113,950</u>	<u>\$ 159,885</u>	<u>\$ (143,896)</u>	<u>\$ 2,129,939</u>	<u>\$ 110,109</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, 2014, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 2,514,423
JPA (Old Cutler Road) Fund	-	336,646
JPA (Caribbean Blvd.) Fund	-	1,747,693
Non-major governmental funds	3,747,262	215,979
Stormwater Fund	<u>1,067,479</u>	<u>-</u>
	<u>\$ 4,814,741</u>	<u>\$ 4,814,741</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.

VII. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfer activity for the year ended September 30, 2014 was as follows:

	Transfers In*	Transfers Out*
General Fund	\$ 394,508	\$ 57,936
JPA (Old Cutler Road) Fund	322,983	-
JPA (Caribbean Blvd.) Fund	432,724	-
Non-major governmental funds	<u>216,331</u>	<u>1,308,610</u>
	<u>\$ 1,366,546</u>	<u>\$ 1,366,546</u>

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

- \$318,321 and \$432,724, 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, both major governmental funds, respectively, to fund the Town's portion of roadway enhancements and project oversight costs related to those two JPA roadway improvement projects.
- \$4,662 was transferred from the General Fund to the JPA (Old Cutler Road) Fund, both major governmental funds, to cover a portion of the cost related to a roadway message board.
- \$314,702 was transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund to transfer gas taxes used for sidewalk repairs.
- \$31,659 was transferred from the General Fund to the Special Revenue – Transportation fund (a non-major governmental fund) for the Town's match portion of the MPO grant through September 30, 2014.
- \$59,607 was transferred from the CITT Fund (a non-major governmental fund) to the Special Revenue – Green Traffic Circle fund (a non-major governmental fund) to cover the portion of Town related expenditures for that project.
- \$103,450 of park impact fees were transferred from the Special Revenue Fund (a non-major governmental fund) and \$21,615 was transferred from the General Fund, to the Capital Projects Fund (a non-major governmental fund) to pay for certain park improvements.
- \$79,806 of park impact fees were transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund to reimburse the General Fund for park improvement expenditures paid from General Fund monies.

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.

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

VIII. FLORIDA RETIREMENT SYSTEM (Continued)

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>
2014	\$ 248,548
2013	\$ 147,590
2012	\$ 109,295

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 7.06% to 35.58% 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_re
ports](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, 2014, the Town was a defendant in four claims/lawsuits. Although the outcomes of these claims/lawsuits are not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Agreement with Miami-Dade County for Stormwater Utility Billing

On June 20, 2008, the Town executed an agreement with Miami-Dade County for the County to administer, bill and collect the stormwater utility service charges for the Town. The County bills the Town \$0.81 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. This agreement expired on August 20, 2014 and the Town continued to operate under the existing terms while a new agreement was being negotiated. In January 2015, a new agreement was entered into retroactive to August 20, 2014. The County provides a quarterly reconciliation to the Town whereby these monthly budgeted amounts are compared with actual costs incurred and the resulting difference is billed or credited to the Town. Payments for the services provided by the County for subsequent fiscal years shall be based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. For fiscal year 2014, approximately \$7,774,055 was paid by the Town for such services. The current agreement expires on August 20, 2019.

Agreement with Miami-Dade County School Board

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

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

The amount approved by the Town Council for the fiscal year 2014-2015 school year was \$300,000.

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.

Agreement with the Town Clerk

The contract with the current Town Clerk provides for a severance payment to her should the Town Council wish to terminate the Town Clerk for convenience. The severance payment, which is payable in lump sum within 15 working days of termination, shall be equal to two months of her base salary at the time of her termination. The Town shall also continue to pay the premium for the Town Clerk's health insurance for two months after the effective date of her termination. The terms of this severance provision do not apply if the Town Clerk is terminated for misconduct.

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	\$ 13,000
Interest on net OPEB obligation	2,000
Adjustment to annual required contribution	(2,000)
Annual OPEB cost (expense)	<u>13,000</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	13,000
Net OPEB obligation - beginning of year	51,000
Net OPEB obligation - end of year	<u>\$ 64,000</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:

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

Funded Status and Funding Progress. As of September 30, 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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
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

On May 26, 2015, the Town refunded certain of its existing Notes Payable (the 2010 Series A through E Notes, as amended) with its current lender. Under the terms of the refunding, the Town refunded the three tax-exempt promissory notes (the 2010 Series A, C & D Notes), totaling approximately \$6,039,000 and with interest rates ranging from 3.05% to 3.81%, into one new 15 year tax-exempt promissory note (the 2015A Note) bearing interest at 2.5% and refunded the two taxable promissory notes (the 2010 Series B & E Notes), totaling approximately \$6,268,000 and with interest rates of 4.42%, into one new 10 year taxable promissory note (the 2015B Note) bearing interest at 2.8%. The two new promissory notes are secured by the Town's share of the Local Government Half-Cent Sales Tax. There is no prepayment penalty associated with either of the two new promissory notes.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CUTLER BAY, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Revenues:				
Property taxes	\$ 4,321,175	\$ 4,321,175	\$ 4,423,111	\$ 101,936
Franchise fees	1,485,000	1,175,000	1,240,721	65,721
Utility taxes	2,185,000	2,725,000	2,920,053	195,053
Charges for services	290,000	415,000	462,867	47,867
Intergovernmental	5,822,693	5,892,693	6,063,408	170,715
Licenses and permits	1,246,000	1,296,000	1,379,074	83,074
Fines and forfeitures	492,000	378,000	451,235	73,235
Interest	40,000	40,000	56,358	16,358
Rental income	500,000	500,000	601,512	101,512
Contributions	-	-	1,750	1,750
Miscellaneous	40,000	40,000	17,300	(22,700)
Total revenues	<u>16,421,868</u>	<u>16,782,868</u>	<u>17,617,389</u>	<u>834,521</u>
Expenditures:				
General government	2,056,660	2,096,660	1,936,891	159,769
Legislative	183,237	183,237	155,797	27,440
Town clerk	344,938	344,938	258,604	86,334
Finance	457,382	417,382	369,214	48,168
Town attorney	500,000	350,000	262,259	87,741
Town Hall building	1,981,967	1,731,967	1,107,460	624,507
Community development	1,554,663	1,604,663	1,294,458	310,205
Public works	1,000,715	1,050,715	810,533	240,182
Parkss and recreation	1,970,332	1,970,332	1,776,088	194,244
Police services	<u>8,796,394</u>	<u>8,796,394</u>	<u>8,030,573</u>	<u>765,821</u>
Total expenditures	<u>18,846,288</u>	<u>18,546,288</u>	<u>16,001,877</u>	<u>2,544,411</u>
(Deficiency) Excess of revenues under expenditures before other financing sources (uses)	<u>(2,424,420)</u>	<u>(1,763,420)</u>	<u>1,615,512</u>	<u>3,378,932</u>
Other financing sources (uses):				
Appropriation of prior year fund balance	18,092,599	17,431,599	-	(17,431,599)
Nonspendable	(250,000)	(250,000)	-	250,000
Contingency reserve	(6,718,000)	(6,718,000)	-	6,718,000
Insurance contingencies	(1,200,000)	(1,200,000)	-	1,200,000
Grant match reserve	(200,000)	(200,000)	-	200,000
Building capital reserve	(1,555,000)	(1,555,000)	-	1,555,000
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
Other reserves	(479)	(479)	-	479
Revenue stabilization reserve	(420,000)	(420,000)	-	420,000
Tax equalization reserve	(420,000)	(420,000)	-	420,000
Transfers in	441,000	441,000	394,508	(46,492)
Transfers out	(35,000)	(35,000)	(57,936)	(22,936)
Town Hall debt service	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>	<u>1,250,000</u>
Total other financing sources	<u>2,424,420</u>	<u>1,763,420</u>	<u>336,572</u>	<u>(1,426,848)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,952,084</u>	<u>1,952,084</u>
Fund balances - Beginning			<u>19,846,313</u>	
Fund balances - Ending			<u>\$ 21,798,397</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,540,000	\$ 1,540,000	\$ 809,574	\$ (730,426)
Total revenues	<u>1,540,000</u>	<u>1,540,000</u>	<u>809,574</u>	<u>(730,426)</u>
Expenditures:				
Current:				
General government	1,925,000	1,925,000	1,110,762	814,238
Capital outlay:				
General government	-	-	21,795	(21,795)
Total expenditures	<u>1,925,000</u>	<u>1,925,000</u>	<u>1,132,557</u>	<u>792,443</u>
Deficiency of revenues under expenditures before other financing sources	<u>(385,000)</u>	<u>(385,000)</u>	<u>(322,983)</u>	<u>62,017</u>
Other financing sources:				
Transfers in	<u>385,000</u>	<u>385,000</u>	<u>322,983</u>	<u>(62,017)</u>
Total other financing sources	<u>385,000</u>	<u>385,000</u>	<u>322,983</u>	<u>(62,017)</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
BUDGETARY COMPARISON SCHEDULE - JPA (CARIBBEAN BLVD) FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,672,000	\$ 4,672,000	\$ 3,397,319	\$ (1,274,681)
Total revenues	<u>4,672,000</u>	<u>4,672,000</u>	<u>3,397,319</u>	<u>(1,274,681)</u>
Expenditures:				
Current:				
General government	<u>5,239,000</u>	<u>5,239,000</u>	<u>3,830,043</u>	<u>1,408,957</u>
Total expenditures	<u>5,239,000</u>	<u>5,239,000</u>	<u>3,830,043</u>	<u>1,408,957</u>
Deficiency of revenues under expenditures before other financing sources	<u>(567,000)</u>	<u>(567,000)</u>	<u>(432,724)</u>	<u>134,276</u>
Other financing sources:				
Transfers in	<u>567,000</u>	<u>567,000</u>	<u>432,724</u>	<u>(134,276)</u>
Total other financing sources	<u>567,000</u>	<u>567,000</u>	<u>432,724</u>	<u>(134,276)</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, 2014

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, 2014 were as follows:

In October 2014, the Town Council passed a budget amendment by resolution (#14-70) to:

1. In the General Fund, increase revenues by \$361,000. This reflected increases to solid waste franchise fees (\$50,000), utility taxes-electricity (\$500,000) and utility taxes-water (\$40,000), zoning fees (\$50,000), local government half-cent sales tax (\$100,000), parks and recreation fees (\$60,000) and lien searches (\$50,000), burglar alarm fees (\$25,000) and code compliance fines (\$20,000), offset by decreases to electric franchise fees (\$360,000), State revenue sharing (\$30,000), judgments and fines (\$40,000), and judgments and fines-red light camera violations (\$94,000) and school crossing guard revenues (\$10,000), with a corresponding decrease to appropriation of prior year fund balance (\$361,000).
2. In the General Fund, decrease expenditures by \$300,000, with a corresponding decrease to appropriation of prior year fund balance (\$300,000). The decrease in General Fund expenditures is comprised of (a) in the General Government department, increases to professional services (\$10,000), other contractual services (\$25,000), communications and freight (\$10,000), insurance (\$5,000), repairs and maintenance (\$10,000) and machinery and equipment (\$30,000), offset by a decrease in QNIP debt service (\$50,000), (b) in the Town Attorney department, a decrease in professional fees (\$150,000), (c) in the Community Development department, and increase in other contractual services (\$50,000), (d) in the Finance department, a decrease in capital outlay (\$40,000), (e) in the Public Works department, an increase in other contractual services (\$50,000), and (f) in the Town Hall Building department, a decrease in capital outlay (\$250,000).
3. In the Stormwater Fund (a proprietary fund), decrease stormwater fees (\$30,000) and decrease other contractual services expenses (\$30,000).

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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, Transportation Fund, Capital projects fund and the Stormwater Fund have legally adopted budgets which were passed prior to the October 1, 2013 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.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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.

Capital Projects Funds

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

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

TOWN OF CUTLER BAY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>Special Revenue Funds</u>					<u>Capital Projects</u>	<u>Total</u>
	<u>Special Revenue</u>	<u>Transportation</u>	<u>The Children's</u>	<u>CITT</u>	<u>Green</u>	<u>Capital Projects</u>	<u>Nonmajor</u>
	<u>Fund</u>	<u>Fund</u>	<u>Trust</u>	<u>Fund</u>	<u>Traffic Circles</u>	<u>Fund</u>	<u>Governmental</u>
			<u>Fund</u>		<u>Fund</u>		<u>Funds</u>
<u>ASSETS</u>							
Restricted cash and cash equivalents	\$ 2,037,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,037,625
Receivables, net	17,070	15,462	11,312	224,752	-	-	268,596
Prepays	-	-	790	-	-	-	790
Due from other funds	654,990	2,505	-	2,781,831	204,486	103,450	3,747,262
Total assets	<u>\$ 2,709,685</u>	<u>\$ 17,967</u>	<u>\$ 12,102</u>	<u>\$ 3,006,583</u>	<u>\$ 204,486</u>	<u>\$ 103,450</u>	<u>\$ 6,054,273</u>
<u>LIABILITIES</u>							
Accounts payable	\$ -	\$ 17,967	\$ 609	\$ 359,582	\$ -	\$ 103,450	\$ 481,608
Due to other funds	-	-	11,493	-	204,486	-	215,979
Total liabilities	<u>-</u>	<u>17,967</u>	<u>12,102</u>	<u>359,582</u>	<u>204,486</u>	<u>103,450</u>	<u>697,587</u>
<u>FUND BALANCES</u>							
Restricted	<u>2,709,685</u>	<u>-</u>	<u>-</u>	<u>2,647,001</u>	<u>-</u>	<u>-</u>	<u>5,356,686</u>
Total fund balances	<u>2,709,685</u>	<u>-</u>	<u>-</u>	<u>2,647,001</u>	<u>-</u>	<u>-</u>	<u>5,356,686</u>
Total liabilities and fund balances	<u>\$ 2,709,685</u>	<u>\$ 17,967</u>	<u>\$ 12,102</u>	<u>\$ 3,006,583</u>	<u>\$ 204,486</u>	<u>\$ 103,450</u>	<u>\$ 6,054,273</u>

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds					Capital Projects	Total
	Special Revenue Fund	Transportation Fund	The Children's Trust Fund	CITT Fund	Green Traffic Circle Fund	Capital Projects Fund	Nonmajor Governmental Funds
Revenues:							
Intergovernmental	\$ 206,421	\$ 31,659	\$ 71,660	\$ 1,528,436	\$ -	\$ -	\$ 1,838,176
Impact fees	373,037	-	-	-	-	-	373,037
Interest	7,112	-	-	7,003	-	-	14,115
Total revenues	<u>586,570</u>	<u>31,659</u>	<u>71,660</u>	<u>1,535,439</u>	<u>-</u>	<u>-</u>	<u>2,225,328</u>
Expenditures:							
Current:							
General government	-	63,318	-	801,863	135,056	-	1,000,237
Parks and recreation	-	-	71,660	-	-	21,615	93,275
Capital outlay:							
Parks and recreation	-	-	-	-	-	103,450	103,450
Total expenditures	<u>-</u>	<u>63,318</u>	<u>71,660</u>	<u>801,863</u>	<u>135,056</u>	<u>125,065</u>	<u>1,196,962</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>586,570</u>	<u>(31,659)</u>	<u>-</u>	<u>733,576</u>	<u>(135,056)</u>	<u>(125,065)</u>	<u>1,028,366</u>
Other financing sources:							
Transfers in	-	31,659	-	-	59,607	125,065	216,331
Transfers out	(497,958)	-	-	(810,652)	-	-	(1,308,610)
Total other financing sources (uses)	<u>(497,958)</u>	<u>31,659</u>	<u>-</u>	<u>(810,652)</u>	<u>59,607</u>	<u>125,065</u>	<u>(1,092,279)</u>
Net change in fund balance	<u>88,612</u>	<u>-</u>	<u>-</u>	<u>(77,076)</u>	<u>(75,449)</u>	<u>-</u>	<u>(63,913)</u>
Fund balances, Beginning	<u>2,621,073</u>	<u>-</u>	<u>-</u>	<u>2,724,077</u>	<u>75,449</u>	<u>-</u>	<u>5,420,599</u>
Fund balances, Ending	<u>\$ 2,709,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,647,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356,686</u>

See notes to budgetary comparison schedule

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 190,553	\$ 190,553	\$ 206,421	\$ 15,868
Impact fees	127,500	127,500	373,037	245,537
Interest	<u>3,000</u>	<u>3,000</u>	<u>7,112</u>	<u>4,112</u>
Total revenues	<u>321,053</u>	<u>321,053</u>	<u>586,570</u>	<u>265,517</u>
Other financing uses:				
Appropriation of prior year fund balance	2,525,478	2,525,478	-	(2,525,478)
Reserve for future police impact fees	(92,532)	(92,532)	-	92,532
Reserve for future park impact fees	(581,238)	(581,238)	-	581,238
Reserve for future public works projects	(735,498)	(735,498)	-	735,498
Reserve for future road impact fee projects	(253,384)	(253,384)	-	253,384
Reserve for future public buildings projects	(147,879)	(147,879)	-	147,879
Transfers out	<u>(1,036,000)</u>	<u>(1,036,000)</u>	<u>(497,958)</u>	<u>538,042</u>
Total other financing uses	<u>(321,053)</u>	<u>(321,053)</u>	<u>(497,958)</u>	<u>(176,905)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>88,612</u>	<u>88,612</u>
Fund balances, Beginning			<u>2,621,073</u>	
Fund balances, Ending			<u>\$ 2,709,685</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - THE CHILDREN'S TRUST FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 71,660	\$ (40,099)
Total revenues	<u>111,759</u>	<u>111,759</u>	<u>71,660</u>	<u>(40,099)</u>
Expenditures:				
Current:				
Parks and recreation	<u>111,759</u>	<u>111,759</u>	<u>71,660</u>	<u>40,099</u>
Total expenditures	<u>111,759</u>	<u>111,759</u>	<u>71,660</u>	<u>40,099</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning			<u>-</u>	
Fund balances, Ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CITT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 1,528,436	\$ 228,436
Interest	<u>-</u>	<u>-</u>	<u>7,003</u>	<u>7,003</u>
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,535,439</u>	<u>235,439</u>
Expenditures:				
Current:				
General government	<u>1,355,963</u>	<u>1,355,963</u>	<u>801,863</u>	<u>554,100</u>
Total expenditures	<u>1,355,963</u>	<u>1,355,963</u>	<u>801,863</u>	<u>554,100</u>
Excess of revenues over expenditures before other financing sources	<u>(55,963)</u>	<u>(55,963)</u>	<u>733,576</u>	<u>789,539</u>
Other financing sources:				
Appropriation of prior year fund balance	3,112,805	3,112,805	-	(3,112,805)
Reserve for future expenditure	(2,049,016)	(2,049,016)	-	2,049,016
Transfers out	<u>(1,007,826)</u>	<u>(1,007,826)</u>	<u>(810,652)</u>	<u>197,174</u>
Total other financing sources	<u>55,963</u>	<u>55,963</u>	<u>(810,652)</u>	<u>(866,615)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(77,076)</u>	<u>(77,076)</u>
Fund balances, Beginning			<u>2,724,077</u>	
Fund balances, Ending			<u>\$ 2,647,001</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - TRANSPORTATION FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 31,659	\$ (3,341)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>31,659</u>	<u>(3,341)</u>
Expenditures:				
Current:				
General Government	<u>70,000</u>	<u>70,000</u>	<u>63,318</u>	<u>6,682</u>
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>63,318</u>	<u>6,682</u>
Deficiency of revenues under expenditures before other financing sources	<u>(35,000)</u>	<u>(35,000)</u>	<u>(31,659)</u>	<u>3,341</u>
Other financing sources:				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>31,659</u>	<u>3,341</u>
Total other financing sources	<u>35,000</u>	<u>35,000</u>	<u>31,659</u>	<u>3,341</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,682</u>
Fund balances, Beginning			<u>-</u>	
Fund balances, Ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - GREEN TRAFFIC CIRCLE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<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>95,312</u>	<u>95,312</u>	<u>135,056</u>	<u>(39,744)</u>
Total expenditures	<u>95,312</u>	<u>95,312</u>	<u>135,056</u>	<u>(39,744)</u>
Deficiency of revenues under expenditures before other financing sources	<u>(95,312)</u>	<u>(95,312)</u>	<u>(135,056)</u>	<u>(39,744)</u>
Other financing sources:				
Appropriation of prior year fund balance	39,486	39,486		
Transfers in	<u>55,826</u>	<u>55,826</u>	<u>59,607</u>	<u>3,781</u>
Total other financing sources	<u>95,312</u>	<u>95,312</u>	<u>59,607</u>	<u>3,781</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(75,449)</u>	<u>(35,963)</u>
Fund balances, Beginning			<u>75,449</u>	
Fund balances, Ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants	\$ 230,000	\$ 230,000	\$ -	\$ (230,000)
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>(230,000)</u>
Expenditures:				
Current:				
Parks and recreation	-	-	21,615	(21,615)
Capital outlay:				
Parks and recreation	<u>825,000</u>	<u>825,000</u>	<u>103,450</u>	<u>721,550</u>
Total expenditures	<u>825,000</u>	<u>825,000</u>	<u>125,065</u>	<u>699,935</u>
Deficiency of revenues under expenditures before other financing sources	<u>(595,000)</u>	<u>(595,000)</u>	<u>(125,065)</u>	<u>469,935</u>
Other financing sources:				
Appropriation of prior year fund balance	-	-		
Transfers in	<u>595,000</u>	<u>595,000</u>	<u>125,065</u>	<u>(469,935)</u>
Total other financing sources	<u>595,000</u>	<u>595,000</u>	<u>125,065</u>	<u>(469,935)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning			<u>-</u>	
Fund balances, Ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET VS ACTUAL - STORMWATER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 950,000	\$ 920,000	\$ 967,654	\$ 47,654
Total operating revenues	<u>950,000</u>	<u>920,000</u>	<u>967,654</u>	<u>47,654</u>
Operating expenses:				
Operations and maintenance	1,456,945	1,426,945	881,372	545,573
Total operating expenses	<u>1,456,945</u>	<u>1,426,945</u>	<u>881,372</u>	<u>545,573</u>
Operating loss	<u>(506,945)</u>	<u>(506,945)</u>	<u>86,282</u>	<u>593,227</u>
Non-operating revenues (expenses):				
Grants	49,500	49,500	49,400	(100)
Interest income	-	-	2,637	2,637
Interest expense	-	-	(55,157)	(55,157)
Total non-operating revenues (expenses)	<u>49,500</u>	<u>49,500</u>	<u>(3,120)</u>	<u>(52,620)</u>
Changes in net position	<u>(457,445)</u>	<u>(457,445)</u>	<u>83,162</u>	<u>540,607</u>
Net position - Beginning	<u>4,073,718</u>	<u>4,073,718</u>	<u>4,252,953</u>	
Net position - Ending	<u>\$ 3,616,273</u>	<u>\$ 3,616,273</u>	<u>\$ 4,336,115</u>	

See notes to budgetary comparison schedule

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	58-61
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	62-66
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	67-68
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	69-70
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	71-73

TOWN OF CUTLER BAY, FLORIDA

Net Position By Component
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:									
Invested in capital assets, net of related debt	\$ 73,058	\$ 9,479,324	\$ 40,987,278	\$ 36,283,066	\$ 36,899,978	\$ 41,728,510	\$ 38,086,861	\$ 35,405,031	\$ 32,556,771
Restricted	994,197	1,355,365	2,030,550	1,887,878	4,366,337	3,001,303	5,155,469	5,423,140	5,359,233
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	21,592,128
Total governmental activities net assets	\$ 2,441,276	\$ 15,438,555	\$ 51,908,807	\$ 50,454,288	\$ 56,165,405	\$ 61,130,767	\$ 61,064,585	\$ 60,475,569	\$ 59,508,132
Business-type activities:									
Invested in capital assets, net of related debt	\$ -	-	\$ -	\$ 235,923	\$ 3,049,733	\$ 3,103,107	\$ 3,054,780	\$ 3,252,882	\$ 3,233,375
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	84,567	486,401	830,138	764,999	1,060,938	1,000,073	1,102,740
Total business-type activities net assets	\$ -	\$ -	\$ 84,567	\$ 722,324	\$ 3,879,871	\$ 3,868,106	\$ 4,115,718	\$ 4,252,955	\$ 4,336,115
Primary government:									
Invested in capital assets, net of related debt	\$ 73,058	\$ 9,479,324	\$ 40,987,278	\$ 36,518,989	\$ 39,949,711	\$ 44,831,617	\$ 41,141,641	\$ 38,657,913	\$ 35,790,146
Restricted	994,197	1,355,365	2,030,550	1,887,878	4,366,337	3,001,303	5,155,469	5,423,140	5,359,233
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	22,694,868
Total primary government net position	\$ 2,441,276	\$ 15,438,555	\$ 51,993,374	\$ 51,176,612	\$ 60,045,276	\$ 64,998,873	\$ 65,180,303	\$ 64,728,524	\$ 63,844,247

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

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

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES									
Governmental activities:									
General government	\$ 2,266,246	\$ 2,852,271	\$ 3,436,645	\$ 3,565,748	\$ 4,256,359	\$ 4,604,808	\$ 9,891,870	\$ 8,791,886	\$ 10,559,285
Public safety	5,363,660	6,249,705	6,871,073	7,890,206	7,490,653	8,055,192	8,093,112	7,935,541	8,040,961
Community development	70,757	1,211,490	1,957,968	2,898,067	2,859,147	2,568,161	2,534,614	3,100,748	2,576,918
Parks and recreation	652,494	931,051	1,438,346	1,576,740	1,624,291	1,729,029	2,784,113	3,045,599	3,186,576
Interest on long-term debt	906	4,570	7,199	6,087	300,708	678,969	569,292	693,494	685,863
Total governmental activities	8,354,063	11,249,087	13,711,231	15,936,848	16,531,159	17,636,160	23,873,001	23,567,268	25,049,603
Business-type activities:									
Stormwater	-	-	18,796	390,732	465,206	1,005,774	921,574	765,001	881,372
Interest on long-term debt	-	-	48,588	194,244	194,280	114,095	111,070	107,847	55,157
Total business-type activities	-	-	67,384	584,976	659,486	1,119,869	1,032,644	872,848	936,529
Total primary government expenses	8,354,063	11,249,087	13,778,615	16,521,824	17,190,645	18,756,029	24,905,645	24,440,116	25,986,132
PROGRAM REVENUES									
Governmental activities:									
Charges for services:									
General government	140,310	10,914	39,737	139,451	548,152	868,797	678,010	747,983	714,016
Public safety	144,735	348,726	443,701	395,610	519,974	444,159	746,851	635,494	604,101
Community development	-	833,563	792,172	723,271	1,050,184	1,004,857	1,165,854	2,310,194	1,379,074
Parks and recreation	555,857	221,865	136,593	140,853	3,631,061	306,739	412,148	787,381	216,547
Operating grants and contributions	349,393	586,295	249,051	384,452	1,238,145	465,658	6,003,742	4,127,545	5,838,648
Capital grants and contributions	137,881	9,319,655	32,573,921	715,331	787,789	5,758,822	740,758	197,882	612,014
Total governmental activities program revenues	1,328,176	11,321,018	34,235,175	2,498,968	7,775,305	8,849,032	9,747,363	8,806,479	9,364,400
Business-type activities:									
Charges for services:									
Stormwater	-	-	150,693	986,119	981,683	988,796	986,525	1,007,439	967,654
Operating grants and contributions	-	-	-	-	-	-	-	-	49,400
Capital grants and contributions	-	-	-	150,456	364,570	100,812	291,494	-	-
Total business-type activities program revenues	-	-	150,693	1,136,575	1,346,253	1,089,608	1,278,019	1,007,439	1,017,054
Total primary government revenues	1,328,176	-	34,385,868	3,635,543	9,121,558	9,938,640	11,025,382	9,813,918	10,381,454
Net revenue (expense):									
Governmental activities	(7,025,887)	71,931	20,523,944	(13,437,880)	(8,755,854)	(8,787,128)	(14,125,638)	(14,760,789)	(15,685,203)
Business-type activities	-	-	83,309	551,599	686,767	(30,261)	245,375	134,591	80,255
Total primary government net revenues (expenses)	(7,025,887)	71,931	20,607,253	(12,886,281)	(8,069,087)	(8,817,389)	(13,880,263)	(14,626,198)	(15,604,678)
General revenues and Other Changes in Net Position:									
Governmental activities:									
Property taxes	3,591,359	5,335,778	6,667,064	6,599,152	5,448,770	4,215,773	4,254,352	4,113,511	4,423,111
Utility taxes	1,288,432	1,836,054	2,155,040	2,186,688	2,379,305	2,412,904	2,472,062	2,640,920	2,920,053
Franchise fees based on gross receipts	960,000	1,373,216	1,636,231	1,791,088	1,864,675	1,419,636	1,616,617	1,531,087	1,240,721
Unrestricted intergovernmental revenue	3,581,552	4,118,670	5,123,456	5,463,037	5,074,418	5,386,442	5,653,427	5,815,863	6,063,408
Unrestricted interest earnings	43,806	237,033	305,716	197,380	108,463	63,707	63,705	70,392	70,473
Miscellaneous revenues	2,014	24,597	58,801	19,194	-	271,010	-	-	-
Gains (losses) on disposal of capital assets	-	-	-	-	-	-	(707)	-	-
Total governmental activities	9,467,163	12,925,348	15,946,308	16,256,539	14,875,631	13,769,472	14,059,456	14,171,773	14,717,766
Business-type activities:									
Interest earnings	-	-	1,258	4,820	3,227	1,514	2,237	2,646	2,637
Total business-type activities	-	-	1,258	4,820	3,227	1,514	2,237	2,646	2,637
Total primary government	9,467,163	12,925,348	15,947,566	16,261,359	14,878,858	13,770,986	14,061,693	14,174,419	14,720,403
Transfers									
Governmental activities	-	-	-	(81,338)	(408,660)	(16,982)	-	-	-
Business-type activities	-	-	-	81,338	408,660	16,982	-	-	-
Total primary government	-	-	-	-	-	-	-	-	-
Change in Net Position									
Governmental activities	\$ 2,441,276	\$ 12,997,279	\$ 36,470,252	\$ 2,737,321	\$ 5,711,117	\$ 4,965,362	\$ (66,182)	\$ (589,016)	\$ (967,437)
Business-type activities	\$ -	\$ -	\$ 84,567	\$ 637,757	\$ 1,098,654	\$ (11,765)	\$ 247,612	\$ 137,237	\$ 83,162
Total primary government	\$ 2,441,276	\$ 12,997,279	\$ 36,554,819	\$ 3,375,078	\$ 6,809,771	\$ 4,953,597	\$ 181,430	\$ (451,779)	\$ (884,275)

(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	2014
General Fund									
Nonspendable	\$ 38,033	\$ 257,118	\$ 289,207	\$ 271,536	\$ 318,729	\$ 234,197	333,852	\$ 401,549	\$ 433,700
Restricted	-	-	-	-	-	-	-	2,542	2,547
Assigned	-	1,000,000	3,000,000	3,690,000	3,800,000	5,300,000	5,860,700	5,395,000	5,060,700
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	16,301,450
Total general fund	<u>\$ 1,364,325</u>	<u>\$ 4,663,335</u>	<u>\$ 8,958,420</u>	<u>\$ 12,384,803</u>	<u>\$ 15,021,973</u>	<u>\$ 16,557,820</u>	<u>\$ 17,975,824</u>	<u>\$ 19,846,313</u>	<u>\$ 21,798,397</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	\$ 5,356,686
Total all other governmental funds	<u>\$ 994,197</u>	<u>\$ 1,353,855</u>	<u>\$ 2,030,550</u>	<u>\$ 1,887,878</u>	<u>\$ 4,366,337</u>	<u>\$ 3,001,303</u>	<u>\$ 5,155,469</u>	<u>\$ 5,420,598</u>	<u>\$ 5,356,686</u>

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

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

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES									
Property taxes	\$ 3,591,359	\$ 5,335,778	\$ 6,667,064	\$ 6,599,152	\$ 5,448,770	\$ 4,215,773	\$ 4,254,352	\$ 4,113,511	4,423,111
Licenses and permits	127,260	1,065,638	1,117,357	1,023,098	1,308,923	972,479	1,125,494	2,195,599	1,379,074
Utility taxes	1,288,432	1,836,054	2,155,040	2,186,688	2,379,305	2,412,904	2,472,062	2,640,920	2,920,053
Franchise fees	960,000	1,373,216	1,636,231	1,791,088	1,864,675	1,419,636	1,616,617	1,531,087	1,240,721
Intergovernmental revenue	4,058,570	4,915,333	5,980,712	6,516,513	6,751,576	11,603,916	12,160,953	10,141,289	12,108,477
Charges for services	700,592	349,430	311,519	376,087	3,987,314	408,889	417,966	472,880	462,867
Interest and other	44,826	261,630	364,517	262,881	565,096	1,313,897	1,760,082	1,882,515	1,515,307
Total revenues	<u>10,771,039</u>	<u>15,137,079</u>	<u>18,232,440</u>	<u>18,755,507</u>	<u>22,305,659</u>	<u>22,347,494</u>	<u>23,807,526</u>	<u>22,977,801</u>	<u>24,049,610</u>
EXPENDITURES									
Current:									
General government	2,245,553	2,748,244	3,294,772	3,415,710	4,463,461	3,606,047	9,175,385	8,016,148	9,819,200
Public safety	5,363,617	6,224,741	6,815,994	7,837,236	7,440,693	8,007,537	8,066,879	7,918,949	8,030,573
Community development	70,757	1,185,763	1,509,035	1,448,464	1,418,418	1,163,575	1,195,292	1,780,152	1,282,914
Parks and recreation	652,494	915,464	1,181,067	1,292,713	1,246,524	1,270,547	1,548,745	1,647,765	1,816,070
Capital outlay	141,934	494,454	438,337	1,364,026	10,797,042	10,832,039	2,176,667	582,433	314,439
Debt service:									
Principal	7,384	44,835	71,113	77,956	234,524	227,764	82,639	204,180	212,380
Interest	906	4,570	7,199	6,087	300,708	657,312	567,749	692,556	685,863
Total expenditures	<u>8,482,645</u>	<u>11,618,071</u>	<u>13,317,517</u>	<u>15,442,192</u>	<u>25,901,370</u>	<u>25,764,821</u>	<u>22,813,356</u>	<u>20,842,183</u>	<u>22,161,439</u>
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	1,888,171
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	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,611,340</u>	<u>3,588,140</u>	<u>2,578,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,358,522</u>	<u>3,640,545</u>	<u>4,989,903</u>	<u>3,283,711</u>	<u>5,115,629</u>	<u>170,813</u>	<u>3,572,170</u>	<u>2,135,618</u>	<u>1,888,171</u>
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>	<u>4.1%</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
2014	\$ 4,423,111	\$ 2,920,053	\$ 12,108,477	\$ 1,240,721	\$ 1,379,074	\$ 462,867	\$ 1,515,307	\$ 24,049,610

(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%
2014	\$ 1,260,094	\$ 433,470	\$ 67,151	\$ 1,760,715	2.5702	\$ 2,566,716	68.60%

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
2014	2.5702	2.5702	4.7035	0.4220	2.4623	0.1725	7.9770	0.9455	19.2530

(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)

2014			2009		
Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation
SOUTHLAND MALL PROPERTIES LLC	84,239	5.0%	SOUTHLAND MALL PROPERTIES LLC	80,800	2.9%
WRI TC S DADE SHOPPING CENTER LLC	33,000	1.9%	WRI TC S DADE SHOPPING CENTER LLC	40,000	1.4%
FLORIDA POWER & LIGHT COMPANY	28,443	1.7%	PRIDE HOMES	27,976	1.0%
BILL USSERY MOTORS OF CUTLER BAY	18,388	1.1%	FLORIDA POWER & LIGHT COMPANY	20,863	0.7%
EQUITY ONE FL PORTFOLIO INC	18,105	1.1%	EQUITY ONE INC	19,471	0.7%
THE REALTY ASSOCIATES FUND IX L P	13,484	0.8%	CUTLER BAY DEVELOPMENT CORP	15,429	0.5%
HEALTHSOUTH REHAB HOSP OF MIA LLC	11,191	0.7%	A&E PARTNERS HOLDING LLC	12,900	0.5%
A & E PARTNERS HOLDING LLC	11,000	0.6%	OLD CUTLER TOWNE CENTER	12,583	0.4%
QUAIL ROOST INVESTORS JOINT	10,300	0.6%	QUAIL ROOST INVESTORS JOINT VENTURE	11,038	0.4%
SEARS ROEBUCK & CO	8,143	0.5%	HEALTH CARE FUND	11,033	0.4%
	<u>\$ 236,293</u>	<u>13.9%</u>		<u>\$ 252,093</u>	<u>8.9%</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%
2014	4,525,390	4,320,764	95.5%	\$ 102,347	\$ 4,423,111	97.7%

(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	1.235%	\$ 492.59
2014	\$ 3,076,435	\$ 15,303,122	\$ -	\$ 2,129,939	\$ -	\$ -	\$ 20,509,496	n/a	\$ 477.59

(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, 2014
(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)	\$ 407,693	0.89%	\$ 3,641
Miami-Dade County (3)	<u>1,293,365</u>	0.89%	<u>11,552</u>
Subtotal overlapping debt	1,701,058		15,193
Town of Cutler Bay direct debt	<u>18,380</u>	100.00%	<u>18,380</u>
Total direct and overlapping debt	<u><u>\$ 1,719,438</u></u>		<u><u>\$ 33,573</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	\$ 1,676,355	\$ 39,880	7.6%
2014	42,944	n/a	n/a	6.8%

(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

2014			2009		
Employer	Employees	Percentage of Total	Employer	Employees	Percentage of Total
Alorica	1,537	41.9%	Alorica (formerly PRC, Inc.)	1,547	45.1%
Eastridge Retirement Village	272	7.4%	Publix Supermarkets	312	9.1%
Publix Supermarkets	200	5.4%	Eastridge Retirement Village	267	7.8%
Health South	180	4.9%	Sears Roebuck & Co.	190	5.5%
K Mart	133	3.6%	Health South	170	5.0%
Macy's	125	3.4%	JC Penney	116	3.4%
Publix Supermarkets	195	5.3%	Macy's	110	3.2%
Best Buy	101	2.8%	Mercedes Benz	110	3.2%
Mercedes Benz	99	2.7%	Best Buy	104	3.0%
McDonalds	91	2.5%	Winn Dixie Stores	89	2.6%
Olive Garden	90	2.5%	Southland Mall 16	80	2.3%
JC Penney	87	2.4%	Peterson's Harley-Davidson	50	1.5%
Sears Roebuck & Co.	86	2.3%	Ross Stores	50	1.5%
Winn Dixie Stores	85	2.3%	Town of Cutler Bay	50	1.5%
Applebees	79	2.2%	Old Navy	45	1.3%
Town of Cutler Bay	79	2.2%	Toys R Us	42	1.2%
Ross Stores	65	1.8%	CAC Florida Medical	29	0.8%
Southland Mall 16	59	1.6%	La Quinta Inns	25	0.7%
Denny's	55	1.5%	Hair Ego	24	0.7%
Buffalo Wild Wings	53	1.4%	Bed Bath & Beyond	23	0.7%
	<u>3,671</u>	<u>100.0%</u>		<u>3,433</u>	<u>100.0%</u>

Source: Town of Cutler Bay local business tax registrations

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Legislative	5	5	5	5	5	5	5	5	5	5.0
Clerk	1	1	1	2	1	2	1	2	2	2.5
General government	3	6	7	7	7	7	8	10	9.5	
Community Development	-	5	9	9	8	7	6	7	7.0	
Public Works	-	5	5	4	5	5	4	6	6.0	
Parks	-	13	14	14	16	14	17	17	17.0	
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)	n/a (2)	n/a (2)
Civilian administrative staff	-	1	1	1	1	1	1	1	1.0	
	<u>9</u>	<u>36</u>	<u>42</u>	<u>42</u>	<u>43</u>	<u>41</u>	<u>42</u>	<u>48</u>	<u>48</u>	

(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	2014	
Public Safety										
Police:										
Number of emergency calls for service	708	1,157	1,285	1,195	1,162	991	945	987	950	
Number of priority calls for service	n/a	1,120	1,195	1,031	933	874	832	747	692	
Number of non-emergency calls for service	7,381	21,118	23,922	16,744	23,775	15,942	14,991	14,001	13,985	
Number of arrests	455	1324	1,212	1,063	1,141	1,081	1,188	1,149	1,272	
Number of sworn personnel	36	44	46	51	50	51	50	50	52	
Building and Zoning:										
Number of building permits issued	n/a (2)	2297	2,176	1,854	3,121	2,669	2,684	4,657	2,436	
Number of certificates of use issued	n/a (2)	185	152	147	57	124	127	113	100	
Number of occupational licenses issued	n/a (2)	605	787	812	813	794	898	839	890	
Culture and Recreation										
Number of parks	n/a (2)	7	7	7	7	7	8	8	9	

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

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

n/a - data not available for this period.

Source: Various Town departments

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Culture and Recreation										
Parks	n/a (2)	7	7	7	7	7	8	8	9	
Swimming pools	n/a (2)	1	1	1	1	1	1	1	1	
Tennis courts	n/a (2)	3	3	3	3	5	5	5	5	
Playgrounds	n/a (2)	3	3	3	3	4	5	5	5	
Soccer/Football/Lacrosse fields	n/a (2)	2	2	3	3	3	5	5	5	
Baseball fields	n/a (2)	3	3	3	3	3	6	6	6	
Picnic shelters	n/a (2)	1	1	2	2	2	2	2	2	
Public Works										
Streets (length in feet)	n/a (3)	n/a (3)	472,102	472,102	472,102	472,102	472,102	472,102	472,102	
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	

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

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

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

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, (the 'Town') as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 26, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Alberni Caballero & Fierman, LLP

Alberni, Caballero & Fierman, LLP
Coral Gables, Florida
May 26, 2015



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

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

Report on the Financial Statements

We have audited the financial statements of the Town of Cutler Bay, Florida (the "Town") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 26, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on Compliance with the Requirements of Section 218.415 Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports, which are dated May 26, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
May 26, 2015



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

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

We have examined the Town of Cutler Bay, Florida, (the "Town") compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2014. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
May 26, 2015