

TOWN OF CUTLER BAY, FLORIDA



Basic Financial Statements

For the Fiscal Year Ended
September 30, 2020

TOWN OF CUTLER BAY, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared By
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Finance Director

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and the Schedules of the Town's Net Pension Liabilities and Contributions on pages 3-24 and 59-64, respectively be presented to supplement the basic financial statements.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020 with a comparative analysis with the prior fiscal year.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at September 30, 2020 by approximately \$58.09 million (net position). Of this amount, approximately \$6.97 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by approximately \$4,313,800 from the total net position balance at September 30, 2019. The net increase results primarily from the Town's fiscal year 2020 operations (an approximate \$1,436,900 decrease) offset by a gain on disposal of capital assets (an approximate \$5,750,700 increase) as discussed more fully in Note 11 to the financial statements.
- As of September 30, 2020, the Town's governmental funds reported combined ending fund balances of approximately \$19.3 million, a decrease of approximately \$4.17 million from the September 30, 2019 balances, due primarily to the Town's current operations during the fiscal year offset by capital expenditures and debt service (an approximate \$4.08 million decrease in fund balance), and by transfers out (an approximate \$86,300 decrease in fund balance). This combined fund balance represents 96% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2020, unassigned fund balance for the General Fund was approximately \$10.15 million, or 43% of total General Fund expenditures, versus \$16.67 million and 83%, respectively, at September 30, 2019. The approximate \$6.52 million decrease in unassigned fund balance results primarily from fiscal year 2020 operations (an approximate \$4.4 million decrease) as well as by the changes in the composition of the other classifications of fund balance. The Town's unassigned fund balance at September 30, 2020 remains strong and is a positive indicator of the Town's financial health.
- At September 30, 2020, the General Fund's fund balance of approximately \$13.73 million is comprised of approximately \$493,100 classified as "Nonspendable", approximately \$3,078,300 classified as "Restricted", and approximately \$10.15 million classified as "Unassigned".
- The Town records the activity of its stormwater utility (a business type activity) in the Stormwater Fund, an enterprise fund. In fiscal year 2020, the stormwater utility's net position decreased by approximately \$163,900. This decrease resulted primarily from an operating loss of approximately \$210,400 which was generated from approximately \$1,011,500 in charges for services and approximately \$1,221,900 in operating expenses, including approximately \$212,700 in depreciation. Operating loss was offset by grants and contributions of approximately \$17,100 and transfers in of approximately \$86,300, offset by net non-operating expenses of approximately \$56,900, comprised of interest income of approximately \$300 offset by interest expense of approximately \$57,200.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

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

Fund financial statements

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

Governmental funds

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

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

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

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

Proprietary funds

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Overview of the Financial Statements (Continued)

Notes to the financial statements

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

Other information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, net position increased approximately \$4,313,800 during fiscal year 2020, primarily as a result of an approximate \$5,750,700 gain on disposal of capital assets, offset by an approximate decrease of \$1,436,900 due from operations. As a result, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources were approximately \$58.09 million and \$53.78 million, respectively, at September 30, 2020 and 2019. See the table below.

The largest portion of the Town's assets at September 30, 2020 consists of capital assets (approximately \$53 million (net of accumulated depreciation), primarily roadways, sidewalks, park lands and related assets transferred to the Town by the County, park improvements made by the Town, stormwater assets transferred to the Town by the County, additional infrastructure developed by the Town, as well as a building and related land and ancillary assets related to the Town Hall site. The primary contributors to the increase in capital assets in fiscal year 2020 were the acquisition of unimproved land in exchange for certain Town Hall related properties (as discussed in Note 11 to the financial statements), and increases to construction in progress for improvement projects related to roadways, parks and stormwater drainage.

Other significant assets at September 30, 2020 and 2019 include cash and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$16.6 million at September 30, 2020, decreased approximately \$9.2 million from the fiscal 2019 total primarily resulting from fiscal year 2020 operating activities, adjusted for changes in the timing of the liquidation of assets and liabilities, as well as the payment of \$3 million for the acquisition of unimproved land noted in the preceding paragraph and the payment of a \$3 million deposit towards the purchase of another tract of unimproved land (as discussed in Note 13 to the financial statements). Receivables increased approximately \$644,000 primarily as a result of the timing of reimbursements due from others.

The primary components of this change are as follows:

- In the General Fund, there was a net increase in receivables of approximately \$1,124,500, primarily related to amounts due from Florida Power & Light ("FPL") for electric franchise fees at the end of fiscal year 2020 (approximately \$462,000). There was no corresponding receivable from FPL at the end of fiscal year 2019 as the Town's franchise fee agreement with them did not commence until May 2020. Additionally, the Town has receivables of approximately \$690,000 at the end of fiscal year 2020 related to various COVID-19 grants which did not exist in fiscal year 2019. The balance of the difference is comprised of minor increases and decreases from other sources and are not considered material for further discussion.
- In the CITT Fund, higher revenue receivables derived from the CITT program at the end of fiscal year 2019 versus fiscal 2020 represented an approximate \$102,200 decrease in receivables, primarily related to COVID-19 related revenue declines. The decrease in receivables was enhanced by the recording of a receivable for revenues unavailable at the fiscal year end which were recorded as a deferred inflow of resources, the net change of this was a decrease in receivables of approximately \$5,800.
- In the Safe Routes to School Fund, the Gulfstream Elementary project recorded a grant receivable of approximately \$346,700 at the end of fiscal year 2019 for which there was no corresponding receivable at the end of fiscal year 2020 as the project was completed in fiscal year 2019.
- The Town operates park programs for youths funded in part from The Children's Trust and the Department of Juvenile Justice (DJJ). As of fiscal year-end 2020, grant receivables from The Children's Trust were

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

approximately \$75,000 less than the fiscal year-end 2019 balance, due primarily to COVID-19 related impacts affecting the programs, including elimination of the summer STEM Camp. Also, there was an approximate \$9,000 decrease in the grant receivables from the DJJ versus the prior year-end. These two park grants resulted in a net decrease in receivables of approximately \$84,000.

- In the Transportation Fund, grant receivables decreased by approximately \$19,800. During fiscal year 2019, the Town commenced a grant funded mobility hub study. At year end fiscal 2019, the Town recorded a receivable from this grant of approximately \$19,800. There were no corresponding grant receivables in this fund in fiscal year 2020.
- The Town received a grant to upgrade certain lighting fixtures in one of its parks to LED lights. This project, accounted for in the Lighting Fund, commenced in fiscal year 2019 and the Town recorded a grant receivable of \$86,000 at the end of fiscal year 2019. This project was completed in early fiscal year 2020 and, as a result, there was no corresponding receivable for this project at the end of fiscal year 2020.
- The Town received a grant to make certain bike and pedestrian friendly roadway improvements, accounted for in the Bike/Pedestrian Fund. The Town recorded a grant receivable of approximately \$330,300 at fiscal year-end 2020 related to this project. There was no corresponding receivable at fiscal year-end 2019.
- The Town received a grant to construct a canoe/kayak launch at Lakes By The Bay park, account in the Capital Projects – Parks Fund. The Town recorded a grant receivable of \$200,000 at fiscal year-end 2020 related to this project. There was no corresponding receivable at fiscal year-end 2019.
- The Town receives from the State a share of the 2nd Local Option Gas Tax, a capital grant recorded in the Special Revenue Fund that can only be used for specified capital projects. The receivable at the end of fiscal year 2020 was approximately \$4,700 less than the corresponding fiscal year 2019 amount, primarily as a result of COVID-19 related revenue impacts.
- In the Stormwater Fund (a proprietary fund), two grant funded construction projects were completed in fiscal year 2019 resulting in grant receivables of \$374,000 at the end of the fiscal year. During fiscal year 2020, the Town received a grant for tree planting in public corridors. The Town recorded a receivable from this grant of approximately \$17,000 at fiscal year-end 2020. Accordingly, grant receivables decreased approximately \$357,000 year over year.

Receivables at September 30, 2020 and 2019 consist primarily of amounts due from the County (\$382,000 and \$374,000, respectively) as well as intergovernmental receivables due from the State (\$416,400 and \$487,900, respectively), and receivables from various grants (\$1,688,500 versus \$1,152,700, respectively). The remainder of the governmental activities receivables balance is comprised of balances from other miscellaneous sources (\$566,600 and \$33,500, respectively at September 30, 2020 and 2019). Stormwater Fund receivables were approximately \$206,000 at September 30, 2020 versus \$567,500 at September 30, 2019.

The receivables due from the County at September 30, 2020 and 2019 related primarily to the timing of property and utility taxes, local business taxes, and Clerk of the Court remittances due the Town at those dates. The increase in the fiscal year 2020 balance relative to the fiscal year 2019 balance relates primarily to the fact that the outstanding property taxes, utility taxes and local business taxes due the Town at September 30, 2020 were approximately \$16,200, \$1,100 and \$1,300, respectively, more than the respective amounts outstanding at September 30, 2019. This increase was partially offset by an approximate \$10,600 decrease in Clerk of the Court remittance receivables at the end of fiscal year 2020 versus the fiscal year 2019 balance. The balance of the change is the result of small, miscellaneous increases and decreases in various categories. These changes are not considered material for further discussion.

The receivables due from the State at September 30, 2020 and 2019 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. The net decrease in this receivable balance for the fiscal year 2020 period results primarily to decreases of approximately \$10,100 for communication services taxes, \$49,600 for sales taxes, and \$11,800 for local option gas taxes. Revenues for these categories at the end of fiscal year 2020 were generally down versus the comparable fiscal year 2019 period as a result of COVID-19 impacts on revenues.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

The primary drivers of the increase in grant receivables at September 30, 2020 over the September 30, 2019 balance is due to a combination of factors related to Town grants which were discussed in detail above.

The increase in other miscellaneous receivables at September 30, 2020 versus the September 30, 2019 balance is due primarily to increased receivables at year-end fiscal 2020 from developers for cost recovery items (approximately \$60,300 increase) and from FPL electric franchise fees (approximately \$462,000). There was no corresponding receivable from FPL at the end of fiscal year 2019 as the Town's franchise fee agreement with them did not commence until May 2020. The balance of the difference is comprised of minor increases and decreases from different revenue sources. These changes are not considered material for further discussion.

In the Stormwater Fund, a proprietary fund, the decrease in receivables at September 30, 2020 versus the corresponding fiscal year 2019 period, results primarily an approximate \$357,000 decrease in grant receivables, as discussed above, offset by an approximate \$4,700 decrease in stormwater fees receivable.

Deferred outflows of resources decreased approximately \$31,500 at September 30, 2020 versus the balance at September 30, 2019. This results primarily from the changes required by the current year GASB 68 valuation (approximately \$27,400), offset by adjustment of the Town's pro-rata share of the loss on the County's refunding of the Stormwater Utility Revenue Bonds (approximately \$4,100).

Long-term debt decreased approximately \$968,000 in fiscal year 2020 primarily resulting from scheduled debt service payments on the Town's existing debt offset by an increase in net pension liability pursuant to GASB 68 and compensated absences of approximately \$639,000 and \$96,000, respectively.

The approximate \$363,500 decrease in other liabilities primarily reflects (1) an approximate \$88,400 net decrease in other liabilities primarily reflecting elimination of tenant security deposits of approximately \$92,700 upon disposal of the Town Hall building properties, offset to some extent by changes in security and park deposits and permit surcharge reserves, (2) an approximate \$273,700 decrease in accounts payable and (3) an approximate \$1,400 decrease in accrued interest.

The decrease in accounts payable relates primarily to the timing of vendor payments and are impacted by the timing of Town projects. The year-end fiscal 2020 decrease in accounts payable results primarily from an approximate \$124,200 decrease in accounts payable in the CITT Fund and an approximate \$323,700 decrease in accounts payable in non-major governmental funds (primarily decreases in accounts payable of approximately \$221,700 for the Safe Routes to School Fund and \$120,800 in the Lighting Fund, offset by an approximate increase of \$30,000 in the Bike/Pedestrian Fund). These decreases were offset by increased accounts payable in the Stormwater Fund (approximately \$72,600) and the General Fund (approximately \$101,600). The balance of the change is the result of small, miscellaneous increases and decreases in various categories.

Deferred inflows of resources at September 30, 2020 reflects a decrease of approximately \$766,500 versus the balance at September 30, 2019 primarily as a result of an approximate \$688,400 decrease in revenue received in advance, consisting of business license taxes received in advance (an approximate \$6,300 decrease) and other deferred revenue (primarily an approximate \$682,100 decrease related to electric franchise fees received in advance). The remaining balance of the decrease pertains to the approximate \$78,100 decrease in pension expenses pursuant to the current year GASB 68 valuation.

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TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

Town of Cutler Bay Statement of Net Position September 30, (in thousands)							
	Governmental Activities		Business-type Activities		Total		Percent Change
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Current and other assets	\$ 23,067	\$ 28,367	\$ 318	\$ 484	\$ 23,385	\$ 28,851	-18.9%
Capital assets	<u>46,386</u>	<u>38,621</u>	<u>6,593</u>	<u>6,646</u>	<u>52,979</u>	<u>45,267</u>	17.0%
Total assets	<u>69,453</u>	<u>66,988</u>	<u>6,911</u>	<u>7,130</u>	<u>76,364</u>	<u>74,118</u>	3.0%
 Deferred Outflows of Resources	 <u>1,462</u>	 <u>1,489</u>	 <u>36</u>	 <u>41</u>	 <u>1,498</u>	 <u>1,530</u>	 -2.1%
Long-term debt	14,299	15,136	1,405	1,536	15,704	16,672	-5.8%
Other liabilities	<u>3,561</u>	<u>3,997</u>	<u>183</u>	<u>111</u>	<u>3,744</u>	<u>4,108</u>	-8.9%
Total liabilities	<u>17,860</u>	<u>19,133</u>	<u>1,588</u>	<u>1,647</u>	<u>19,448</u>	<u>20,780</u>	-6.4%
 Deferred Inflows of Resources	 <u>322</u>	 <u>1,088</u>	 <u>-</u>	 <u>-</u>	 <u>322</u>	 <u>1,088</u>	 -70.4%
 Net position							
Net investment in capital assets	37,249	27,912	5,224	5,150	42,473	33,062	28.5%
Restricted	8,651	5,407	-	-	8,651	5,407	60.0%
Unrestricted	<u>6,833</u>	<u>14,936</u>	<u>136</u>	<u>374</u>	<u>6,969</u>	<u>15,310</u>	-54.5%
Total net position	<u>\$ 52,733</u>	<u>\$ 48,255</u>	<u>\$ 5,360</u>	<u>\$ 5,524</u>	<u>\$ 58,093</u>	<u>\$ 53,779</u>	8.0%

The balance of unrestricted net position (approximately \$6.97 million and \$15.3 million, respectively at September 30, 2020 and 2019) may be used to meet the government's ongoing obligations to citizens and creditors.

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TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

At September 30, 2020 and 2019, the Town of Cutler Bay is able to report positive balances in all three categories of net position.

Governmental activities

Governmental activities increased net position by approximately \$4.48 million for the year ended September 30, 2020 versus a decrease of approximately \$740,000 for fiscal year 2019, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities

Business-type activities decreased net position by approximately \$164,000 for the year ended September 30, 2020 versus an increase in net position of approximately \$625,000 for the year ended September 30, 2019, representing the results of the Town's operations of the stormwater utility.

Town of Cutler Bay Changes in Net Position For The Fiscal Year Ended (in thousands)							
	Governmental Activities		Business-Type Activities		Total		Percent Change
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Revenues							
Program revenues:							
Charges for services	\$ 1,753	\$ 2,532	\$ 1,011	\$ 1,029	\$ 2,764	\$ 3,561	-22.4%
Operating grants and contributions	2,632	2,975	-	-	2,632	2,975	-11.5%
Capital grants and contributions	734	385	17	381	751	766	-2.0%
General revenues:							
Taxes and franchise fees	17,247	16,928	-	-	17,247	16,928	1.9%
Other	5,914	294	1	4	5,915	298	1884.9%
Total revenues	<u>28,280</u>	<u>23,114</u>	<u>1,029</u>	<u>1,414</u>	<u>29,309</u>	<u>24,528</u>	19.5%
Expenses							
General government	7,302	6,789	-	-	7,302	6,789	7.6%
Public safety	10,321	10,048	-	-	10,321	10,048	2.7%
Parks and recreation	3,238	3,707	-	-	3,238	3,707	-12.7%
Community development	2,563	2,656	-	-	2,563	2,656	-3.5%
Stormwater	-	-	1,279	1,106	1,279	1,106	15.6%
Interest on long-term debt	292	337	-	-	292	337	-13.4%
Total expenses	<u>23,716</u>	<u>23,537</u>	<u>1,279</u>	<u>1,106</u>	<u>24,995</u>	<u>24,643</u>	1.4%
Change in net position before transfers	4,564	(423)	(250)	308	4,314	(115)	-3851.3%
Transfers	(86)	(317)	86	317	-	-	N/A
Increase (decrease) in net position	<u>4,478</u>	<u>(740)</u>	<u>(164)</u>	<u>625</u>	<u>4,314</u>	<u>(115)</u>	-3851.3%
Net position, beginning	48,255	49,768	5,524	4,899	53,779	54,667	-1.6%
Restatement of beginning net position	-	(773)	-	-	-	(773)	N/A
Net position, beginning (as restated)	<u>48,255</u>	<u>48,995</u>	<u>5,524</u>	<u>4,899</u>	<u>53,779</u>	<u>53,894</u>	
Net position, ending	<u>\$ 52,733</u>	<u>\$ 48,255</u>	<u>\$ 5,360</u>	<u>\$ 5,524</u>	<u>\$ 58,093</u>	<u>\$ 53,779</u>	8.0%

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

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

Governmental activities

- Taxes and franchise fees (\$17.2 million and \$16.9 million, respectively, for fiscal year 2020 and fiscal year 2019) comprised 61% and 73.2%, respectively, of total revenues of \$28.3 million and \$23.1 million for fiscal year 2020 and fiscal year 2019, respectively, with property taxes representing the largest single tax source (\$6.2 million and \$5.9 million in fiscal year 2020 and 2019, respectively). Total fiscal year 2020 revenues increased approximately 22.3%, due primarily to an approximate \$5.7 million gain on the disposal of capital assets.
- Charges for services in fiscal year 2020 decreased from fiscal year 2019 by approximately \$779,000 primarily as a result of decreased building permit and zoning fees (approximately \$191,800), judgements and fines (approximately \$17,100), parks fees (approximately \$105,000), rental income (approximately \$507,000), and school crossing guard fees (approximately \$21,800), offset by an increase in lien search fees (approximately \$68,600). These revenue sources were adversely impacted in fiscal year 2020 by the COVID-19 pandemic. Rental income decreased substantially as a result of the sale of the Town Hall building properties in January 2020. The balance of the decrease is the sum of other small increases and decreases between the years.
- Operating and capital grants and contributions increased approximately \$6,000 primarily as a result of an approximate \$689,700 increase related to three COVID-19 related grants and an approximate \$330,300 increase related to a grant for bike/pedestrian improvements, offset by a decrease in CITT Surtax revenues of approximately \$236,400, a decrease in FEMA/Hurricane Irma grant revenues of approximately \$274,000, a decrease of approximately \$140,900 in park grant revenues from The Children's Trust (primarily due to COVID-19 related closures of park programs), a decrease of approximately \$359,600 in grant revenues of the Safe Routes to School Fund related to the Gulfstream Elementary project, and an approximate \$86,000 decrease in revenues of the Lighting Fund related to a grant funded LED lighting project at one of the Town's parks. The remaining change results primarily from minor increases and decreases in grant revenues related to several smaller grants in fiscal year 2020 versus fiscal year 2019.
- Taxes and franchise fees increased approximately \$319,000 resulting primarily to increased property taxes (approximately \$317,800), utility taxes (approximately \$200,000), and franchise fees (approximately \$463,000), offset by a decrease in intergovernmental revenues (approximately \$662,000). The decrease experienced in intergovernmental revenues impacted all State pass-through categories and the amounts were impacted by the COVID-19 economic slowdown. Decreases were experienced in sales taxes (approximately \$498,000), municipal revenue sharing (approximately \$48,000), communications services taxes (approximately \$43,000), and gas taxes (approximately \$73,000).
- Operating and capital grants and contributions (\$2,632,000 and \$734,000 at September 30, 2020 and \$2,975,000 and \$385,000 at September 30, 2019, respectively) account for 11.9% and 14.5% of total revenues at September 30, 2020 and 2019, respectively. The amounts in both the fiscal year 2020 and fiscal year 2019 periods are comprised primarily of 2nd local option gas tax receipts, impact fees, CITT surtax funds and capital and non-capital project grant funds received by the Town.
- Charges for services account for 6% and 11% of total revenues for fiscal years 2020 and 2019, respectively. These amounts consist primarily of building and zoning fees, park service fees, rental income, and public safety fees and fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The decrease in these revenues in fiscal year 2020 is discussed in the bullet point above. These revenue sources were negatively impacted by the COVID-19 pandemic.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

- Expenses for governmental activities increased approximately \$179,000, resulting primarily from an approximate \$513,000 increase in expenses related to general government and an approximate \$273,000 increase in expenses related to public safety, offset by an approximate \$93,000 decrease in expenses related to community development, an approximate \$469,000 decrease in expenses related to parks and recreation, and an approximate \$45,000 decrease in interest on long-term debt. The primary reasons for these changes are:
 - The decrease in general government expenses results primarily from decreased costs associated with the Town's ongoing roadway and transportation related projects, as follows:
 1. Expenses related to CITT surtax funded roadway resurfacing and transit related projects increased approximately \$457,000 in fiscal year 2020 due to project scheduling.
 2. Expenses related to the Safe Routes to School Fund decreased approximately \$402,000 as the project was substantially completed in fiscal year 2019.
 3. The Transportation Fund expended approximately \$59,000 less in fiscal year 2020 related to a grant funded mobility hub study which was substantially completed in fiscal year 2019.

Non roadway/transportation project related items that contributed to the net change of general government expenses included a decrease in depreciation expense (approximately \$434,000) and increases in pension expense (approximately \$67,000 based on the current year pension valuation) and compensated absences (approximately \$54,000).

Additionally, general government expenses increased approximately \$828,200 primarily as a result of:

1. The Town Attorney department expenses increased approximately \$182,000 in fiscal year 2020 versus the fiscal year 2019 period. Approximately half of that increase related to additional legal services performed related to the COVID-19 pandemic and the other half primarily related to additional services performed for the Town in the current period. The Town contracts for these services.
2. The Town Clerk department expenses decreased approximately \$21,000 primarily as a result of decreased contractual services (approximately \$87,000 decrease) due to reduced election costs, offset by an approximate \$36,000 increase in other current charges and an approximate \$33,000 increase in salaries and benefits related to merit and cost of living pay adjustments and related benefits. There were other account balance increases and decreases that individually were not material for further analysis.
3. The General Government department expenses increased approximately \$915,000 primarily as a result of increases related to the COVID-19 pandemic and as a result of the exchange and leaseback of the Town Hall properties for vacant land. Additionally, salaries and benefits increased (approximately \$56,000) resulting from merit and cost of living pay changes. COVID-19 related expenses were incurred and contributed to increases for contractual services (approximately \$108,000), operating supplies (approximately \$28,000), and dues/subscriptions/memberships (approximately \$24,000). The exchange/leaseback of the Town Hall properties contributed to increases in rental expense (approximately \$418,000), other current charges (approximately \$234,000) and insurance expense (approximately \$47,000, as the insurance previously allocable to the Town Hall properties was absorbed by the General Government department). There were other account balance increases and decreases that individually were not material for further analysis.
4. The Public Works department expenses increased approximately \$133,000 as a result of increased expenses for contractual services (approximately \$111,000) primarily resulting from increased sidewalk repair work and landscape maintenance, and increased salaries and benefits (approximately \$24,000) resulting from merit and cost of living pay changes. The balance of the difference relates from a combination of smaller changes in various accounts.
5. The Town Hall Building department expenses decreased approximately \$378,000. As noted above, the Town exchanged its Town Hall properties for vacant land and leased back its occupied office space in January 2020. As a result, there was across the board decreases in departmental expenses, including, but not limited to, utilities (approximately \$103,000), contractual services (approximately \$95,000), professional services (approximately \$65,000), equipment rentals

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

Governmental activities (Continued)

(approximately \$32,000), salaries and benefits (approximately \$33,000), insurance (approximately \$28,000), repairs/maintenance (approximately \$11,000), and operating supplies (approximately \$11,000). There were other account balance increases and decreases that individually were not material for further analysis.

6. The general government expense change is also comprised of increases and decreases in accounts of other departments that individually were not material for further analysis.
- Expenses for public safety increased approximately \$273,000 primarily due to costs related to contracted police services with the County. Professional services, for local patrol and optional police services, decreased approximately \$277,000, offset by increases related to the cost of COVID-19 related details (approximately \$542,000), operating supplies (approximately \$6,000) and depreciation (approximately \$1,000). The balance of the difference results from a combination of smaller changes in various accounts.
 - Expenses for parks and recreation expenses decreased approximately \$469,000 primarily as a result of COVID-19 related park closures. The pandemic related closures curtailed the park activities for fiscal year 2020 resulting in significant decreased expenses for contractual services (approximately \$145,000), utilities (approximately \$41,000), supplies (approximately \$12,000), and rentals (approximately \$7,000) These decreases were partially offset by an increase in salaries and benefits (approximately \$38,000) related to merit and cost of living pay changes as the Town continued to pay the Park staff during the pandemic. The pandemic also impacted the Town's two grant funded programs as these programs were severely curtailed in fiscal year 2020 (the summer camp program was not even held). As a result, this contributed to decreased expenses for administering grant funded park programs of approximately \$149,000. Additionally, decreased expenses were incurred for pension expense (approximate \$148,000 decrease due to the current year pension valuation) and for depreciation (approximate \$30,000 decrease), partially offset by an increase in compensated absences (approximate \$30,000 increase). The balance of the difference relates from a combination of smaller changes in various accounts.
 - Expenses for community development decreased approximately \$93,000 primarily due to decreases in salaries and benefits (approximately \$49,000), primarily related to a restructuring of the department as well as a vacancy in the department Director position for part of fiscal year 2020, as well as decreases in other contractual services (approximately \$117,000) related to reduced payments made to the contractor that performs the Town's permit and inspection functions (primarily related to decreased building permit revenues which are shared with the contractor), partially offset by an increase in professional services (approximately \$114,000) as the Director function was outsourced for part of the year until a permanent department Director was hired. Additionally, compensated absences increased approximately \$14,000, offset by decreases in depreciation expense (approximately \$6,000) and pension expense (approximately \$42,000). The balance of the difference relates from a combination of smaller changes in various accounts.
 - Interest on long-term debt decreased approximately \$45,000, primarily as a result of scheduled debt amortization.
 - Transfers out decreased approximately \$231,000 reflecting decreased transfers out from the CITT Fund (a major governmental fund) to the Stormwater Fund (a proprietary fund) for use on the transportation/roadway related costs of drainage projects.

Business-type activities

- Charges for services for stormwater fees, which represent 98.3% and 72.8% of total revenues for fiscal years 2020 and 2019, 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.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

Business-type activities (Continued)

Capital grants and contributions decreased approximately \$364,000 related to two grants awarded to the Town for the construction of two drainage improvement projects which were completed in fiscal year 2019.

- Total expenses of the stormwater utility increased approximately \$173,000 reflecting increased operating expenses of approximately \$178,000 and decreased interest expense of approximately \$5,000. Operating expenses increased primarily as a result of an approximate \$33,900 increase in professional services as a result of increased use of consultants in fiscal year 2020, an approximate \$101,300 increase in contractual services primarily due to the fiscal year 2020 period including more emergency repair services than the 2019 period, an approximate \$28,400 increase in salaries and benefits, reflecting merit and cost of living pay changes, and an approximate \$15,300 increase in depreciation expense. The balance of the difference relates from a combination of smaller changes in various accounts.
- Interest expense decreased approximately \$5,000, primarily as a result of scheduled debt amortization.
- Transfers in decreased approximately \$231,000 reflecting decreased transfers in from the CITT Fund (a major governmental fund) for use on the transportation/roadway related costs of drainage projects.

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, 2020, and 2019, the Town's governmental funds reported combined ending fund balances of \$19.3 million and \$23.47 million, respectively. The fiscal year 2020 operations decreased fund balance by approximately \$4.17 million primarily from normal current operating activities (approximate \$2.48 million increase) increased by transfers in (approximately \$1.33 million) and offset by capital expenditures (approximately \$4.7 million), debt service (approximately \$1.86 million), and transfers out (approximately \$1.42 million).

Total revenues for fiscal year 2020 decreased approximately \$576,400 from fiscal year 2019 levels, due primarily to several factors, as follows:

- Ad valorem revenues increased in fiscal year 2020 approximately \$317,700 as a result of increased property values and the timing of collections.
- Utility taxes increased approximately \$199,700 primarily as a result of growth in the Town and increased utilization of utility related services.
- Franchise fees increased approximately \$463,200 primarily due to enhanced revenues derived from the Town's franchise fee agreement directly with the utility provider commencing May 2020 upon termination of the Town's Interlocal agreement with the County.
- Building activity in Town was impacted by the COVID-19 pandemic slowdowns in fiscal 2020 resulting in a decrease in licenses and permit revenues of approximately \$195,900 from fiscal year 2019 levels. Building permit and zoning related fees decreased approximately \$185,300 and local business tax receipts decreased approximately \$10,600.
- Impact fees decreased approximately \$31,000 relating to the timing of application for new project developments within Town subject to impact fee assessments.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

- Intergovernmental revenues decreased approximately \$634,400, primarily resulting from:
 1. Revenue from the CITT surtax funds decreased approximately \$230,600 in fiscal year 2020 versus the 2019 period due primarily to impacts from COVID-19.
 2. The grant funded Gulfstream Elementary Safe Routes to School project commenced and was substantially completed in fiscal year 2019. As a result, these revenues decreased approximately \$346,700 as there was no corresponding grant revenues for this project in fiscal year 2020.
 3. The Transportation Fund had an approximate \$74,000 decrease in revenues primarily as a result of substantial completion of the grant funded mobility hub study in fiscal year 2019.
 4. The Town was awarded a grant to upgrade certain of its lights at one of its parks. This project commenced and was substantially completed in fiscal year 2019, resulting in an approximate \$86,000 decrease in revenues as there was no corresponding grant revenues for this project in fiscal year 2020.
 5. The Town is a recipient of two grants, one from The Children's Trust ("TCT") and one from the Department of Juvenile Justice ("DJJ"), to provide after school programs for children. Revenues from the TCT grant decreased in fiscal year 2020 approximately \$140,900 and revenues from the DJJ grant decreased approximately \$8,000. Both grants were impacted by COVID-19 shutdowns of the parks with included cancellation of The Children's Trust summer STEM Camp program.
 6. In fiscal year 2019, the Town commenced design of bike/pedestrian improvements to be funded in large part through a grant. No grant revenues were recorded in fiscal year 2019 as construction had not yet begun. Construction commenced and the Town recorded grant revenues of approximately \$330,300 in the fiscal year 2020 period.
 7. The Town received a grant for the construction of a canoe/kayak launch at one of its parks. The \$200,000 grant was recorded as revenue in fiscal year 2020.
 8. The Town experienced an approximate \$31,600 decrease in the 2nd Local Option Gas tax restricted for use to capital items in fiscal year 2020 primarily due to the impacts of COVID-19.
 9. The Town experienced decreases in all State shared revenue categories, resulting in a decline in revenues of approximately \$662,000. Sales tax revenues decreased the most (approximately \$498,000), followed by local option gas taxes (approximately \$73,000), State revenue sharing (approximately \$48,000), and communication services taxes (approximately \$43,000).
 10. Hurricane Irma FEMA reimbursements decreased in fiscal year 2020 by approximately \$274,000, offset by increases in revenues from three COVID-19 related grants of approximately \$689,700.
 11. The Town received a \$10,000 forestry grant which was recorded as revenue in fiscal year 2020. There was no such grant revenue for fiscal year 2019.
 12. The balance of the intergovernmental revenue difference relates primarily from a combination of smaller changes in various grant sources.
- Rental income decreased approximately \$507,000 primarily as a result of the sale of the Town Hall building in January 2020 as part of the exchange/leaseback of the Town Hall properties for vacant land.
- Charges for services decreased approximately \$58,000, primarily due to decreases in park fees (approximate \$104,800 decrease) due to COVID-19 park closures, in school crossing guard fees (approximate \$21,700 decrease) due to COVID-19 school closures, and in burglar alarm fees (approximate \$3,000 decrease), partially offset by an increase in lien search fees (approximate \$68,600 increase). The balance of the change relates primarily to increases and decreases in various smaller accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

- Fines and forfeitures decreased approximately \$18,000 resulting primarily from decreased revenue from traffic enforcement fines (approximately \$32,000), partially offset by increased code enforcement fines (approximately \$14,000).
- Interest income decreased approximately \$108,200 due primarily to a deterioration in the interest rate environment during the COVID-19 pandemic in fiscal year 2020.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources.

The Town's total debt service decreased approximately \$85,900 in fiscal year 2020 versus the amounts in fiscal year 2019. This debt service results from the normal amortization of the Town's outstanding debt.

Capital expenditures increased approximately \$3,590,300 in fiscal year 2020 versus the fiscal year 2019 period primarily as a result of the following:

- In the CITT Fund, the Town constructed fewer decorative shelters resulting in a decrease of approximately \$42,500.
- In the Transportation Fund, expenditures decreased approximately \$50,300 related to a roadway project completed in fiscal year 2019 and for which there were no corresponding fiscal year 2020 expenditures.
- Work continued in fiscal year 2020 related to the restoration of Franjo Park and to the construction of a canoe/kayak launch at Lakes By The Bay Park, resulting in an approximate \$631,700 increase in expenditures.
- The Town commenced and substantially completed in fiscal year 2019 a grant funded LED lighting project at one of its parks, resulting in an approximate \$132,600 decrease in expenditures.
- The Town continued a grant funded bike/pedestrian transportation project in fiscal year 2020 resulting in an approximate \$325,200 increase in expenditures.
- In the General Fund, public safety capital expenditures increased approximately \$23,300 as a result of purchase of radar equipment. Community development capital expenditures decreased approximately \$1,950 as a result of computer equipment purchased in fiscal year 2019 with no corresponding purchases in fiscal year 2020. General government capital expenditures increased approximately \$2.84 million primarily as a result of approximately \$3 million paid towards the purchase of vacant land in town, partially offset by reduced expenditures for miscellaneous improvements made to the Town Hall building and parking lot which were sold in fiscal year 2020. Parks and recreation capital expenditures decreased approximately \$6,000 as a result of fewer improvements made to park properties in fiscal year 2020.
- The balance of the difference relates from a combination of smaller changes in various accounts.

Transfers out (approximately \$1,415,400) reflect:

- transfers of CITT surtax funds from the CITT Fund to (1) the Safe Routes to School Fund (approximately \$33,500), (2) the Transportation Fund (approximately \$1,600), (3) the Bike and Pedestrian Fund (approximately \$53,800) and (4) the Stormwater Fund, a proprietary fund, (approximately \$86,300) to fund eligible transportation expenditures;
- transfer of gas taxes (approximately \$225,000) from the Special Revenue Fund to the General Fund for sidewalk repairs;
- transfer of park impact fees (approximately \$276,700) from the Special Revenue Fund to the Capital Projects Fund for cost of added park capacity;
- transfer of approximately \$735,300 from the General Fund to the Capital Projects (Parks) Fund to pay for the cost of infrastructure improvements not eligible to be paid with park impact fees;
- transfer of approximately \$3,200 from the General Fund to the Lighting Fund as the Town's match for an LED lighting grant.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

This represented an increase of approximately \$11,100 from the fiscal year 2019 transfers out, primarily as a result of:

- Increased transfers out from the General Fund (approximately \$116,600) to the Capital Projects (Parks) Fund (approximate \$163,200 increase) for the Franjo Park restoration project, offset by a decrease in transfers to the Lighting Fund (approximate \$46,600 decrease) for the LED lighting project.
- Decreased transfers out from the CITT Fund (approximately \$326,100) to the Stormwater Fund, a proprietary fund, (approximate \$230,600 decrease), to the Bike and Pedestrian Fund (approximate \$5,200 decrease), to the Safe Routes to School Fund (approximate \$55,500 decrease), and to the Transportation Fund (approximate \$34,800 decrease).
- Increased transfers out from the Special Revenue Fund (approximately \$220,600) reflecting increased park impact fees transferred out to the Capital Projects (Parks) Fund (approximate \$268,500 increase) related to funding for the canoe/kayak launch project, offset by decreased gas taxes transferred out to the General Fund for sidewalk related projects (approximate \$47,900 decrease).

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2020 increased approximately \$241,700 over fiscal year 2019 amounts due primarily to the reasons stated in the preceding paragraph (exclusive of the amount transferred to the Stormwater Fund, a proprietary fund, the transfer in for which is reflected in the Stormwater Fund's Statement of Revenues, Expenses, and Changes in Net Position).

Approximately 53% and 71% of the combined ending fund balance, or \$10.15 million and \$16.67 million, respectively, constitutes "Unassigned" fund balance at September 30, 2020 and 2019, respectively, which is available for spending at the Town's discretion. Approximately 4.3% of the combined ending fund balance, or \$1 million, constitutes "Assigned" fund balance at September 30, 2019. There is no corresponding Assigned fund balance at September 30, 2020. Assigned fund balances are intended to be used for the specific purposes indicated. Approximately 45% and 23% of the combined ending fund balance, or \$8.65 million and \$5.41 million, respectively, at September 30, 2020 and 2019 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, 2020 and 2019, unassigned fund balance of the General Fund was \$10.15 million and \$16.67 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, 2020 represents 43% of total General Fund expenditures (83% at September 30, 2019), while total fund balance of the General Fund represents 58% of that same total fund expenditure amount (90% at September 30, 2019). This indicator remains positive and reflects a healthy financial condition for the Town.

The fund balance of the Town's General Fund decreased by approximately \$4,409,900 during fiscal year 2020, versus an approximate decrease of \$459,900 during fiscal year 2019. The fiscal year 2020 decrease primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$1,070,900 surplus), increased by transfers in (approximately \$225,000) and offset by capital expenditures (approximately \$3,102,200), transfers out (approximately \$738,500), and debt service (approximately \$1,865,100).

Revenues of the General Fund in fiscal year 2020 were approximately \$143,500 less than fiscal year 2019, as a result of the following:

- Ad valorem revenues increased in fiscal year 2020 approximately \$317,700 as a result of increased property values and the timing of collections.
- Utility taxes increased approximately \$199,700 primarily as a result of growth in the Town and increased utilization of utility related services.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

- Franchise fees increased approximately \$463,200 primarily due to enhanced revenues derived from the Town's franchise fee agreement directly with the utility provider commencing May 2020 upon termination of the Town's Interlocal agreement with the County.
- Building activity in Town was impacted by the COVID-19 pandemic slowdowns in fiscal 2020 resulting in a decrease in licenses and permit revenues of approximately \$195,900 from fiscal year 2019 levels. Building permit and zoning related fees decreased approximately \$185,300 and local business tax receipts decreased approximately \$10,600.
- Intergovernmental revenues decreased approximately \$247,000, primarily resulting from:
 1. The Town experienced decreases in all State shared revenue categories, resulting in a decline in revenues of approximately \$662,000. Sales tax revenues decreased the most (approximately \$498,000), followed by local option gas taxes (approximately \$73,000), State revenue sharing (approximately \$48,000), and communication services taxes (approximately \$43,000).
 2. Hurricane Irma FEMA reimbursements decreased in fiscal year 2020 by approximately \$274,000, offset by increases in revenues from three COVID-19 related grants of approximately \$689,700.
 3. The balance of the intergovernmental revenue difference relates primarily from a combination of smaller changes in various accounts.
- Rental income decreased approximately \$507,000 primarily as a result of the sale of the Town Hall building in January 2020 as part of the exchange/leaseback of the Town Hall properties for vacant land.
- Charges for services decreased approximately \$58,000, primarily due to decreases in park fees (approximate \$104,800 decrease) due to COVID-19 park closures, in school crossing guard fees (approximate \$21,700 decrease) due to COVID-19 school closures, and in burglar alarm fees (approximate \$3,000 decrease), partially offset by an increase in lien search fees (approximate \$68,600 increase). The balance of the change relates primarily to increases and decreases in various smaller accounts.
- Fines and forfeitures decreased approximately \$18,000 resulting primarily from decreased revenue from traffic enforcement fines (approximately \$32,000), partially offset by increased code enforcement fines (approximately \$14,000).
- Interest income decreased approximately \$93,800 due primarily to a deterioration in the interest rate environment during the COVID-19 pandemic in fiscal year 2020.
- The remaining difference in the change in revenue from fiscal year 2019 levels is a combination of other small net changes in other revenue categories.

Current expenditures of the General Fund in fiscal year 2020 increased approximately \$869,000 versus the expenditure total in fiscal year 2019 due to the following primary reasons:

- General government expenditures increased approximately \$828,200 primarily as a result of:
 1. The Town Attorney department expenditures increased approximately \$182,000 in fiscal year 2020 versus the fiscal year 2019 period. Approximately half of that increase related to additional legal services performed related to the COVID-19 pandemic and the other half primarily related to additional services performed for the Town in the current period. The Town contracts for these services.
 2. The Town Clerk department expenditures decreased approximately \$21,000 primarily as a result of decreased contractual services (approximately \$87,000 decrease) due to reduced election costs, offset by an approximate \$36,000 increase in other current charges and an approximate \$33,000

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

increase in salaries and benefits related to merit and cost of living pay adjustments and related benefits. There were other account balance increases and decreases that individually were not material for further analysis.

3. The General Government department expenditures increased approximately \$915,000 primarily as a result of increases related to the COVID-19 pandemic and as a result of the exchange and leaseback of the Town Hall properties for vacant land. Additionally, salaries and benefits increased (approximately \$56,000) resulting from merit and cost of living pay changes and related benefits. COVID-19 related expenses were incurred and contributed to increases for contractual services (approximately \$108,000), operating supplies (approximately \$28,000), and dues/subscriptions/memberships (approximately \$24,000). The exchange/leaseback of the Town Hall properties contributed to increases in rental expenditures (approximately \$418,000), other current charges (approximately \$234,000) and insurance expenditures (approximately \$47,000, as the insurance previously allocable to the Town Hall properties was absorbed by the General Government department). There were other account balance increases and decreases that individually were not material for further analysis.
 4. The Public Works department expenditures increased approximately \$133,000 as a result of increased expenses for contractual services (approximately \$111,000) primarily resulting from increased sidewalk repair work and landscape maintenance, and increased salaries and benefits (approximately \$24,000) resulting from merit and cost of living pay changes and related benefits. The balance of the difference relates from a combination of smaller changes in various accounts.
 5. The Town Hall Building department expenditures decreased approximately \$378,000. As noted above, the Town exchanged its Town Hall properties for vacant land and leased back its occupied office space in January 2020. As a result, there was across the board decreases in departmental expenses, including, but not limited to, utilities (approximately \$103,000), contractual services (approximately \$95,000), professional services (approximately \$65,000), equipment rentals (approximately \$32,000), salaries and benefits (approximately \$33,000), insurance (approximately \$28,000), repairs/maintenance (approximately \$11,000), and operating supplies (approximately \$11,000). There were other account balance increases and decreases that individually were not material for further analysis.
 6. The general government expenditure change is also comprised of increases and decreases in accounts of other departments that individually were not material for further analysis.
- Public safety expenditures increased approximately \$271,700 primarily as a result of:
 1. Expenditures for public safety increased primarily due to costs related to contracted police services with the County. Professional services, for local patrol and optional police services, decreased approximately \$277,000, offset by increases related to the cost of COVID-19 related details (approximately \$542,000) and increases related to operating supplies (approximately \$6,000). The balance of the difference results from a combination of smaller changes in various accounts.
 - Parks and recreation expenditures decreased approximately \$172,400, primarily as a result of:

Expenditures for parks and recreation decreased primarily as a result of COVID-19 related park closures. The pandemic related closures curtailed the park activities for fiscal year 2020 resulting in significant decreased expenditures for contractual services (approximately \$145,000), utilities (approximately \$41,000), supplies (approximately \$12,000), and rentals (approximately \$7,000) These decreases were partially offset by an increase in salaries and benefits (approximately \$38,000) related to merit and cost of living pay changes and related benefits as the Town continued to pay the Park staff during the pandemic. The balance of the difference relates from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

- Community development expenditures decreased approximately \$58,500 primarily due to:

Expenditures for community development decreased primarily due to decreases in salaries and benefits (approximately \$49,000), primarily related to a restructuring of the department as well as a vacancy in the department Director position for part of fiscal year 2020, as well as decreases in other contractual services (approximately \$117,000) related to reduced payments made to the contractor that performs the Town's permit and inspection functions (primarily related to decreased building permit revenues which are shared with the contractor), partially offset by an increase in professional services (approximately \$114,000) as the Director function was outsourced for part of the year until a permanent department Director was hired. The balance of the difference relates from a combination of smaller changes in various accounts.

Also, as discussed above, the General Fund experienced an approximate \$85,900 decrease in debt service, resulting from the normal amortization of the Town's outstanding debt.

Capital outlay in the General Fund increased approximately \$2,858,900 in fiscal year 2020. Public safety capital expenditures increased approximately \$23,300 as a result of purchase of radar equipment. Community development capital expenditures decreased approximately \$1,950 as a result of computer equipment purchased in fiscal year 2019 with no corresponding purchases in fiscal year 2020. General government capital expenditures increased approximately \$2,845,500 primarily as a result of approximately \$3 million paid towards the purchase of vacant land in town, partially offset by reduced expenditures for miscellaneous improvements made to the Town Hall building and parking lot which were sold in fiscal year 2020. Parks and recreation capital expenditures decreased approximately \$6,000 as a result of fewer improvements made to park properties in fiscal year 2020. The balance of the difference relates from a combination of smaller changes in various accounts.

General Fund transfers out in fiscal year 2020 increased approximately \$116,600 over fiscal year 2019 as a result of increased funding from the General Fund for park capital projects, including the Franjo Park restoration project (approximate \$163,200 increase) accounted for in the Capital Projects (Parks) Fund, offset by reduced transfers out for the LED lighting project (approximate \$46,600 decrease) accounted for in the Lighting Fund which was substantially completed in fiscal year 2019. General Fund transfers in decreased approximately \$48,000, reflecting decreased transfers in of gas taxes from the Special Revenue Fund for sidewalk repairs.

CITT Fund

In February 2012, the Town entered into an Interlocal agreement with the County to allow the Town to receive funds from the People's Transportation Plan ("PTP") surtax. This PTP surtax was authorized in 2002 and is shared by the County (80%) and the incorporated municipalities (20%). Since the Town was incorporated after enactment of the PTP surtax, the County had not previously included the Town in the distribution of the funds raised by the PTP surtax. On an annual basis, at least 20% of the PTP surtax proceeds must be spent on transit related items.

In fiscal year 2020, the CITT Fund received intergovernmental revenues from this program of approximately \$1,702,500, a decrease of approximately \$230,600 from the prior year primarily due to impacts from the COVID-19 pandemic. The CITT Fund earned interest income of approximately \$22,700 in fiscal year 2020 (versus approximately \$32,500 in fiscal year 2019). Total expenditures increased approximately \$414,000 from fiscal year 2019. This resulted primarily from increased roadway resurfacing projects in fiscal year 2020 (approximate \$439,000 increase) and corresponding professional services for project oversight costs (approximate \$8,700 increase), partially offset by decreased transit related expenditures (approximately \$35,600) for bus shelter design/construction and circulator bus enhancement costs. The fund balance of the CITT Fund increased by approximately \$528,500 during fiscal 2020 and by approximately \$856,800 in fiscal year 2019, reflecting the net operating results for the respective fiscal periods. The CITT Fund reported fund balances at September 30, 2020 and September 30, 2019 of approximately \$4,286,100 and \$3,757,600, respectively, and are classified as restricted at both reporting dates.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

Proprietary fund

The Town's proprietary fund was created to account for the Town's stormwater operations, which commenced in July 2008. Operations during fiscal year 2020 generated a decrease in net position of approximately \$163,900, versus an increase in net position of approximately \$624,500 during fiscal year 2019. The fiscal year 2020 decrease in net position resulted from an operating loss of approximately \$210,400 plus net non-operating expenses of approximately \$56,900 (comprised of interest income of approximately \$300 offset by interest expense of approximately \$57,200), plus grants and contributions of approximately \$17,100 and transfers in of approximately \$86,300.

Of the total net position at September 30, 2020 of approximately \$5.36 million, approximately \$5.22 million is classified as net investment in capital assets and approximately \$135,600 is classified as unrestricted. At September 30, 2019, total net position of approximately \$5.52 million, approximately \$5.15 million was classified as net investment in capital assets and \$373,600 as unrestricted.

General Fund Budget Highlights

During fiscal years 2020 and 2019, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$2.76 million and \$1.4 million, respectively. For fiscal year 2020, the results were achieved as actual revenues exceeded budgeted amounts by approximately \$1.56 million while actual expenditures were approximately \$1.2 million less than budgeted. In fiscal year 2019, actual revenues exceeded budgeted amounts by approximately \$241,800 while actual expenditures were approximately \$1.17 million less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal year 2020 period, the primary contributing factors to the favorable revenue variance were better than expected collections from all revenue sources. While the fiscal year 2020 revenues were impacted by the COVID-19 pandemic, access to three COVID-19 related grants generating approximately \$689,700 in revenues helped ease the burden. While the economic climate in which the Town operated under in recent years has been improving, management continued its practice, as a precautionary measure, of conservatively estimating various revenue streams when preparing its fiscal year 2020 budget. Similarly, the Town had favorable expenditure budget variances with all departments. This resulted from a conscious effort by management for fiscal restraint, as well as deferring expenditures for some planned projects to future fiscal years.

In October 2020, the Town Council passed a budget amendment by resolution (#20-68) to:

1. In the General Fund, decrease revenues by \$1,511,224 with a corresponding increase to appropriation of prior year fund balance. The revenue changes reflected increases to franchise fees (\$62,000 for electricity and \$15,000 for solid waste), other licenses, fees and permits (\$16,000), grants from private sources (\$18,000), lien search fees (\$45,000), and lobbyist fees (\$10,000), offset by decreases for utility taxes – electric (\$100,000), 1st local option gas tax (\$70,000), communications services taxes (\$43,572), building permits (\$250,000), state revenue sharing (\$60,000), motor fuel rebate (\$20,000), local government half-cent sales tax (\$390,402), park fees (\$80,000), judgements and fines (\$40,000), interest income (\$43,250), and rental income (\$580,000).
2. In the General Fund, increase total expenditures by \$3,400,220 with a corresponding increase to appropriation of prior year fund balance.

The budget amendment increased expenditures in (a) the Community Development department by \$75,300 (\$150,000 for professional services, offset by decreases of \$40,000 for salaries, \$22,700 for other contractual services and \$12,000 for dues, memberships and subscriptions), (b) the Public Works department by \$106,000 for other contractual services, (c) the Town Clerk department by \$32,000 for other current charges, (d) the General Government department by \$4,618,070 (\$385,000 for other contractual services, \$426,000 for rentals and leases, \$232,000 for other current charges, \$30,000 for operating supplies, \$5,000 for dues, memberships and subscriptions, \$3 million for land acquisition, \$22,470 for capital outlay, \$477,000 for debt service-principal, and \$65,600 for debt service-interest, offset by a decrease of \$25,000 for insurance), and (e) the Law Enforcement department by \$100,000 for professional services.

The budget amendment decreased expenditures in (a) the Parks department by \$156,350 (\$100,000 for salaries, \$30,000 for other contractual services, and \$60,000 for utilities, offset by increases of \$12,650 for repairs and maintenance, \$5,000 for dues, memberships and subscriptions, and \$16,000 for capital outlay),

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

General Fund Budget Highlights (Continued)

(b) Town Hall Building department by \$1,078,000 as a result of disposal of the Town Hall properties in January 2020 as part of the exchange/leaseback transaction (\$18,000 for salaries, \$7,000 for life and health insurance, \$75,000 for professional fees, \$110,000 for other contractual services, \$100,000 for utilities, \$5,000 for rentals and leases, \$35,000 for insurance, \$15,000 for repairs and maintenance, \$5,000 for printing and binding, \$30,000 for other current charges, \$13,000 for operating supplies, \$7,000 for operating supplies-fuel, \$97,000 for capital outlay, \$20,000 for tenant suite buildouts, \$476,000 for debt service-principal, and \$65,000 for debt service-interest), and (c) Transfers Out (\$296,800) to other funds for project match funding.

3. In the Special Revenue Fund, transfers out were increased \$50,000 with a corresponding increase to appropriation of prior year fund balance.
4. In the Special Revenue – Transportation Fund, State grant revenues and transfers in were reduced by \$200,000 and \$439,986, respectively, while local grant revenue was increased by \$3,886. Other contractual services expenditures were decreased by \$641,600, offset by increased professional services of \$5,500.
5. In the Special Revenue – Bike and Pedestrian Fund, an increase in transfers in of \$55,343 offset by increased other contractual services expenditures totaling \$55,343.
6. In the Special Revenue – Lighting Fund, an increase in transfers in of \$3,200 offset by an increase in other contractual services expenditures totaling \$3,200.
7. In the Special Revenue - Safe Routes to School Fund, a decrease in Federal grant revenues (\$25,000), offset by an increase in transfers in (\$11,500), with corresponding decrease in other contractual services (\$15,000) offset by an increase in professional services expenditures (\$1,500).
8. In the Special Revenue – Franjo Road JPA Fund, an increase in local grant revenue (\$541,786) with a corresponding increase in professional services.
9. In the Special Revenue – CITT Fund, a \$305,000 decrease in expenditures (\$400,000 decrease in contractual services-transit, offset by \$45,000 increase in professional fees and \$50,000 increase in contractual services-transportation), offset by an increase in transfers out of \$68,457, with a corresponding net \$236,543 decrease to appropriation of prior year fund balance.
10. In the Special Revenue – TCT STEM Fund, a decrease in local grant revenue of \$135,700 with a corresponding decrease in fund expenditures (\$23,360 salaries, \$1,787 payroll taxes, \$549 workers compensation, \$66,124 other contractual services, \$1,800 travel, \$21,735 other current charges, \$20,345 operating supplies) due to the cancellation of the summer camp program as a result of the COVID-19 pandemic.
11. In the Capital Projects (Parks) Fund, a \$250,000 decrease in transfers in, offset by a corresponding decrease in fund expenditures (\$300,000 decrease related to the Franjo Park project, offset by an increase of \$50,000 related to the Canoe/Kayak launch project).
12. In the Stormwater Fund, increased State grant revenues (\$200,000) and transfers in (\$441,600) with a corresponding increase (\$641,600) in contractual services.

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, 2020 and 2019, amounts to approximately \$46.4 million and \$6.6 million and \$38.6 million and \$6.7 million, respectively. This investment in capital assets includes acquisition, by purchase and/or through capital lease, of computer hardware and software, furniture and equipment, vehicles and improvements (to land and buildings) which are necessary for the Town to operate, infrastructure assets transferred to the Town by the County and additional infrastructure assets developed by the Town, including acquisition and development of the land parcel adjacent to the Town Hall building, as well as improvements to the Town Hall building

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Capital Assets and Debt Administration (Continued)

Capital assets (Continued)

itself which was acquired in fiscal year 2010. In fiscal year 2020, the Town entered into an exchange/leaseback transaction in which it exchanged its Town Hall properties, and \$3 million, for vacant land along Old Cutler Road.

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

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
General Government	\$ 17,404	\$ 9,761	\$ -	\$ -	\$ 17,404	\$ 9,761	78.3%
Community Development	18,162	18,913	-	-	18,162	18,913	-4.0%
Public Safety	28	15	-	-	28	15	86.7%
Culture and Recreation	10,792	9,932	-	-	10,792	9,932	8.7%
Public Works-Stormwater	-	-	6,593	6,646	6,593	6,646	-0.8%
	<u>\$ 46,386</u>	<u>\$ 38,621</u>	<u>\$ 6,593</u>	<u>\$ 6,646</u>	<u>\$ 52,979</u>	<u>\$ 45,267</u>	17.0%

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

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TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Capital Assets and Debt Administration (Continued)

Long-term debt

At September 30, 2020, the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$1.6 million, representing a 14.3% decrease from the prior year. Notes payable were issued in fiscal year 2010 in conjunction with the acquisition and improvement of the Town Hall building site and the purchase of the adjacent land parcel and final draw downs on those notes payable was made in fiscal year 2011. In fiscal year 2012, the Town borrowed an additional \$2.578 million from the same lender to fund its educational initiative with the Miami-Dade County School Board. During fiscal year 2015, the Town refunded the 2010 loans into new issues on more favorable terms providing long-term savings for the Town. At September 30, 2020, approximately \$7.5 million was outstanding on those notes payable, representing a 14.8% decrease from the prior year.

In conjunction with recording the stormwater assets transferred to the Town by the County, the Town recorded associated debt of approximately \$2.36 million at September 30, 2010. The Stormwater Utility Revenue Bonds balance at September 30, 2020, approximately \$1.41 million, represents a 8.5% decrease from the prior year.

The net pension liability at September 30, 2020 (approximately \$4.79 million) increased approximately 15.4% from the balance at September 30, 2019 (approximately \$4.16 million), primarily as a result of the current year GASB 68 valuation.

The Town also has liabilities related compensated absences. This approximates \$368,000 at September 30, 2020, versus \$272,000 at September 30, 2019, a decrease of 35.3% from the prior year.

Total long-term debt decreased approximately \$968,000, or 5.8%, primarily as a result from scheduled debt service payments during fiscal year 2020, partially offset by the increase in the net pension liability resulting from the current year GASB 68 valuation and the increase in compensated absences.

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
QNIP bonds	\$ 1,607	\$ 1,875	\$ -	\$ -	\$ 1,607	\$ 1,875	-14.3%
Notes payable	7,530	8,834	-	-	7,530	8,834	-14.8%
Stormwater Utility Revenue Bonds	-	-	1,405	1,536	1,405	1,536	-8.5%
Net pension liability	4,794	4,155	-	-	4,794	4,155	15.4%
Compensated absences	368	272	-	-	368	272	35.3%
	<u>\$ 14,299</u>	<u>\$ 15,136</u>	<u>\$ 1,405</u>	<u>\$ 1,536</u>	<u>\$ 15,704</u>	<u>\$ 16,672</u>	-5.8%

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Miami-Dade County area at September 30, 2020 is approximately 9.6%, which is an increase from a rate of 2.7% a year ago. The rate is worse than the national unemployment rate of 7.8%. These unemployment rates reflect the nation, and region, slowly recovering from the COVID-19 pandemic.
- Inflationary trends in the region are slightly higher than the national average.
- In setting its fiscal year 2021 budget, the Town adopted a mil rate of 2.6198, higher than the rate as adopted and in effect for fiscal year 2020. The adopted 2021 mil rate was 13.54% higher than the statutorily computed "roll-back" mil rate.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, began impacting the Town in fiscal year 2009 and will have a negative impact on the amount of property tax revenue the Town generates going forward, assuming the Town does not increase its millage rate or achieve growth in its tax base which will offset the amendment's effects.
- As noted in the preceding comment, shortly after the Town's incorporation, changes to property taxation laws were enacted that had a negative impact on the taxable base upon which property tax revenue of the Town is calculated. Additionally, Cutler Bay, like most communities across the state and nation, was negatively impacted by the financial crisis and economic downturn that gripped the United States during the 2008 to 2012 time period. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking.

Property values within the Town saw significant declines from 2008 through 2012 (an approximate 40% decline from the 2008 valuation level). Since 2012, property values within the Town have increased each year (from 2013 through 2020), reflecting a gain of approximately 62% from the 2012 bottom, although the Town's property values remain below the 2008 peak. Building activity and new development within the Town in recent years are anticipated to extend into fiscal year 2021 with significant new planned projects in process, subject to recovery from the COVID-19 pandemic. The Town anticipates property values to increase further in 2021 and possibly into 2022 (subject to any adverse impacts from COVID-19 which are unknown at this time). These values are subject to property owner appeal via the Valuation Adjustment Board ("VAB") process.

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

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, 2020

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Total
<u>ASSETS</u>			
Cash	\$ 10,739,177	\$ 110,641	\$ 10,849,818
Restricted Cash	5,779,461	-	5,779,461
Accounts receivable - net	3,053,580	205,988	3,259,568
Prepays	494,095	2,083	496,178
Land deposit	3,000,000	-	3,000,000
Other assets	1,010	-	1,010
Capital assets not being depreciated:			
Land	23,440,609	-	23,440,609
Construction in progress	2,323,955	184,801	2,508,756
Capital assets being depreciated:			
Building	1,948,884	-	1,948,884
Computer hardware and software	598,227	1,308	599,535
Furniture and equipment	826,132	2,367	828,499
Infrastructure	58,340,728	10,418,148	68,758,876
Improvements	13,692,168	-	13,692,168
Total capital assets	<u>101,170,703</u>	<u>10,606,624</u>	<u>111,777,327</u>
Less accumulated depreciation	<u>(54,785,022)</u>	<u>(4,014,103)</u>	<u>(58,799,125)</u>
Total capital assets - net	<u>46,385,681</u>	<u>6,592,521</u>	<u>52,978,202</u>
Total assets	<u>69,453,004</u>	<u>6,911,233</u>	<u>76,364,237</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on refunding	-	36,505	36,505
Pension contributions	1,461,691	-	1,461,691
Total deferred outflows of resources	<u>1,461,691</u>	<u>36,505</u>	<u>1,498,196</u>
<u>LIABILITIES</u>			
Accounts payable	3,525,188	183,144	3,708,332
Other liabilities	27,493	-	27,493
Accrued interest	8,083	-	8,083
Noncurrent liabilities:			
Due within one year:			
Compensated absences	80,216	-	80,216
Bonds and notes	1,510,206	135,747	1,645,953
Net pension liability	10,330	-	10,330
Due in more than one year:			
Compensated absences	287,723	-	287,723
Bonds and notes	7,626,504	1,268,932	8,895,436
Net pension liability	4,783,913	-	4,783,913
Total liabilities	<u>17,859,656</u>	<u>1,587,823</u>	<u>19,447,479</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Business license tax	39,352	-	39,352
Pension expenses	282,593	-	282,593
Total deferred inflows of resources	<u>321,945</u>	<u>-</u>	<u>321,945</u>
<u>NET POSITION</u>			
Net investment in capital assets	37,248,971	5,224,347	42,473,318
Restricted for:			
Capital projects	217,328	-	217,328
Public safety	183,361	-	183,361
Parks and recreation	848,413	-	848,413
Transportation	4,401,987	-	4,401,987
Land purchase	3,000,000	-	3,000,000
Unrestricted	6,833,034	135,568	6,968,602
Total net position	<u>\$ 52,733,094</u>	<u>\$ 5,359,915</u>	<u>\$ 58,093,009</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Functions/Programs							
Governmental activities:							
General government	\$ 7,301,727	\$ 425,779	\$ 2,422,876	\$ 523,263	\$ (3,929,809)	\$ -	\$ (3,929,809)
Public safety	10,320,605	274,933	-	592	(10,045,080)	-	(10,045,080)
Community development	2,563,408	1,002,412	-	-	(1,560,996)	-	(1,560,996)
Parks and recreation	3,238,385	50,279	208,697	210,191	(2,769,218)	-	(2,769,218)
Interest on long-term debt	291,505	-	-	-	(291,505)	-	(291,505)
Total governmental activities	<u>23,715,630</u>	<u>1,753,403</u>	<u>2,631,573</u>	<u>734,046</u>	<u>(18,596,608)</u>	<u>-</u>	<u>(18,596,608)</u>
Business-type activities:							
Stormwater	1,279,098	1,011,443	-	17,141	-	(250,514)	(250,514)
Total business-type activities	<u>1,279,098</u>	<u>1,011,443</u>	<u>-</u>	<u>17,141</u>	<u>-</u>	<u>(250,514)</u>	<u>(250,514)</u>
Total	<u>\$ 24,994,728</u>	<u>\$ 2,764,846</u>	<u>\$ 2,631,573</u>	<u>\$ 751,187</u>	<u>(18,596,608)</u>	<u>(250,514)</u>	<u>(18,847,122)</u>
General revenues:							
Property taxes					6,170,581	-	6,170,581
Utility taxes					3,424,120	-	3,424,120
Franchise fees based on gross receipts					1,804,006	-	1,804,006
Intergovernmental (unrestricted)					5,848,630	-	5,848,630
Interest and other income (unrestricted)					162,570	326	162,896
Gain on disposal of capital assets					5,750,705	-	5,750,705
Transfers					(86,287)	86,287	-
Total general revenues and transfers					<u>23,074,325</u>	<u>86,613</u>	<u>23,160,938</u>
Change in net position					<u>4,477,717</u>	<u>(163,901)</u>	<u>4,313,816</u>
Net position - Beginning					<u>48,255,377</u>	<u>5,523,816</u>	<u>53,779,193</u>
Net position - Ending					<u>\$ 52,733,094</u>	<u>\$ 5,359,915</u>	<u>\$ 58,093,009</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Major Funds		Other	Total
	General	CITT Fund	Governmental Funds	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 10,739,177	\$ -	\$ -	\$ 10,739,177
Restricted cash	78,313	4,150,952	1,550,196	5,779,461
Accounts receivable - net	2,096,565	393,971	563,044	3,053,580
Prepays	493,083	-	1,012	494,095
Land deposit	3,000,000	-	-	3,000,000
Other assets	1,010	-	-	1,010
Due from other funds	784,392	-	-	784,392
Total assets	\$ 17,192,540	\$ 4,544,923	\$ 2,114,252	\$ 23,851,715
<u>LIABILITIES</u>				
Accounts payable	\$ 3,400,296	\$ 81,683	\$ 43,209	\$ 3,525,188
Other liabilities	27,493	-	-	27,493
Due to other funds	-	-	784,392	784,392
Total liabilities	3,427,789	81,683	827,601	4,337,073
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	-	177,115	-	177,115
Business license tax	39,352	-	-	39,352
Total deferred inflows of resources	39,352	177,115	-	216,467
<u>FUND BALANCES</u>				
Nonspendable	493,083	-	1,012	494,095
Restricted	3,078,313	4,286,125	1,286,651	8,651,089
Unassigned	10,154,003	-	(1,012)	10,152,991
Total fund balances	13,725,399	4,286,125	1,286,651	19,298,175
Total liabilities, deferred inflows of resources and fund balances	\$ 17,192,540	\$ 4,544,923	\$ 2,114,252	\$ 23,851,715

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, 2020

Fund balances - total government funds (Page 27) \$ 19,298,175

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	101,170,703	
Less accumulated depreciation	<u>(54,785,022)</u>	46,385,681

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

Long term debt	(9,136,710)	
Net pension liability	(4,794,243)	
Compensated absences	(367,939)	
Accrued interest payable	<u>(8,083)</u>	(14,306,975)

Revenue collected outside of the period of availability is not available to pay for current period expenditures and therefore, is a deferred inflow in the funds.	177,115
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Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting	1,461,691
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Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting	<u>(282,593)</u>
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Net position of governmental activities (Page 25) \$ 52,733,094

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	CITT Fund		
REVENUES:				
Property taxes	\$ 6,170,581	\$ -	\$ -	\$ 6,170,581
Franchise fees	1,804,006	-	-	1,804,006
Utility taxes	3,424,120	-	-	3,424,120
Charges for services	326,071	-	-	326,071
Intergovernmental	6,552,955	1,702,518	933,121	9,188,594
Licenses and permits	1,002,412	-	-	1,002,412
Impact fees	-	-	13,509	13,509
Fines and forfeitures	149,315	-	-	149,315
Interest	106,284	22,743	9,111	138,138
Rental income	275,605	-	-	275,605
Miscellaneous	42,431	-	-	42,431
Total revenues	19,853,780	1,725,261	955,741	22,534,782
EXPENDITURES:				
Current:				
General government	5,507,263	1,021,497	38,986	6,567,746
Public safety	10,310,449	-	-	10,310,449
Community development	1,302,025	-	-	1,302,025
Parks and recreation	1,663,183	-	208,697	1,871,880
Debt service:				
Principal retirement	1,572,184	-	-	1,572,184
Interest	292,870	-	-	292,870
Capital outlay:				
General government	3,029,082	-	384,194	3,413,276
Public safety	23,283	-	-	23,283
Parks and recreation	49,888	-	1,215,140	1,265,028
Total expenditures	23,750,227	1,021,497	1,847,017	26,618,741
Excess (deficiency) of revenues over expenditures	(3,896,447)	703,764	(891,276)	(4,083,959)
OTHER FINANCING SOURCES (USES):				
Transfers in	225,000	-	1,104,090	1,329,090
Transfers out	(738,450)	(175,237)	(501,690)	(1,415,377)
Total other financing sources (uses)	(513,450)	(175,237)	602,400	(86,287)
Net change in fund balances	(4,409,897)	528,527	(288,876)	(4,170,246)
Fund balances, beginning	18,135,296	3,757,598	1,575,527	23,468,421
Fund balances, ending	\$ 13,725,399	\$ 4,286,125	\$ 1,286,651	\$ 19,298,175

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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balances - total government funds (Page 29) \$ (4,170,246)

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

Expenditures for capital outlays	4,701,587	
Gain on disposal of capital assets	5,750,705	
Less current year depreciation	<u>(2,687,815)</u>	
		7,764,477

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

Principal payments 1,572,184

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

Accrued interest payable	1,365	
Compensated absences	(95,551)	
Adjustment to net pension liability	(639,324)	

Changes in the Town's pension deferred outflows and pension deferred inflows for the current year are not reported in the governmental funds but are reported in the statement of activities 50,665

Revenue collected outside of the period of availability is not available to pay for current period expenditures however it is available to pay long term obligations of the Town. (5,853)

Change in net position of governmental activities (Page 26) \$ 4,477,717

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2020

	<u>Stormwater</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 110,641
Accounts receivables	205,988
Prepays	<u>2,083</u>
Total current assets	<u>318,712</u>
Non-current assets:	
Capital assets, net	<u>6,592,521</u>
Total non-current assets	<u>6,592,521</u>
Total assets	<u>6,911,233</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Loss on refunding	<u>36,505</u>
Total deferred outflows of resources	<u>36,505</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	183,144
Current portion of revenue bonds	<u>135,747</u>
Total current liabilities	<u>318,891</u>
Non-current liabilities:	
Revenue bonds	<u>1,268,932</u>
Total non-current liabilities	<u>1,268,932</u>
Total liabilities	<u>1,587,823</u>
Net position:	
Net investment in capital assets	5,224,347
Unrestricted	<u>135,568</u>
Total net position	<u>\$ 5,359,915</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Stormwater</u>
Operating revenues:	
Charges for services	\$ 1,011,443
Total revenues	<u>1,011,443</u>
Operating expenses:	
Operations and maintenance	1,009,168
Depreciation	<u>212,733</u>
Total operating expenses	<u>1,221,901</u>
Operating income (loss)	<u>(210,458)</u>
Non-operating revenues (expenses):	
Interest income	326
Interest expense	<u>(57,197)</u>
Total non-operating revenues (expenses)	(56,871)
Grants and contributions	17,141
Transfers in	<u>86,287</u>
Change in net position	(163,901)
Net position - Beginning	<u>5,523,816</u>
Net position - Ending	<u>\$ 5,359,915</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Stormwater</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,372,984
Cash paid for interfund services used	(85,269)
Cash paid to employees	(216,705)
Cash paid to suppliers	(719,919)
Cash paid for prepaid assets	(130)
Net cash provided by operating activities	<u>350,961</u>
Cash flows from non-capital financing activities:	
Transfers from other funds	86,287
Grants received	17,141
Net cash provided by non-capital financing activities	<u>103,428</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(159,747)
Interest payments	(53,141)
Principal payments	(131,186)
Net cash used in capital and related financing activities	<u>(344,074)</u>
Cash flows from investing activities	
Interest income	<u>326</u>
Net cash provided by investing activities	<u>326</u>
Net increase in cash	110,641
Cash - beginning	<u>-</u>
Cash - ending	<u>\$ 110,641</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ <u>(210,458)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	212,733
Change in operating assets and liabilities:	
Accounts receivables	361,541
Prepays	(130)
Due to other funds	(85,269)
Accounts payable	72,544
Net cash provided by operating activities	<u>\$ 350,961</u>
Noncash capital and related financing activities	
Deferred loss on refunding	<u>\$ (4,056)</u>

See notes to basic financial statements

NOTES TO FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

A. Financial Reporting Entity

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

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

B. Government Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues resulting from expenditure driven transactions such as certain grants are considered collectible at the time the expenditure has been made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, insurance claims, pensions and other post-employment benefits are recorded only when payment is due or when the Town has made a decision to fund these obligations with current available resources. Property taxes, communication taxes, gas taxes, sales taxes, utility taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s stormwater fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

4. Restricted Assets - Proceeds from impact fees, CITT surtax and 2nd local option gas taxes are classified as restricted in various special revenue funds since these resources are specifically earmarked for restricted purposes including law enforcement, transportation and recreational eligible items.
5. Property Taxes - Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Miami-Dade County (the County) on or about November 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town Council and the Miami-Dade County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, the County School Board, and other taxing jurisdictions' tax requirements. The millage rate to finance general governmental services for the fiscal year ended September 30, 2020 was 2.6047 mills per \$1,000 of assessed valuation.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

9. Grant Revenue - The Town, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any) when all applicable eligibility requirements, including time requirements, are met.
10. Unearned Revenue - Unearned revenues include amounts collected before revenue recognition criteria are met. The deferred items consist primarily of electrical franchise fees and business license renewals received in advance.
11. Net Position - Total equity as of September 30, 2020, is classified into three components of net position:
- Net investment in capital assets
This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings as well as any retainage payable and accounts payable that are attributable to the acquisition, construction, and improvements of those assets.
 - Restricted net position
This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
 - Unrestricted net position
This category includes all of the remaining net position that does not meet the definition of the other two categories.
12. Fund Balance - As of September 30, 2020, fund balances of the governmental funds are classified as follows:
- Non-spendable
Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
 - Restricted
Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
 - Committed
Amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making Authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Balance (Continued)

- Assigned

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

- Unassigned

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

	<u>General</u>	<u>CITT Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:				
Nonspendable:				
Prepays	\$ 493,083	\$ -	\$ 1,012	\$ 494,095
Restricted:				
Transportation	-	4,286,125	1,286,651	5,572,776
Building surcharge	24,109	-	-	24,109
Public safety	54,204	-	-	54,204
Land purchase	3,000,000	-	-	3,000,000
Unassigned	10,154,003	-	(1,012)	10,152,991
Total fund balances	<u>\$ 13,725,399</u>	<u>\$ 4,286,125</u>	<u>\$ 1,286,651</u>	<u>\$ 19,298,175</u>
Fund balances:				
Nonspendable	\$ 493,083	\$ -	\$ 1,012	\$ 494,095
Restricted	3,078,313	4,286,125	1,286,651	8,651,089
Unassigned	10,154,003	-	(1,012)	10,152,991
Total fund balances	<u>\$ 13,725,399</u>	<u>\$ 4,286,125</u>	<u>\$ 1,286,651</u>	<u>\$ 19,298,175</u>

- Minimum Level of Unassigned Fund Balance Policy

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Balance (Continued)

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

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Fund Accounting Requirements

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks and steets
Transportation Tax	Transportation and roads
Various Grant Programs	Grants program expenditures
Police Forfeitures	Law enforcement
Impact Fees	Eligible capacity enhancements

For the year ended September 30, 2020, the Town complied, in all material respects, with these revenue restrictions.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The Town does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218.415. In accordance with Section 218.415 of the Florida Statutes, the Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities and in the Local Government Surplus Trust Funds administered by the State Board of Administration (SBA). As of September 30, 2020, the Town has no investments or cash equivalents, only deposits with banking institutions.

NOTE 4 - RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2020 were as follows:

	<u>Taxes</u>	<u>Grants</u>	<u>Fees</u>	<u>Others</u>	<u>Totals</u>
General Fund	\$ 799,590	\$ -	\$ 19,752	\$1,277,223	\$2,096,565
CITT Fund	-	393,971	-	-	393,971
Non-major governmental funds	-	563,044	-	-	563,044
Stormwater Fund	-	-	205,988	-	205,988
	<u>\$ 799,590</u>	<u>\$ 957,015</u>	<u>\$ 225,740</u>	<u>\$1,277,223</u>	<u>\$3,259,568</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 - RECEIVABLES/PAYABLES (CONTINUED)

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

Payables

The Town's payables at September 30, 2020 were as follows:

	<u>Vendors</u>	Miami-Dade <u>County</u>	<u>Total</u>
General Fund	\$ 437,486	\$2,962,810	\$3,400,296
CITT Fund	81,683	-	81,683
Non-major governmental funds	43,209	-	43,209
Stormwater Fund	183,144	-	183,144
	<u>\$ 745,522</u>	<u>\$2,962,810</u>	<u>\$3,708,332</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2020 was as follows:

	Balance October 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance September 30, <u>2020</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,400,739	\$ 17,000,000	\$ (3,960,130)	\$ -	\$ 23,440,609
Construction in progress	879,524	1,615,473	-	(171,042)	2,323,955
Total capital assets not being depreciated	<u>11,280,263</u>	<u>18,615,473</u>	<u>(3,960,130)</u>	<u>(171,042)</u>	<u>25,764,564</u>
Capital assets being depreciated:					
Building	8,554,216	-	(6,605,332)	-	1,948,884
Roads and sidewalks	58,340,728	-	-	-	58,340,728
Improvements	16,662,941	40,027	(3,149,802)	139,002	13,692,168
Computer hardware and software	587,274	8,806	(25,353)	27,500	598,227
Furniture and equipment	1,096,624	37,281	(312,313)	4,540	826,132
Total capital assets being depreciated	<u>85,241,783</u>	<u>86,114</u>	<u>(10,092,800)</u>	<u>171,042</u>	<u>75,406,139</u>
Less accumulated depreciation for:					
Building	(4,129,538)	(207,677)	3,192,577	-	(1,144,638)
Infrastructure	(39,509,513)	(1,155,785)	-	-	(40,665,298)
Improvements	(12,826,042)	(1,240,589)	2,370,751	-	(11,695,880)
Computer hardware and software	(559,089)	(24,367)	25,353	-	(558,103)
Furniture and equipment	(876,660)	(59,397)	214,954	-	(721,103)
Total accumulated depreciation	<u>(57,900,842)</u>	<u>(2,687,815)</u>	<u>5,803,635</u>	<u>-</u>	<u>(54,785,022)</u>
Total capital assets being depreciated, net	<u>27,340,941</u>	<u>(2,601,701)</u>	<u>(4,289,165)</u>	<u>171,042</u>	<u>20,621,117</u>
Governmental activities capital assets, net	<u>\$ 38,621,204</u>	<u>\$ 16,013,772</u>	<u>\$ (8,249,295)</u>	<u>\$ -</u>	<u>\$ 46,385,681</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activities for the fiscal year ended September 30, 2020 was as follows: (Continued)

	Balance October 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance September 30, <u>2020</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 25,054	\$ 159,747	\$ -	\$ -	\$ 184,801
Total capital assets not being depreciated	<u>25,054</u>	<u>159,747</u>	<u>-</u>	<u>-</u>	<u>184,801</u>
Capital assets being depreciated:					
Furniture and equipment	2,367	-	-	-	2,367
Computer hardware and software	1,308	-	-	-	1,308
Infrastructure	10,418,148	-	-	-	10,418,148
Total capital assets being depreciated	<u>10,421,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,421,823</u>
Less accumulated depreciation for:					
Furniture and equipment	(1,460)	(473)	-	-	(1,933)
Computer hardware and software	(254)	(436)	-	-	(690)
Infrastructure	(3,799,656)	(211,824)	-	-	(4,011,480)
Total accumulated depreciation	<u>(3,801,370)</u>	<u>(212,733)</u>	<u>-</u>	<u>-</u>	<u>(4,014,103)</u>
Total capital assets being depreciated, net	<u>6,620,453</u>	<u>(212,733)</u>	<u>-</u>	<u>-</u>	<u>6,407,720</u>
Business-type activities capital assets, net	<u>\$ 6,645,507</u>	<u>\$ (52,986)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,592,521</u>

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

General government	\$ 273,731
Public safety	10,156
Community development	1,194,039
Culture and recreation	<u>1,209,889</u>
Total depreciation expense - governmental activities	<u>\$ 2,687,815</u>

NOTE 6 - LONG-TERM DEBT

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

As a condition of incorporation, the Town agreed to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 and 2002 (QNIP Bonds) issued prior to the Town's incorporation. The Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the right to receive and apply to debt service on the bonds all of the public service taxes, as defined, collected on behalf of the Town with respect to bonds outstanding at the time of the municipal incorporation. The Town's debt service obligations as to the bonds in each fiscal year shall be its pro rata share of such debt service obligation. The Town's pro rata share will be equal to that percentage of the total debt service accruing on the bonds in such fiscal year calculated by multiplying such total debt service by a fraction the numerator of which will be the total amount of public service taxes collected within the boundaries of the unincorporated area comprising the boundaries of the Town during the fiscal year in which the Town was incorporated and the denominator of which will be the total amount of public service taxes collected in the entire unincorporated area of the County. The balance of the public service taxes collected within the boundaries of the Town are remitted to the Town after the County satisfies the debt service requirements for the bonds. For the year ended September 30, 2020, the public service taxes pledged amounted to \$3,424,120 and the debt service was \$346,188. The pledged revenues provided a coverage ratio of 9.9.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Debt service requirements to maturity for the fiscal year ending September 30, 2020 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	279,210	66,342	\$ 345,552
2022	290,895	55,034	345,929
2023	302,785	43,259	346,044
2024	315,290	30,996	346,286
2025	132,430	20,920	153,350
2026 - 2027	285,975	21,628	307,603
Totals	<u>\$ 1,606,585</u>	<u>\$ 238,180</u>	<u>\$ 1,844,765</u>

Notes Payable

On June 14, 2010, the Town executed a loan agreement with a local bank to borrow up to \$13,800,000 (Notes A through E) for the purpose of financing the costs of the acquisition and renovations to the new Town Hall and acquisition of vacant land adjacent to the new Town Hall. Certain of these loans were modified on September 20, 2012, to provide for a revised amortization structure. In May 2015 the Town refunded certain of its existing Notes Payable (the 2010 Series A through E Notes, as amended). Under the terms of the refunding, the Town refunded the three tax-exempt promissory notes (the Series A, C & D Notes), totaling approximately \$6,039,000 and with interest rates ranging from 3.05% to 3.81%, into one new 15 year tax-exempt promissory note (the 2015A Note) bearing interest at 2.5% and refunded the two taxable promissory notes (the Series B & E Notes), totaling approximately \$6,268,000 and with interest rates of 4.42%, into one new 10 year taxable promissory note (the 2015B Note) bearing interest at 2.8%. The two new promissory notes are secured by the Town's share of the Local Government Half-Cent Sales Tax. There is no prepayment penalty associated with either of the two new promissory notes. The refunding resulted in cash flow savings and economic gain of approximately \$1,170,000 and \$876,000 respectively. The Taxable Sales Tax Revenue refunding notes, Series 2015A and 2015B (the "Notes") are secured by a pledge of the Town's share of the Local Government Half-Cent Sales Tax. For the fiscal year ended September 30, 2020, the Town's share of the Local Government Half-Cent Sales Tax available for this pledge was \$3,093,648 and debt service was \$1,176,575. The pledged revenues provided a coverage ratio of 2.6. The notes contain a provision that in an event of default, outstanding amounts including accrued interest are due immediately, and in any such acceleration the Town shall also be obligated to pay all costs of collection and enforcement thereof. Subsequent to fiscal year end, the Town paid off the remaining principal of \$2,798,453 for the 2015B Note.

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, 2020 the Town's legally available Non-Ad Valorem Revenues applicable to this pledge were \$8,607,287 and the debt service was \$342,290. The pledged revenues provided a coverage ratio of 25.1. Principal and interest payments vary from year to year and interest rates range from 2.18% to 2.8%. The loan contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity for the fiscal year ending September 30, 2020 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,230,996	182,500	1,413,496
2022	1,262,667	150,829	1,413,496
2023	1,037,053	119,736	1,156,789
2024	977,744	93,476	1,071,220
2025	906,043	66,212	972,255
2026-2030	2,115,622	140,151	2,255,773
	<u>\$ 7,530,125</u>	<u>\$ 752,904</u>	<u>\$ 8,283,029</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, 2020 the stormwater fees pledged amounted to \$1,011,443 and the debt service was \$184,327. The pledged revenues provided a coverage ratio of 5.5. 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 \$36,505 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, 2020 was \$131,186 and the balance of the remaining principal payments range from \$135,747 to \$178,091 through September 2029.

Debt service requirements to maturity for the fiscal year ending September 30, 2020 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 135,747	\$ 48,602	\$ 184,349
2022	140,384	43,905	184,289
2023	145,276	39,048	184,324
2024	150,269	34,021	184,290
2025	155,467	28,822	184,289
2026-2029	677,536	59,602	737,138
	<u>\$ 1,404,679</u>	<u>\$ 254,000</u>	<u>\$ 1,658,679</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2020:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Governmental activities:					
QNIP bonds	\$ 1,875,135	\$ -	\$ (268,550)	\$ 1,606,585	\$ 279,210
Notes payable	8,833,759	-	(1,303,634)	7,530,125	1,230,996
Net pension liability	4,154,919	666,767	(27,443)	4,794,243	10,330
Compensated absences	272,388	223,444	(127,893)	367,939	80,216
Total governmental activities	<u>\$ 15,136,201</u>	<u>\$ 890,211</u>	<u>\$ (1,727,520)</u>	<u>\$ 14,298,892</u>	<u>\$ 1,600,752</u>
Business-type activities:					
Stormwater utility revenue bonds	<u>\$ 1,535,865</u>	<u>\$ -</u>	<u>\$ (131,186)</u>	<u>\$ 1,404,679</u>	<u>\$ 135,747</u>
Total business-type activities	<u>\$ 1,535,865</u>	<u>\$ -</u>	<u>\$ (131,186)</u>	<u>\$ 1,404,679</u>	<u>\$ 135,747</u>

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

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2020, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 784,392	\$ -
Non-major Governmental Funds	-	784,392
	<u>\$ 784,392</u>	<u>\$ 784,392</u>

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

Interfund transfer activity for the year ended September 30, 2020 was as follows:

	<u>Transfers In*</u>	<u>Transfers Out*</u>
General Fund	\$ 225,000	\$ 738,450
CITT Fund	-	175,237
Non-major Governmental Funds	1,104,090	501,690
Stormwater Fund	86,287	
	<u>\$ 1,415,377</u>	<u>\$ 1,415,377</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

- \$175,237 was transferred from the CITT Fund (a major governmental fund) to fund the Town's portion of costs related to several projects. \$33,546 was transferred to the Safe Routes to School Fund (a non-major governmental fund) to provide for the Town's portion of sidewalk enhancements and project oversight costs related to a grant funded project providing enhanced walkway accessibility at a local school in Town, \$1,554 was transferred to the Transportation Fund (a non-major governmental fund) to provide the Town's grant match for a mobility hub transportation study, \$53,850 was transferred to the Bike and Pedestrian Fund to provide for the Town's grant match for construction of pedestrian friendly transportation connectivity projects, and \$86,287 was transferred to the Stormwater Fund (an Enterprise Fund) for roadway improvements related to the Cutler Ridge Sec. 3 project.
- \$501,690 was transferred from the Special Revenue Fund (a non-major governmental fund), including transfer of gas taxes (\$225,000) to the General Fund for sidewalk repair projects and transfer of park impact fees (\$276,690) to the Capital Projects (Parks) Fund (a non-major governmental fund) for various park infrastructure improvement projects.
- \$738,450 was transferred from the General Fund, including transfer to the Capital Projects (Parks) Fund (a non-major governmental fund) to cover the cost of park infrastructure improvements that were not eligible for funding with park impact fees (\$735,253) and transfer to the Lighting Fund (a non-major governmental fund) to cover the Town's grant match portion of an LED lighting project at one of the Town's parks (\$3,197).

NOTE 8 - RETIREMENT PLANS

Florida Retirement System Overview

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

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

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

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

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

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age / Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or with 31 years of service	1.63
Retirement up to age 64 or with 32 years of service	1.65
Retirement up to age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or with 34 years of service	1.63
Retirement up to age 67 or with 35 years of service	1.65
Retirement up to age 68 or with 36 or more years of service	1.68
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Elected Officers' Class	
Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge	3.33
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county official, or elected official of a city or special district that chose EOC membership for its elected officials	3.00
Senior Management Service Class	
	2.00

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2019 through June 30, 2020 were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (*)</u>
FRS, Regular	3.00	8.47
FRS, Elected County Officers	3.00	48.82
FRS, Senior Management Service	3.00	25.41
FRS, Special Risk Regular	3.00	25.48
DROP- Applicable to members from all of the above classes	N/A	14.60

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

The Town's contributions for FRS totaled \$434,655 and employee contributions totaled \$82,192 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the Town reported a liability of \$3,858,186 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town's proportionate share of the net pension liability was based on the Town's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating member. At June 30, 2020, the Town's proportionate share was 0.0089%, which was a decrease from its proportionate share of 0.0095% measured at June 30, 2019.

Aggregate amount for all pension plans

	Florida	HIS Plan	Total
	Retirement System		
Pension liabilities	\$ 3,858,186	\$ 936,057	\$ 4,794,243
Deferred outflows of resources	1,281,375	180,316	1,461,691
Deferred inflows of resources	197,720	84,873	282,593
Pension expenses	810,253	77,037	887,290

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$810,523 related to the Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 147,661	\$ -
Change of assumptions	698,454	-
Net difference between projected and actual earnings on FRS pension plan investments	229,720	-
Changes in proportion and differences between Town FRS contributions and proportionate share of contributions	106,870	197,720
Town FRS contributions subsequent to measurement date	<u>98,670</u>	<u>-</u>
Total	<u>\$ 1,281,375</u>	<u>\$ 197,720</u>

The deferred outflows of resources related to pensions, totaling \$98,670, resulting from the Town's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Deferred outflows/ (inflows), net</u>
2021	\$ 216,496
2022	336,679
2023	277,906
2024	142,899
2025	11,004
Thereafter	-

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2020, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational PUB-2010 with Projection Scale mp-2018 tables.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	<u>100%</u>			
Assumed inflation-Mean			2.4%	1.7%

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

Discount Rate

The discount rate used to measure the net pension liability of the Plan was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the Town's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (5.80 percent) or one percentage point higher (7.80 percent) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Town's proportionate share of the net pension liability	<u>\$ 6,160,874</u>	<u>\$ 3,858,186</u>	<u>\$ 1,934,970</u>

Pension Plan Fiduciary Net Position

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Town Allocation

The Town's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2020, and pension expense / adjustment for the fiscal year ended September 30, 2020 was allocated as follows:

	FRS Pension				
	<u>Percent Allocation</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense/ Adjustment</u>
Governmental Activities	100.00%	\$ 3,858,186	\$ 1,281,375	\$ 197,720	\$ 810,253

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2020 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period July 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 was 1.66 percent. The Town contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town's contributions to the HIS Plan totaled \$43,388 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the Town reported a net pension liability of \$936,057 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2020 and was recalculated and projected to the measurement date of June 30, 2020 using a standard actuarial roll-forward technique. The Town's proportionate share of the net pension liability was based on the Town's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Town's proportionate share was 0.0077 percent, which was a decrease from its proportionate share of 0.0079 percent measured at June 30, 2019.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

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

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$77,037 related to the HIS Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,290	\$ 722
Change of assumptions	100,653	54,428
Net difference between projected and actual earnings on HIS pension plan investments	747	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	28,041	29,723
Town HIS contributions subsequent to measurement date	12,585	-
Total	<u>\$ 180,316</u>	<u>\$ 84,873</u>

The deferred outflows of resources related to pensions, totaling \$12,585, resulting from the Town's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Deferred outflows/(inflows),</u>
2021	\$ 29,667
2022	20,037
2023	5,677
2024	8,170
2025	10,114
Thereafter	9,192

Actuarial Assumptions

The HIS pension as of July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates	2.21%

The actuarial assumptions that determined total pension liability as of June 30, 2020 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability for the HIS Plan was updated from 3.50 to 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following presents the Town's proportionate share of the net pension liability calculated using a discount rate of 2.21 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1%</u> <u>Increase</u>
	1.21%	2.21%	3.21%
Town's proportionate share of the net pension liability	\$ 1,082,041	\$ 936,057	\$ 816,571

Pension plan fiduciary net position

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

Town Allocation

The Town's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2020, and pension expense/adjustment for the fiscal year ended September 30, 2020 was as follows:

	HIS Plan				
<u>Percent</u> <u>Allocation</u>	<u>Net Pension</u> <u>Liability</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Pension</u> <u>Expense/</u> <u>Adjustment</u>	
Governmental Activities	100%	\$ 936,057	\$ 180,316	\$ 84,873	\$ 77,037

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants

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

Claims and Lawsuits

The Town is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have material adverse effect on the financial position 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 \$1.04 per bill and also deducts the Town's pro-rata share of debt service on 1999 and 2004 Stormwater Bonds issued by the County. The agreement was set to expire on June 20, 2018 but was continued on a month to month basis while the new agreement was being ratified. The new agreement was signed by the parties and became effective October 22, 2018 and is for a term of ten (10) years.

Agreement with Miami-Dade County for Local Police Patrol Services

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

Payments for the services provided by the County are based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. The County bills the Town on a quarterly basis for local patrol services and for optional services (primarily school crossing guards, if applicable). For fiscal year 2020, approximately \$10,193,667 was paid by the Town for such services.

Agreement with the Town Manager

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

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

NOTE 11 - SALE-LEASEBACK

Operating Lease

In January 2020, the Town entered into a sale-leaseback agreement under which the Town Hall office building and additional property owned by the Town, with a value of approximately \$14 million, and \$3 million in cash was exchanged in a "land swap deal" for the acquisition of vacant land valued at approximately \$17 million. The Town recognized a gain on the disposal of approximately \$5.8 million. The vacant land parcel is the intended future site of a new Town Hall building and municipal complex which would include open space and park amenities.

The office building previously owned by the Town was subsequently leased back from the new owner. The term of the lease is for 5 years commencing January 9, 2020 and calls for cost of living rent increases based on a defined CPI index, if applicable, on the lease anniversary date. The initial monthly lease payment is approximately \$47,629. The lease also provides for additional rent in the event certain specified expenses exceed base year amounts. To date the Town has not had to pay such additional rent. The Town has the option to renew and extend the term of lease for three successive additional terms of two years each.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 - SALE-LEASEBACK (CONTINUED)

Operating Lease (Continued)

The following is a schedule by years of future minimum lease payments required under the master lease:

<u>Year Ended</u> <u>September 30,</u>	<u>Lease Payments</u>
2021	\$ 584,670
2022	589,560
2023	589,560
2024	589,560
2025	61,809
	<u>\$ 2,415,159</u>

NOTE 12 - POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

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

Funding Policy

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

Total OPEB Liability

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

NOTE 13 - SUBSEQUENT EVENTS

Land Acquisition

In October 2020, the Town acquired an approximate 8.45 acre parcel of undeveloped land for approximately \$8.45 million. The land parcel is intended for conservation and resiliency purposes and may be developed into an educational passive park site for the local community.

Debt Issuance

On October 15, 2020, the Town issued a 15 year Taxable Capital Improvements Revenue Note, Series 2020 (the "Series 2020 Note"), bearing interest at 2.38%, in the amount of approximately \$2.855 million. The Series 2020 Note was issued on a parity basis with the Town's existing Sales Tax Revenue Refunding Note, Series 2015A (the "Series 2015A Note"). Simultaneous with this issuance, the Town retired its Taxable Sales Tax Revenue Refunding Note, Series 2015B (the "Series 2015B Note"). The Series 2020 Note is secured by a pledge of the Town's Local Government Half-Cent Sales Tax Clearing Trust Fund revenue, as defined and described in the Florida Statutes, as amended.

The Series 2020 Note was issued for the purpose of (a) prepaying in full the outstanding balance of the Series 2015B Note, (b) redesignating such debt as being used to finance a portion of the cost of the undeveloped land acquired in the "land swap deal" (see Note 11), and (c) extending the maturity date of the debt beyond the current maturity date of the Series 2015B Note, thereby reducing the yearly debt service that would otherwise be payable on the Series 2015B Note.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13 - SUBSEQUENT EVENTS (CONTINUED)

Bond Issuance

On October 29, 2020, the Town issued, at a premium, \$12.935 million in open market Capital Improvements Revenue Bonds, Series 2020 (the "Series 2020 Bonds"). These premium bonds were issued in a term series with maturities ranging from December 1, 2027 through December 1, 2050, at interest rates ranging from 1.16% to 2.59%. The Series 2020 Bonds are payable from legally available non-ad valorem revenues of the Town. While the Town has covenanted and agreed to appropriate from non-ad valorem revenues amounts sufficient to pay amounts due on the Series 2020 Bonds, such covenant to budget and appropriate does not create any lien or pledge of such non ad-valorem revenues.

The Series 2020 Bonds were issued to (a) finance the cost of improvements to Franjo Park, (b) acquire vacant land for preservation, conservation and resiliency, (c) reimburse the Town for the acquisition of vacant land for the site of a new civic center and public park, together with financing architectural, engineering, environmental, legal and other planning costs related thereto, and (d) pay costs of issuance of the 2020 Series Bonds. These projects are long lived projects whose benefits will extend over decades.

NOTE 14 - RISKS AND UNCERTAINTIES

During March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and counties, could continue to be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and is continuously evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Revenues:				
Property taxes	\$ 6,124,500	\$ 6,124,500	\$ 6,170,581	\$ 46,081
Franchise fees	1,615,000	1,692,000	1,804,006	112,006
Utility taxes	3,250,000	3,150,000	3,424,120	274,120
Charges for services	300,500	265,500	326,071	60,571
Intergovernmental	6,302,226	5,718,252	6,552,955	834,703
Licenses and permits	1,059,000	825,000	1,002,412	177,412
Fines and forfeitures	165,000	125,000	149,315	24,315
Interest	143,250	100,000	106,284	6,284
Rental income	850,000	270,000	275,605	5,605
Miscellaneous	500	28,500	42,431	13,931
Total revenues	<u>19,809,976</u>	<u>18,298,752</u>	<u>19,853,780</u>	<u>1,555,028</u>
Expenditures:				
General government	2,941,421	7,559,491	7,198,822	360,669
Legislative	209,561	209,561	141,795	67,766
Town clerk	512,922	544,922	490,037	54,885
Finance	537,296	537,296	484,826	52,470
Town attorney	500,000	500,000	484,074	15,926
Town Hall building	1,631,718	553,718	498,442	55,276
Community development	1,348,476	1,423,776	1,302,025	121,751
Public works	1,088,442	1,194,442	1,103,403	91,039
Parks and recreation	2,162,470	2,006,120	1,713,071	293,049
Police services	10,322,087	10,422,087	10,333,732	88,355
Total expenditures	<u>21,254,393</u>	<u>24,951,413</u>	<u>23,750,227</u>	<u>1,201,186</u>
Excess (deficiency) of revenues over expenditures	<u>(1,444,417)</u>	<u>(6,652,661)</u>	<u>(3,896,447)</u>	<u>2,756,214</u>
Other financing sources (uses):				
Transfers in	225,000	225,000	225,000	-
Transfers out	<u>(1,200,000)</u>	<u>(903,200)</u>	<u>(738,450)</u>	<u>164,750</u>
Total other financing sources (uses)	<u>(975,000)</u>	<u>(678,200)</u>	<u>(513,450)</u>	<u>164,750</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(2,419,417)</u>	<u>(7,330,861)</u>	<u>(4,409,897)</u>	<u>2,920,964</u>
Fund balance appropriated	<u>2,419,417</u>	<u>7,330,861</u>	<u>-</u>	<u>(7,330,861)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,409,897)</u>	<u>\$ (4,409,897)</u>
Fund balance - beginning			<u>18,135,296</u>	
Fund balance - ending			<u>\$ 13,725,399</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CITT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,800,000	\$ 1,800,000	\$ 1,702,518	\$ (97,482)
Interest	<u>7,000</u>	<u>7,000</u>	<u>22,743</u>	<u>15,743</u>
Total revenues	<u>1,807,000</u>	<u>1,807,000</u>	<u>1,725,261</u>	<u>(97,482)</u>
Expenditures:				
Current:				
General government	<u>1,467,417</u>	<u>1,162,417</u>	<u>1,021,497</u>	<u>140,920</u>
Total expenditures	<u>1,467,417</u>	<u>1,162,417</u>	<u>1,021,497</u>	<u>140,920</u>
Excess (deficiency) of revenues over expenditures	<u>339,583</u>	<u>644,583</u>	<u>703,764</u>	<u>59,181</u>
Other financing sources (uses) :				
Transfers out	<u>(909,100)</u>	<u>(977,557)</u>	<u>(175,237)</u>	<u>802,320</u>
Total other financing sources (uses)	<u>(909,100)</u>	<u>(977,557)</u>	<u>(175,237)</u>	<u>802,320</u>
Revenues over (under) expenditures and other financing sources (uses)	(569,517)	(332,974)	528,527	861,501
Fund balance appropriated	<u>569,517</u>	<u>332,974</u>	<u>-</u>	<u>(332,974)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>528,527</u>	<u>\$ 528,527</u>
Fund balance, beginning			<u>3,757,598</u>	
Fund balance, ending			<u>\$ 4,286,125</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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

In October 2020, the Town Council passed a budget amendment by resolution (#20-68) to:

1. In the General Fund, decrease revenues by \$1,511,224 with a corresponding increase to appropriation of prior year fund balance. The revenue changes reflected increases to franchise fees (\$62,000 for electricity and \$15,000 for solid waste), other licenses, fees and permits (\$16,000), grants from private sources (\$18,000), lien search fees (\$45,000), and lobbyist fees (\$10,000), offset by decreases for utility taxes- electric (\$100,000), 1st local option gas tax (\$70,000), communications services taxes (\$43,572), building permits (\$250,000), state revenue sharing (\$60,000), motor fuel rebate (\$20,000), local government half-cent sales tax (\$390,402), park fees (\$80,000), judgements and fines (\$40,000), interest income (\$43,250), and rental income (\$580,000).
2. In the General Fund, increase total expenditures by \$3,400,220 with a corresponding increase to appropriation of prior year fund balance.

The budget amendment increased expenditures in (a) the Community Development department by \$75,300 (\$150,000 for professional services, offset by decreases of \$40,000 for salaries, \$22,700 for other contractual services and \$12,000 for dues, memberships and subscriptions), (b) the Public Works department by \$106,000 for other contractual services, (c) the Town Clerk department by \$32,000 for other current charges, (d) the General Government department by \$4,618,070 (\$385,000 for other contractual services, \$426,000 for rentals and leases, \$232,000 for other current charges, \$30,000 for operating supplies, \$5,000 for dues, memberships and subscriptions, \$3 million for land acquisition, \$22,470 for capital outlay, \$477,000 for debt service-principal, and \$65,600 for debt service-interest, offset by a decrease of \$25,000 for insurance), and (e) the Law Enforcement department by \$100,000 for professional services.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The budget amendment decreased expenditures in (a) the Parks department by \$156,350 (\$100,000 for salaries, \$30,000 for other contractual services, and \$60,000 for utilities, offset by increases of \$12,650 for repairs and maintenance, \$5,000 for dues, memberships and subscriptions, and \$16,000 for capital outlay), (b) Town Hall Building department by \$1,078,000 as a result of disposal of the Town Hall properties in January 2020 as part of the exchange/leaseback transaction (\$18,000 for salaries, \$7,000 for life and health insurance, \$75,000 for professional fees, \$110,000 for other contractual services, \$100,000 for utilities, \$5,000 for rentals and leases, \$35,000 for insurance, \$15,000 for repairs and maintenance, \$5,000 for printing and binding, \$30,000 for other current charges, \$13,000 for operating supplies, \$7,000 for operating supplies-fuel, \$97,000 for capital outlay, \$20,000 for tenant suite buildouts, \$476,000 for debt service-principal, and \$65,000 for debt service-interest), and (c) Transfers Out (\$296,800) to other funds for project match funding.

3. In the Special Revenue Fund, transfers out were increased \$50,000 with a corresponding increase to appropriation of prior year fund balance.
4. In the Special Revenue – Transportation Fund, State grant revenues and transfers in were reduced by \$200,000 and \$439,986, respectively, while local grant revenue was increased by \$3,886. Other contractual services expenditures were decreased by \$641,600, offset by increased professional services of \$5,500.
5. In the Special Revenue – Bike and Pedestrian Fund, an increase in transfers in of \$55,343 offset by increased other contractual services expenditures totaling \$55,343.
6. In the Special Revenue – Lighting Fund, an increase in transfers in of \$3,200 offset by an increase in other contractual services expenditures totaling \$3,200.
7. In the Special Revenue - Safe Routes to School Fund, a decrease in Federal grant revenues (\$25,000), offset by an increase in transfers in (\$11,500), with corresponding decrease in other contractual services (\$15,000) offset by an increase in professional services expenditures (\$1,500).
8. In the Special Revenue – Franjo Road JPA Fund, an increase in local grant revenue (\$541,786) with a corresponding increase in professional services.
9. In the Special Revenue – CITT Fund, a \$305,000 decrease in expenditures (\$400,000 decrease in contractual services-transit, offset by \$45,000 increase in professional fees and \$50,000 increase in contractual services-transportation), offset by an increase in transfers out of \$68,457, with a corresponding net \$236,543 decrease to appropriation of prior year fund balance.
10. In the Special Revenue – TCT STEM Fund, a decrease in local grant revenue of \$135,700 with a corresponding decrease in fund expenditures (\$23,360 salaries, \$1,787 payroll taxes, \$549 workers compensation, \$66,124 other contractual services, \$1,800 travel, \$21,735 other current charges, \$20,345 operating supplies) due to the cancellation of the summer camp program as a result of the COVID-19 pandemic.
11. In the Capital Projects (Parks) Fund, a \$250,000 decrease in transfers in, offset by a corresponding decrease in fund expenditures (\$300,000 decrease related to the Franjo Park project, offset by an increase of \$50,000 related to the Canoe/Kayak launch project).
12. In the Stormwater Fund, increased State grant revenues (\$200,000) and transfers in (\$441,600) with a corresponding increase (\$641,600) in contractual services.

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the FRS net pension liability	0.0089%	0.0095%	0.0099%	0.0093%	0.0086%	0.0090%	0.0079%
Town's proportionate share of the FRS net pension liability	\$ 3,858,186	\$ 3,275,922	\$ 2,988,680	\$ 2,756,704	\$ 2,173,623	\$ 1,161,135	\$ 479,192
Town's covered payroll	2,660,786	2,627,355	2,619,488	2,522,996	2,346,800	2,267,234	2,170,781
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	145.00%	124.69%	114.09%	109.26%	92.62%	51.21%	22.07%
FRS Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.69%	84.88%	92.00%	96.09%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 434,654	\$ 401,481	\$ 322,591	\$ 291,685	\$ 263,864	\$ 257,764	\$ 221,937
FRS contribution in relation to the contractually required contribution	<u>(434,654)</u>	<u>(401,481)</u>	<u>(322,591)</u>	<u>(291,685)</u>	<u>(263,864)</u>	<u>(257,764)</u>	<u>(221,937)</u>
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	2,739,748	2,613,721	2,618,896	2,563,058	2,452,272	2,292,976	2,191,509
FRS contribution as a percentage of covered payroll	15.86%	15.36%	12.32%	11.38%	10.76%	11.24%	10.13%

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

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the HIS net pension liability	0.0077%	0.0079%	0.0080%	0.0079%	0.0076%	0.0075%	0.0073%
Town's proportionate share of the HIS net pension liability	\$ 936,057	\$ 878,997	\$ 848,850	\$ 846,350	\$ 885,811	\$ 762,143	\$ 683,152
Town's covered payroll	2,660,786	2,627,355	2,619,488	2,522,996	2,346,800	2,267,234	2,170,781
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.18%	33.46%	32.41%	33.55%	37.75%	33.62%	31.47%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 45,480	\$ 43,388	\$ 43,474	\$ 42,547	\$ 40,708	\$ 31,082	\$ 26,611
HIS contribution in relation to the contractually required contribution	<u>(45,480)</u>	<u>(43,388)</u>	<u>(43,474)</u>	<u>(42,547)</u>	<u>(40,708)</u>	<u>(31,082)</u>	<u>(26,611)</u>
HIS contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's covered payroll	2,739,748	2,613,721	2,618,896	2,563,058	2,452,272	2,292,976	2,191,509
HIS contribution as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

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

COMBINING FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue Funds						Capital Projects	Total Nonmajor Governmental Funds
	Special Revenue Fund	Transportation Fund	Safe Routes To School	Bike and Pedestrian Fund	The Children's Trust Fund	Lighting Fund	DJJ Fund	
<u>ASSETS</u>								
Restricted cash	\$ 1,550,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550,196
Accounts receivables, net	14,803	-	-	330,344	14,244	-	3,653	563,044
Prepays	-	-	-	-	1,012	-	-	1,012
Total assets	<u>1,564,999</u>	<u>-</u>	<u>-</u>	<u>330,344</u>	<u>15,256</u>	<u>-</u>	<u>3,653</u>	<u>2,114,252</u>
<u>LIABILITIES</u>								
Accounts payable	-	-	-	30,023	6,583	-	1,968	43,209
Due to other funds	278,348	-	-	300,321	8,673	-	1,685	784,392
Total liabilities	<u>278,348</u>	<u>-</u>	<u>-</u>	<u>330,344</u>	<u>15,256</u>	<u>-</u>	<u>3,653</u>	<u>827,601</u>
<u>FUND BALANCES</u>								
Nonspendable	-	-	-	-	1,012	-	-	1,012
Restricted	1,286,651	-	-	-	-	-	-	1,286,651
Unassigned	-	-	-	-	(1,012)	-	-	(1,012)
Total fund balances	<u>1,286,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,286,651</u>
Total liabilities and fund balances	<u>\$ 1,564,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,344</u>	<u>\$ 15,256</u>	<u>\$ -</u>	<u>\$ 3,653</u>	<u>\$ 2,114,252</u>

TOWN OF CUTLER BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds						Capital Projects	Total Nonmajor Governmental Funds	
	Special Revenue Fund	Transportation Fund	Safe Routes To School	Bike and Pedestrian Fund	The Children's Trust Fund	Lighting Fund	DJJ Fund		Capital Projects (Parks) Fund
Revenues:									
Intergovernmental	\$ 190,194	\$ 3,886	\$ -	\$ 330,344	\$ 157,013	\$ -	\$ 51,684	\$ 200,000	\$ 933,121
Impact fees	13,509	-	-	-	-	-	-	-	13,509
Interest	9,111	-	-	-	-	-	-	-	9,111
Total revenues	<u>212,814</u>	<u>3,886</u>	<u>-</u>	<u>330,344</u>	<u>157,013</u>	<u>-</u>	<u>51,684</u>	<u>200,000</u>	<u>955,741</u>
Expenditures:									
Current:									
General government	-	5,440	33,546	-	-	-	-	-	38,986
Parks and recreation	-	-	-	-	157,013	-	51,684	-	208,697
Capital outlay:									
General government	-	-	-	384,194	-	-	-	-	384,194
Parks and recreation	-	-	-	-	-	3,197	-	1,211,943	1,215,140
Total expenditures	<u>-</u>	<u>5,440</u>	<u>33,546</u>	<u>384,194</u>	<u>157,013</u>	<u>3,197</u>	<u>51,684</u>	<u>1,211,943</u>	<u>1,847,017</u>
Excess (deficiency) of revenues over expenditures	<u>212,814</u>	<u>(1,554)</u>	<u>(33,546)</u>	<u>(53,850)</u>	<u>-</u>	<u>(3,197)</u>	<u>-</u>	<u>(1,011,943)</u>	<u>(891,276)</u>
Other financing sources:									
Transfers in	-	1,554	33,546	53,850	-	3,197	-	1,011,943	1,104,090
Transfers out	(501,690)	-	-	-	-	-	-	-	(501,690)
Total other financing sources (uses)	<u>(501,690)</u>	<u>1,554</u>	<u>33,546</u>	<u>53,850</u>	<u>-</u>	<u>3,197</u>	<u>-</u>	<u>1,011,943</u>	<u>602,400</u>
Net change in fund balance	<u>(288,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(288,876)</u>
Fund balances, beginning	<u>1,575,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575,527</u>
Fund balances, ending	<u>\$ 1,286,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,286,651</u>

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 212,766	\$ 212,766	\$ 190,194	\$ (22,572)
Impact fees	114,000	114,000	13,509	(100,491)
Interest	<u>3,000</u>	<u>3,000</u>	<u>9,111</u>	<u>6,111</u>
Total revenues	<u>329,766</u>	<u>329,766</u>	<u>212,814</u>	<u>(116,952)</u>
Other financing uses:				
Transfers out	<u>(622,000)</u>	<u>(672,000)</u>	<u>(501,690)</u>	<u>170,310</u>
Total other financing use	<u>(622,000)</u>	<u>(672,000)</u>	<u>(501,690)</u>	<u>170,310</u>
Revenues over (under) other financing sources (uses)	(292,234)	(342,234)	(288,876)	53,358
Fund balance appropriated	<u>292,234</u>	<u>342,234</u>	<u>-</u>	<u>(342,234)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(288,876)</u>	<u>\$ (288,876)</u>
Fund balance, beginning			<u>1,575,527</u>	
Fund balance, ending			<u>\$ 1,286,651</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 200,000	\$ 3,886	\$ 3,886	\$ -
Total revenues	<u>200,000</u>	<u>3,886</u>	<u>3,886</u>	<u>-</u>
Expenditures:				
Current				
General government	-	5,500	5,440	60
Capital outlay				
General government	641,600	-	-	-
Total expenditures	<u>641,600</u>	<u>5,500</u>	<u>5,440</u>	<u>60</u>
Deficiency of revenues under expenditures before other financing sources	<u>(441,600)</u>	<u>(1,614)</u>	<u>(1,554)</u>	<u>60</u>
Other financing sources:				
Transfers in	441,600	1,614	1,554	(60)
Total other financing sources	<u>441,600</u>	<u>1,614</u>	<u>1,554</u>	<u>(60)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u><u>\$ -</u></u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SAFE ROUTES TO SCHOOL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,000	\$ -	\$ -	\$ -
Total revenues	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	<u>48,500</u>	<u>35,000</u>	<u>33,546</u>	<u>1,454</u>
Total expenditures	<u>48,500</u>	<u>35,000</u>	<u>33,546</u>	<u>1,454</u>
Deficiency of revenues under expenditures before other financing sources	<u>(23,500)</u>	<u>(35,000)</u>	<u>(33,546)</u>	<u>1,454</u>
Other financing sources:				
Transfers in	<u>23,500</u>	<u>35,000</u>	<u>33,546</u>	<u>(1,454)</u>
Total other financing sources	<u>23,500</u>	<u>35,000</u>	<u>33,546</u>	<u>(1,454)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - BIKE AND PEDESTRIAN FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 317,657	\$ 317,657	\$ 330,344	\$ 12,687
Total revenues	<u>317,657</u>	<u>317,657</u>	<u>330,344</u>	<u>12,687</u>
Expenditures:				
Capital outlay:				
General government	<u>389,157</u>	<u>444,500</u>	<u>384,194</u>	<u>60,306</u>
Total expenditures	<u>389,157</u>	<u>444,500</u>	<u>384,194</u>	<u>60,306</u>
Deficiency of revenues under expenditures before other financing sources	<u>(71,500)</u>	<u>(126,843)</u>	<u>(53,850)</u>	<u>72,993</u>
Other financing sources:				
Transfers in	<u>71,500</u>	<u>126,843</u>	<u>53,850</u>	<u>(72,993)</u>
Total other financing sources	<u>71,500</u>	<u>126,843</u>	<u>53,850</u>	<u>(72,993)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - THE CHILDREN'S TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 321,336	\$ 185,636	\$ 157,013	\$ (28,623)
Total revenues	<u>321,336</u>	<u>185,636</u>	<u>157,013</u>	<u>(28,623)</u>
Expenditures:				
Current:				
Parks and recreation	<u>321,336</u>	<u>185,636</u>	<u>157,013</u>	<u>28,623</u>
Total expenditures	<u>321,336</u>	<u>185,636</u>	<u>157,013</u>	<u>28,623</u>
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - LIGHTING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Parks and recreation	<u>-</u>	<u>3,200</u>	<u>3,197</u>	<u>3</u>
Total expenditures	<u>-</u>	<u>3,200</u>	<u>3,197</u>	<u>3</u>
Deficiency of revenues under expenditures before other financing sources	<u>-</u>	<u>(3,200)</u>	<u>(3,197)</u>	<u>3</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>3,200</u>	<u>3,197</u>	<u>(3)</u>
Total other financing sources	<u>-</u>	<u>3,200</u>	<u>3,197</u>	<u>(3)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - DJJ FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 61,500	\$ 61,500	\$ 51,684	\$ (9,816)
Total revenues	<u>61,500</u>	<u>61,500</u>	<u>51,684</u>	<u>(9,816)</u>
Expenditures:				
Current:				
Parks and recreation	<u>61,500</u>	<u>61,500</u>	<u>51,684</u>	<u>9,816</u>
Total expenditures	<u>61,500</u>	<u>61,500</u>	<u>51,684</u>	<u>9,816</u>
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS (PARKS) FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Parks and recreation	1,797,000	1,547,000	1,211,943	335,057
Total expenditures	<u>1,797,000</u>	<u>1,547,000</u>	<u>1,211,943</u>	<u>335,057</u>
Deficiency of revenues under expenditures before other financing sources	<u>(1,597,000)</u>	<u>(1,347,000)</u>	<u>(1,011,943)</u>	<u>335,057</u>
Other financing sources:				
Transfers in	1,597,000	1,347,000	1,011,943	(335,057)
Total other financing sources	<u>1,597,000</u>	<u>1,347,000</u>	<u>1,011,943</u>	<u>(335,057)</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET VS ACTUAL - STORMWATER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,025,000	\$ 1,025,000	\$ 1,011,443	\$ (13,557)
Total operating revenues	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,011,443</u>	<u>(13,557)</u>
Operating expenses:				
Operations and maintenance	1,212,945	1,854,545	1,009,168	845,377
Depreciation	<u>200,000</u>	<u>200,000</u>	<u>212,733</u>	<u>(12,733)</u>
Total operating expenses	<u>1,412,945</u>	<u>2,054,545</u>	<u>1,221,901</u>	<u>832,644</u>
Operating income (loss)	<u>(387,945)</u>	<u>(1,029,545)</u>	<u>(210,458)</u>	<u>819,087</u>
Non-operating revenues (expenses):				
Capital grants and contributions	-	200,000	17,141	(182,859)
Interest income	-	-	326	326
Interest expense	<u>(58,000)</u>	<u>(58,000)</u>	<u>(57,197)</u>	<u>803</u>
Total non-operating revenues (expenses)	<u>(58,000)</u>	<u>142,000</u>	<u>(39,730)</u>	<u>(181,730)</u>
Other financing sources:				
Transfers in	<u>180,000</u>	<u>621,600</u>	<u>86,287</u>	<u>(535,313)</u>
Total other financing sources	<u>180,000</u>	<u>621,600</u>	<u>86,287</u>	<u>(535,313)</u>
Net position appropriated	<u>265,945</u>	<u>265,945</u>	-	<u>(265,945)</u>
Changes in net position	<u>\$ -</u>	<u>\$ -</u>	<u>(163,901)</u>	<u>\$ (163,901)</u>
Net position, beginning			<u>5,523,816</u>	
Net position, ending			<u>\$ 5,359,915</u>	

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida, (the 'Town') as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2021



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

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

Report on Compliance for Its Major Federal Program

We have audited the Town of Cutler Bay, Florida's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the fiscal year ended September 30, 2020. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Town's Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2020.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2021

TOWN OF CUTLER BAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant/Contract Number	Federal Expenditures
Cluster			
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Highway Planning and Construction Cluster</i>			
Passed through Florida Department of Transportation			
Highway Planning and Construction	20.205	FPN 438669-1	\$ 330,344
<i>Total Highway Planning and Construction Cluster</i>			<u>330,344</u>
Other Programs			
U.S. DEPARTMENT OF THE TREASURY			
Passed through Miami-Dade County			
COVID-19 - Coronavirus Relief Fund	21.019		523,237
<i>Total Coronavirus Relief Fund</i>			<u>523,237</u>
<i>Total COVID-19 - Coronavirus Relief Fund</i>			<u>523,237</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through Florida Department of Law Enforcement			
COVID - 19 -Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0174	111,803
<i>Total COVID -19 - Coronavirus Emergency Supplemental Funding Program</i>			<u>111,803</u>
U.S. Department of Homeland Security			
Passed through Florida Division of Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		54,624
<i>Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)</i>			<u>54,624</u>
Total U.S. Department of Homeland Security			<u>54,624</u>
U.S. Department of Juvenile Justice			
Passed through Florida Department of Juvenile Justice			
Juvenile Justice and Delinquency Prevention	16.540	10543	51,684
<i>Total Juvenile Justice and Delinquency Prevention</i>			<u>51,684</u>
Total U.S. Department of the Interior			<u>51,684</u>
U.S. Department of the Interior			
Passed through Florida Department of Environmental Protection			
Outdoor Recreation Acquisition, Development and Planning	15.916	LW657	200,000
<i>Total Outdoor Recreation Acquisition, Development and Planning</i>			<u>200,000</u>
Total U.S. Department of the Interior			<u>200,000</u>
U.S. Department of Agriculture			
Passed through Florida Department of Agriculture and Consumer Services			
Cooperative Forestry Assistance	10.664	025959	10,000
<i>Total Cooperative Forestry Assistance</i>			<u>10,000</u>
Total Other Programs			<u>951,348</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,281,692</u></u>

The accompanying notes are an integral part of this schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Cutler Bay, Florida (the "Town") under programs of the federal government for the fiscal year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - CONTINGENCY

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

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified?

___ Yes X None reported

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

Unmodified

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

___ Yes X No

Identification of major federal program:

<u>CFDA No.</u>	<u>Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund

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

\$750,000

Auditee qualified as low risk auditee?

X Yes ___ No

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.



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

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

Report on the Financial Statements

We have audited the basic financial statements of Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 2021.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General..

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for It's Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2021



CABALLERO FIERMAN
LLERENA + GARCIA LLP

accountants | advisors

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

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

We have examined the Town of Cutler Bay, Florida's, (the "Town") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2019 to September 30, 2020. Management is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements. In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2019 to September 30, 2020.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2021



BEFORE ME, the undersigned authority, personally appeared Robert Daddario, who being duly sworn, deposes and says on oath that:

1. I am the Finance Director of the Town of Cutler Bay which is a local governmental entity of the State of Florida;
2. The governing body of the Town of Cutler Bay adopted Ordinance No. 09-15 implementing an impact fee; and
3. In accordance with Section 163.31801, Florida Statutes, to the best of my knowledge and belief, all impact fees were collected and expended by the Town of Cutler Bay, in full compliance with the spending period provision of Ordinance No. 09-15, and that funds expended from each impact fee account were used only to acquire, construct, or improve specific infrastructure needs.

FURTHER AFFIANT SAYETH NAUGHT.


 Robert Daddario, Finance Director

STATE OF FLORIDA
COUNTY OF Miami-Dade

SWORN TO AND SUBSCRIBED before me this 22 day of September, 2021.



MARIA ALEJANDRA VENNING
Commission # HH 052075
Expires October 8, 2024
Bonded Thru Budget Notary Services


 NOTARY PUBLIC

Print Name Maria Venning

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: 10/8/24

