

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**OF THE**  
**TOWN OF CUTLER BAY, FLORIDA**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2022**

**Prepared By**  
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**Finance Director**

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## INTRODUCTORY SECTION

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## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM  
*Town Manager*

June 29, 2023

Dear Residents:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Cutler Bay, Florida, (the “Town”) for the fiscal year ended September 30, 2022, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the Town Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. Town Management believes it has established a strong internal control environment which enables it to produce financial statements free of material misstatement. While no system of internal control can provide absolute assurance that errors or irregularities do not occur, we believe the control environment established by the Town provides reasonable assurance that it can produce financial statements that are free of material misstatement.

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Caballero Fierman Llerena & Garcia, LLP, to perform the independent audit of the Town’s financial statements. The Independent Auditors’ Report is included in the financial section of this Comprehensive Annual Financial Report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion on the Town’s financial statements for the fiscal year ended September 30, 2022 and that the financial statements are fairly presented in accordance with GAAP. The independent auditors found no deficiencies in internal control over financial reporting that would be considered material weaknesses, nor did they detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

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





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

## PROFILE OF THE GOVERNMENT

The Town is a political subdivision of the State of Florida located in Miami-Dade County (the “County”) and was incorporated in November 2005. The Town operates under a Council-Manager form of government in which the Town elects five (5) council members, one of whom is elected as the Mayor and another of whom is elected as the Vice Mayor. Except for the initial election and terms of office as specified in the Town Charter, council members are elected for four-year terms. The Town Council determines the policies that guide the Town’s operations and hires a Professional Town Manager to implement and administer these policies on a full-time basis. The Town provides a full range of municipal services including police protection, parks and recreation facilities, building and zoning services, community development and planning, code enforcement, and public works.

The annual budget serves as the foundation for the Town’s financial planning and control. All departments of the Town are required to submit proposed budgets to the Town Manager, who then makes any necessary revisions. The Town Manager then presents to the Town Council for their review a budget estimate of the expenditures and revenues of all the Town’s departments and divisions. Two (2) public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions on the proposed budget. The budget is legally enacted prior to October 1<sup>st</sup> by adoption of a Resolution with a vote that conforms to State guidelines. The Town’s budget is approved by the Council at the departmental level; therefore, the Town Manager may amend the adopted budget for adjustments during the year within a department. The Town Council must approve all other budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations.

Budgets are monitored at varying levels of classification detail; however, budgetary control is legally maintained at the fund level except for the General Fund, which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for the General Fund and each major special revenue fund for which an appropriated annual budget has been adopted. For all other major and non-major governmental funds and for the Stormwater Utility Fund (a proprietary fund) for which an appropriated annual budget has been adopted, this comparison is presented in the combining and individual fund section of this report.

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*Town Manager*

### INFORMATION USEFUL IN ASSESSING THE TOWN'S ECONOMIC CONDITION

#### Local Economy

The Town is located in southeast Florida, Miami-Dade County, and is primarily residential in nature. It comprises approximately 10 square miles with approximately 45,425 residents. The western-most area of the Town, located along the South Dixie Highway (U.S.1) corridor, is commercial in nature with retail, hotels, restaurants and office complexes.

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

Shortly after the Town's incorporation, changes to property taxation laws were enacted that had a negative impact on the taxable base upon which property tax revenue of the Town is calculated. Property values within the Town saw significant declines from 2008 through 2012, however, since 2012 property values within the Town have increased each year reflecting a gain of approximately 91% from the 2012 bottom. The Town's property values now exceed the previous property value peak in 2008. The Town has seen encouraging signs in building activity and new development within the Town in recent years which have extended into fiscal year 2023 with significant new planned projects in the planning/design phase..

The Town's economic development mission has two (2) major components: (1) direct communication and marketing; and (2) availability of non-financial incentives. Direct communication and marketing are a joint outreach effort that includes the elected body, the Town Manager and senior staff. The main objective of this effort is to identify and attract businesses to the Town that will provide added value to our economic base through the creation of new jobs, increase in the tax base, and services desired by Town residents and our existing business community. One of the ways of achieving this objective is through the Town's active participation in local and regional economic development organizations, forums and professional organizations whose mission is to promote the area's local economies. The non-financial incentives are divided into two (2) distinct programs:

- Expedited building permits, courtesy inspections, and accessibility to the Building Official and Senior Inspectors.
- In-house technical expertise and resources are made available to all development applicants during the planning and permitting process to ensure that approvals are completed within a reasonable timeframe and in a cost-effective manner.





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*Town Manager*

This incentive starts with the project's pre-application conference, and it ends with a project completion debriefing meeting. The intent of the project debriefing is to have a personal and candid dialogue with the applicants to assess the effectiveness of the Town development approval and permitting process. This dialogue allows the Town Manager and senior staff an opportunity to identify and prioritize those areas in the development approval process that needs improvement and/or immediate attention. The goal is to ensure that all projects in the Town are completed consistent with the Town Code, building permit requirements, industry standards, and within schedule and budget.

The Town's economic development also include a "green initiative" that continues to have much success. The green initiative success in past years include the LEED (Leadership in Energy, and Environmental Design) certification of several commercial buildings, close-out of an energy grant, and continued implementation of the PACE (Property Assessed Clean Energy) Program. In addition, the Town continues to be Certified "Silver" by the Florida Green Building Coalition and has been awarded the Sustainability Award for the Town's Green Master Plan by the Florida Planning and Zoning Association. During the summer of 2021, the Town Council expanded green bonus provisions for development within the Town Center, to encourage redevelopment in that area to support energy efficiency in multi-modal transportation. These bonuses include added height and density as well as reduced parking requirements.

The Town is still the lead municipality in the implementation of the "Green" Corridor and PACE Program. The intent of the PACE Program is to enable property owners to borrow money to finance energy efficient improvements, such as solar panels, wind generators, insulation, roofing, impact windows or shutters for their property. This initiative will provide market opportunities for local vendors, specializing in the development, distribution and installation of energy efficient technology that meets the requirement of the PACE Program. Additional information regarding the PACE program can be found at <https://www.cutlerbay-fl.gov/community/page/property-assessed-clean-energy-pace-program>

The Town continues to work with developers to redevelop the Town's Brownfield areas. A "Brownfield" area site is defined by the U.S. Environmental Protection Agency (EPA) as a contiguous area of one or more Brownfield sites, some of which may not be contaminated, and which has been designated by a local government by resolution. A "Brownfield" site is defined as real property for which its expansion, redevelopment, or reuse may be complicated by actual or perceived environmental contamination. The new Publix Shopping Center on Old Cutler Road is a brownfield redevelopment project, which led to the environmental remediation of 13 acres of commercial land. The Town's future municipal complex will be constructed on land designated as a brownfield, which will allow remediation of an additional 16 acres with eligibility to obtain tax credits to offset the cost of cleanup.

In fiscal year 2022, there were no major changes to the Town's land use distribution, in comparison to prior years. A significant percentage of the Town's land (54%) is classified in the broad categories of residential and mixed land use. Currently, there is no acreage in the Town that are classified as "Industrial." This land use profile is similar to that of nearby municipalities in that the land uses are mostly comprised of residential properties relative to commercial, office and institutional uses.





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*Town Manager*

The South Miami-Dade Performing Arts Center continued to be a major attraction for residents and visitors to the south Dade region, and a corner stone of the Town's cultural venue. This state-of-the-art building, designed to seat nearly 1,000 people, has hosted cultural events and musical performances that have attracted local, national and international talent to Cutler Bay and the South Dade community. This facility is located on six acres next to the South Miami-Dade Government Center. Both Town and County planners feel that the Arts Center will work as a catalyst for the continuing redevelopment of this important area.

The recently adopted Town Land Development Regulations provide a proactive approach to review and approval of development projects, and cooperation with local and regional partners on economic development projects have made the Town one of the desirable communities in Miami-Dade County for both residential and commercial development. The Town's progressive planning process is slowly transforming the Town's development vision from a conceptual plan into actual sustainable development projects capable of accommodating the Town growing population and economic base.

The Town is experiencing high demand for growth in the single-family residential market as well as commercial and multi-family residential markets. Undeveloped residential lots in the community are seeing new development and the Town is processing numerous platting applications to create new residential properties.

To meet this growing demand, over the last eighteen months, the Town has reviewed and approved numerous projects which will bring thousands of new residential units to market. Individual projects have been approved to increase senior, affordable, and market rate housing opportunities. Among these are The Contemporary + MedSquare, which will provide 196 senior housing units on an eighteen acre site with a publicly-accessible lakefront linear park. The Cutler Bay Transit Village will provide 770 units of housing on a site currently occupied by a call center adjacent to the South Dade Transitway. The ARQ 211 project is an eight-story mixed-use development adjacent to the Southland Mall and will contribute to the overall redevelopment in Cutler Bay's town center.

Cutler Bay is also home to the largest single redevelopment project in the southeastern United States - SouthPlace City Center. This project is a 7-year, \$1.5 billion project to replace an outdated suburban shopping mall with a walkable, mixed-use community, with 500,000 square feet of commercial space and 5,000 new dwelling units.

### **COVID-19 Impacts and Response**

In late 2019, a new significant outbreak of Coronavirus Disease 2019 (COVID-19) emerged throughout the World and was declared a Public Health Emergency of International Concern by the World Health Organization. On March 1, 2020, the State Surgeon General and State Health Officer declared a Public Health Emergency exists in the State of Florida as a result of COVID-19 and confirmed eight (8) counties in Florida (including Miami-Dade County) to have tested positive for the disease. COVID-19 poses a health risk to Town residents (particularly elderly residents) and





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*Town Manager*

responding to the threat may require extraordinary and immediate actions by the Town in order to protect the public health, safety, and welfare.

In response to the COVID-19 pandemic, a National Emergency was declared by President Donald J. Trump of the United States via Proclamation effective on March 13, 2020, Governor Ron DeSantis of the State of Florida Executive Order No. 20-52 on March 9, 2020, and Mayor Carlos A. Gimenez of Miami-Dade County effective on March 12, 2020.

Section 12-23 of the Town Code states, *"The Town Manager shall have the sole authority to declare a state of emergency hereunder [...] Any declaration of a state of emergency and all emergency regulations activated under the provisions of this article and any emergency expenditures made hereunder pursuant to section 12-22(9) shall be confirmed by the Town Council by Resolution no later than the next regular meeting, or as reasonably as possible, unless the nature of the emergency renders a meeting of the Town Council impossible"*.

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Town Manager

| DATE OF RATIFIED RESOLUTION                         | EMERGENCY ORDER (E.O.) NO.                                         | DESCRIPTION                                                                                                                                                                                        |
|-----------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 22, 2020<br><i>Via Resolution No. 20-15</i>   | E.O. 20-01, 20-02, and 20-03                                       | 01: Facial Coverings<br>02: Zoning in Progress<br>03: Rules of Procedure for Public Meetings                                                                                                       |
| May 20, 2020<br><i>Via Resolution No. 20-25</i>     | E.O. 20-04                                                         | 04: Park Closures                                                                                                                                                                                  |
| June 17, 2020<br><i>Via Resolution No. 20-29</i>    | E.O. 20-05; 20-04 Amendment No. 1 and Amendment No. 2              | 05: Outdoor Dining Expansion<br>04-01: Park Reopening<br>04-02: Park Reopening                                                                                                                     |
| July 15, 2020<br><i>Via Resolution No. 20-39</i>    | E.O. 20-06, 20-07, 20-06 Amendment No. 1 and 20-07 Amendment No. 1 | 06: Virtual; Quasi-Judicial Hearings<br>07: Facial Coverings<br>06-01: Quasi-Judicial Hearing Conduct Revision<br>07-01: Adopting Miami-Dade County Emergency Order No. 20-20 for Facial Coverings |
| October 28, 2020<br><i>Via Resolution No. 21-11</i> | E.O. 20-04 Amendment No. 3 and Amendment No. 4                     | 04-03: Park Closures Revision<br>04-04: Park Closures Revision                                                                                                                                     |

In March 2020, the United States Congress passed, and President Donald Trump signed into law, H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The CARES Act is a \$2 trillion Federal stimulus package which provided, among other things a \$150 billion Coronavirus Relief Fund (“CRF”) for local governments.

At the August 4, 2020 Special Meeting of the Miami-Dade Board of County Commissioners (the “Board”), the Board allocated a total of not-to-exceed \$100 million in CARES Act funds to the municipalities in the County as follows: \$75 million for reimbursement of FEMA local match eligible expenditures as well as CARES Act eligible governmental operations expenditures that are not FEMA reimbursable, and \$25 million for municipal programmatic proposals subject to approval in advance by the Board. Through the efforts of the Town Council and staff, Miami-Dade County approved to disburse \$500,000 in Federal CARES Act funding for two COVID-19 relief programs for Cutler Bay—one was \$300,000 in funding for a Housing Assistance Program; and the other was \$200,000 for a Childcare Assistance Program. CARES Act funding was spent by Dec. 30, 2020, and the deadline to apply for these programs was mid-December.

In order to facilitate the ongoing recovery from the COVID-19 pandemic, Congress adopted the American Rescue Plan Act (the “ARPA”) that was signed into law on March 11, 2021. Section 9901 of the ARPA amended Title VI of the Social Security Act to add Section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and Section 603, which establishes the Coronavirus Local Fiscal Recovery Fund (together, the “Fiscal Recovery Funds”). The Fiscal Recovery Funds are intended to provide support to State, Local, and Tribal governments (together, the “Recipients”) in responding to the impact of COVID-19 and in their efforts to contain COVID-19 in their communities, residents, and businesses.





## OFFICE OF THE TOWN MANAGER

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*Town Manager*

The State of Florida, through the Florida Division of Emergency Management, will disburse up to \$1,416,425,123.00 of Fiscal Recovery Funds to non-entitlement units of local government (NEUs), which are local governments typically serving a population under 50,000, such as the Town. The ARPA requires distributions to NEUs to be capped at 75% of their annual operating budget as of January 27, 2020. NEUs are required to enter into a Funding Agreement with the Division to receive funds. Once a NEU authorized representative signs the Agreement, the Division will then execute the Agreement and initiate payment. The State of Florida, Division of Emergency Management received a portion of the Fiscal Recovery Funds from the U.S. Department of Treasury and is responsible for disbursing to the Town its allocation of **\$21,896,320**. The following multi-year programs/projects, some of which commenced in FY 2021-22 as discussed previously, are earmarked to be funded through the Fiscal Recovery Funds:

- Water Quality Improvements – Design Phase
  - Saga Bay Drainage Sub-basin areas (\$423,680)
  - Bel Aire Drainage Sub-basin areas (\$558,333)
  - Lakes by the Bay Drainage Sub-basin areas (\$363,244)
  - Cutler Ridge Pines Drainage Sub-basin areas (\$144,495)
  - S.W. 207 Street and S.W. 85 Avenue Sub-basin areas (\$148,310)
  - Cutler Ridge Pines Sub-basin areas (\$144,495)
  - Town’s Stormwater Master Plan Update (\$120,860)
- Loss revenues due to Covid-19 pandemic
  - Townwide Sidewalk Improvements (\$800,000) – Construction Phase
  - Cutler Ridge Pool Assessment (\$18,854) – Design Phase
  - Bel-Aire Park and Lakes by the Bay Park LED Lighting Upgrades (\$27,487) – Design Phase (\$27,487), Construction Phase (\$1.4 million)
  - Cutler Ridge Park Pool Heater/Cooler - Completed (\$64,107)
- Other expenditures related to Town’s Covid-19 response
  - Legal Fees

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Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

### **Fund Balance Stabilization**

During Fiscal Year 2020, fund balance declined approximately \$4.4 million. Other than additional expenditures related to COVID-19, a substantial portion of which will be recovered through various grant assistance, other key drivers of the decline in fund balance relates to the “land swap” deal and continued restoration of Franjo Park.

The transaction in which the Town Hall properties were exchanged for a 16-acre undeveloped parcel along Old Cutler Road (i.e., the “land swap” deal) closed in January 2020 and had an approximate \$3.6 million impact on fund balance (approximately \$3.2 million to close the transaction and another approximate \$420,000 in rent expense for the leaseback of the former Town Hall property). The construction portion of the Franjo Park restoration utilized approximately \$735,000 of fund balance in Fiscal Year 2020. While not impacting fund balance in Fiscal Year 2020, in Fiscal Year 2021, the Town closed on another land parcel, approximately 8.45 acres, along Old Cutler Road and S.W. 184 Street at a purchase price of \$8.45 million.

As a result of the major impacts to fund balance due to the foregoing matters, as well as to experiencing General Fund deficits in four of the past five years, Town staff worked with its Financial Advisor, Estrada Hinojosa & Co., to develop a plan (the “Fund Balance Replenishment Plan”) to ensure that budgets going forward established millage rates sufficient to balance the budget, as well as to maintain fund balance at healthy levels.

The initial presentation to the Town Council was made in February 2020 with a follow up presentation in July 2020. This multifaceted plan included increasing the millage rate over a two-year period, restructuring existing debt, and issuing open-market debt securities to take advantage of relatively low historical interest rates.

In October 2020, the Town issued approximately \$12.9 million of open-market premium bonds which were intended to finance the aforementioned capital projects (i.e., the net cost of the land swap transaction, the Franjo Park restoration, and the anticipated 8.45-acre land parcel acquisition) which are capital in nature. These projects are long lived projects whose benefits will extend over decades. The intention of the issuance of these debt securities to fund these projects is that the cost should be spread over the decades in which current **and future** residents will enjoy the benefits. Funding them out of current resources penalizes current residents in that they would bear the full cost of the projects up front even though the projects are expected to benefit the community for decades.

As a result of enacting the Fund Balance Replenishment Plan, as well as through prudent management of expenditures, fund balance of the General Fund increased from \$13.7 million at September 30, 2020 to \$22.8 million at September 30, 2022.





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*Town Manager*

### LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

#### Opportunity Zones

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

To encourage development within the Opportunity Zones, the Town commissioned an economic prospectus that could be shared with the development community to attract development in line with the Town’s comprehensive plan. This prospectus, published in summer 2021, provides market characteristics development professionals evaluate in site selection, including Town average disposable income (\$76,069), median household income (\$76,702) and average household income (\$93,368); beyond this financial data, the report provided an in-depth analysis of redevelopment potential of the Southland Mall site.

The Southland Mall site, comprising approximately 80 acres, was sold to a joint venture of Electra America and BH Group for just over \$100 million in May, 2022. Future plans for the mall site, which occupies the majority of the Town’s “Town Center” district include large-scale renovations and upgrades to the existing mall as well as redevelopment of the malls parking fields into a mixed-use residential neighborhood.

#### Transportation Initiatives

The Town continues to pursue grant and other funding opportunities to provide needed improvements to the Town, including funding for park land acquisition and improvements, road improvements and other public works projects. Over the past several years, the Town, pursuant to a “Joint Project Agreement” (i.e., the “JPA”) with the County, in which the County provided funding of approximately \$18 million, successfully completed two specified road improvement projects within the Town’s boundaries, Old Cutler Road (a State designated historic road) and Caribbean Boulevard, which is a main roadway that runs through the heart of town. The Town and the County recently agreed on a new approximate \$9 million JPA project for Franjo Road for which the Design Phase is expected to be completed in fiscal year 2023.

These roadway projects are a continuing example of a Complete Streets Model. This Complete Streets Model strives to improve public safety, ease traffic congestion, calm traffic, enhance pedestrian mobility, improve function and flow of mass transit and beautify the neighborhood with streetscape improvements. It will do so by reconstructing the two (2) lane road, and adding continuous storm





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*Town Manager*

drainage, curb and gutter, enhanced lighting, traffic signalization and native landscaping. Pedestrian mobility and safety will be enhanced by adding sidewalks, tightening the corner radii, and shortening the pedestrians crossing route. Bicycle mobility will be enhanced by the provision of bike lanes adjacent to the travel lanes. Transit will be enhanced through the implementation of bus pullout bays. Traffic flow will be aided by the installation, where appropriate, of left turn lanes at specific intersections. This project is also consistent with the results of the Cutler Ridge Charrette, adopted by Miami Dade County prior to incorporation of Cutler Bay.

The Town has entered into a Joint Participation Agreement (“JPA”) with Miami-Dade County (the “County”) for the redevelopment of Franjo Road, a County owned road that runs through the center of the Town. Much like similar JPA projects for Old Cutler Road and Caribbean Blvd, the County is providing the majority of the funding for the project and the Town’s contribution will come from its share of People’s Transportation Plan surtax revenues. It is anticipated that construction will commence in fiscal year 2023.

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

The aforementioned PTP surtax funds are being received pursuant to an Interlocal agreement with the County (in February 2012) to allow the Town to receive funds from the PTP surtax. This PTP surtax was authorized in 2002 and is shared by the County (80%) and the incorporated municipalities (20%). Since the Town was incorporated after enactment of the PTP surtax, the County had not previously included the Town in the distribution of the funds raised by the PTP surtax. On an annual basis, at least 20% of the PTP surtax proceeds must be spent on transit related items. The remaining portion may be spent on transportation related items. Based on recent PTP surtax history, the Town anticipates receiving approximately \$2 million to \$2.5 million in PTP surtax funds annually.

Upon award of these funds, the Town immediately began using these PTP surtax funds to provide enhancements in the Town. Since being awarded these funds, the transportation portion of the PTP surtax funds have been used for Town-wide road resurfacing projects, traffic calming projects, and to provide for the Town’s share of costs on the previously noted JPA roadway projects, as well as on other transportation eligible projects.





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

In September 2012, the Town commenced operation of a municipal circulator bus service within the Town's boundaries using the transit portion of the PTP surtax. Pursuant to an Interlocal agreement with

the County, the County acquired a dedicated circulator bus on the Town's behalf using Federal stimulus funds and the County is operating and maintaining the circulator bus on the Town's behalf on a contractual basis.

Through fiscal year 2013, the municipal circulator bus operated on a fixed route three (3) days per week. Ridership levels have increased steadily as word about the circulator bus spread around Town. As a result, in fiscal year 2014, the Town, pursuant to its agreement with the County, revised the circulator bus schedule such that it now operates six (6) days a week and nine (9) hours of operation per day. The average monthly ridership is approximately 4,500 riders per month.

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

### **Town Hall Municipal Complex**

As mentioned above in ***Fund Balance Stabilization*** section, and as discussed more fully in the paragraph below, the Town acquired approximately sixteen (16) acres of contiguous, vacant land in Fiscal Year 2020 in an exchange transaction (land swap). This was done primarily to remove high density development along Old Cutler Road and to utilize the space to develop the 16 Acre Legacy Park and Municipal Complex with amenities that can serve as a Town gathering point and be enjoyed by all residents.

On January 9, 2020, the Town exchanged its Town Hall Properties and \$3 million in cash for sixteen (16) acres of undeveloped real property owned by GCF Investments, Inc. in a deal valued at \$17 million.

In a special mail-in election that ended on March 22, 2022, Cutler Bay voters approved a General Obligation Bond for up to \$37 million to fund the construction of a park, community center and municipal complex on the 16-acre parcel in the center of the Town—along Old Cutler Road and SW 212 Street—with the vision to transform the property into the heart of the community.

The 16-acre site, located on Old Cutler Road and SW 212 Street, is ideal for creating a new destination for community engagement in the heart of the Town. The vision for the site is to create a destination where local government, residents, and visitors can interact in a pedestrian-friendly environment. The conceptual renderings propose a neighborhood scale with a Town Hall Municipal Complex within and around open spaces for the community to enjoy and accommodate a variety of Town events.

The majority of the 16-acre property would be dedicated as a community-oriented park (12 acres) facility that would become a legacy for the Town and a destination within Miami-Dade County, providing landscape for relaxation and recreation, with shared-use path for running and biking, rolling





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

hills, and areas for educational and historic native landscaping for residents to enjoy. Taking inspiration from the tree-lined, State designated, historic Old Cutler Road Trail and the Matheson

Hammock & the Fairchild Tropical Botanic Garden, the design of the Cutler Bay Municipal Complex Community Park can become a major destination along the Old Cutler Road Trail. Residents' input played an important role in the design of this municipal complex that could see the possible design of an open-air amphitheater overlooking areas intended to accommodate a farmers' market, art festivals, concerts, and other community-based events. The Town hosted over twenty-five (25) Public Involvement meetings in order to receive feedback.

Sea Level Rise is at the top of the agenda, as it is envisioned to raise the buildings (Town Hall, Police, and Community Center) three (3) feet above FEMA's Flood Elevation Requirements. The adjacent Park would serve as a flood protection basin, taking advantage of native plantings and rolling hills. Furthermore, the Town Council hope to introduce solar canopies, green roofs over the public restrooms, and elevated boardwalks to transform it into a stunning "Green Resiliency Community Park" as well as pursuing LEED certification for the entire Cutler Municipal Complex.

### **Stormwater Initiatives**

During fiscal year 2008, the Town commenced its stormwater utility operation after assuming that function from the County in the final quarter of that fiscal year. Since then, through September 30, 2022, the Town has completed approximately \$5.4 million of stormwater drainage improvement projects. These drainage projects, which were funded by a combination of grants and Town match funds and private contributions, will benefit the local area homeowners as they will help alleviate some of the known flood drainage issues in the area.

In Fiscal Year 2023, the Town competed the "Saga Bay 1.7" drainage project. This project adds approximately \$1,033,000 to the Town's stormwater infrastructure and it was funded with a \$600,000 State FDEP grant and funds transferred in from the CITT Fund.

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

### **Parks and Recreation**

The Town's recreation infrastructure and facilities that it received from the County are aging and need renovation and/or replacement. Following its Parks Master Plan, the Town completed approximately \$7.1 million in park improvements since incorporation, excluding the Lakes by the Bay Park project discussed below. These improvements were funded by a combination of sources, including grants, impact fees and other general fund sources. These improvements significantly upgraded the utility, functionality, and appearance of the park facilities.





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

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

The development project was funded primarily with County provided funds. Since initial development, the Town added playground equipment for children at this park which included safety surfacing, a shade structure, and additional sidewalk capacity, a lightning detection system, and two (2) sand volleyball courts. In fiscal year 2021, the Town also completed the construction of a canoe/kayak launch at LBTB park at a cost of approximately \$617,000, funded by a \$200,000 grant from FDEP and park impact fees.

In October 2013, the Town accepted transfer of an additional smaller park land parcel known as Blue Heron Park. This parcel is a passive park providing walking trails along a lakeside area and was improved by the Town to include outdoor exercise equipment stations along the walking trails.

In November 2021, the Town acquired an approximate 8.45 acre parcel along Old Cutler Road & SW 184<sup>th</sup> Street for \$8.45 million. This parcel is adjacent to protected wetlands and the intent of the Town Council was to ensure the parcel would not be developed, but rather preserved for conservation and resiliency purposes. Under consideration is the use of this parcel as a passive park and the establishment of a nature walking trail for education purposes.

Franjo Park, which houses three (3) little league size baseball fields, was severely damaged in September 2017 by Hurricane Irma. Given the extent of damage and age of the park facility, the park needs to essentially be rebuilt from the ground up and brought up to code. These additional rebuild costs are not covered by insurance or FEMA reimbursement and, as a result, the Town is funding the restoration of this park with General Fund monies. The restoration was completed in fiscal year 2022 at a cost of approximately \$3.3 million.

### Interlocal Debt

The Town is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds (i.e., the QNIP bonds) issued or authorized prior to the Town’s incorporation. The payments for the fiscal year ended September 30, 2022 and 2021 were approximately \$321,009 and \$345,550, respectively. The Town’s pro rate share of the debt was calculated and recorded in fiscal year 2010.

As a condition of incorporation, the Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

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

### **Cash Management**

The Town Council and Town Manager are fully charged with the security of the Town's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents and conform to regulations defined by the laws of the State of Florida. The Town's excess funds are invested primarily in interest bearing deposits in qualified public depositories.

The principal focus of cash management is to ensure the safety of the Town's cash while maximizing its return on investment. During fiscal year 2022 and 2021 the Town earned approximately \$56,200 and \$41,900, respectively, in investment income. Interest rates were negatively impacted by the COVID-19 pandemic beginning in the third quarter of Fiscal Year 2020 and have continued at depressed levels into Fiscal Year 2022, although interest rates started to recover late in Fiscal Year 2022 and into Fiscal Year 2023.

The Town Council and Town Management closely monitor the resources available to the Town and its use. At September 30, 2022, the total fund balance of the General Fund is approximately \$22.8 million, an increase of approximately \$3.43 million from September 30, 2021. This total fund balance represents approximately 108% of total Fiscal Year 2022 general fund expenditures (and represents approximately 120% of Fiscal Year 2022 general fund expenditures excluding debt service and capital outlay).

Approximately \$22.6 million of the General Fund's total fund balance of \$22.8 million is classified as "unassigned" fund balance which is available for future appropriation by the Town Council for purposes it deems appropriate. This unassigned fund balance level represents approximately 107% of total Fiscal Year 2022 general fund expenditures (and represents approximately 119% of Fiscal Year 2022 general fund expenditures excluding debt service and capital outlay). The remainder of the General Fund's fund balance is classified as "non-spendable" (approximately \$137,150) to indicate that it is not available for new spending because it has already been committed for prepaid expenses and as "restricted" (approximately





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

*Town Manager*

\$86,050) because it can only be spent for specific purposes due to constitutional provisions or enabling legislation.

### **FINANCIAL POLICIES**

It is the Town's policy to annually adopt balanced budgets. The Town's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the Town Council upon the recommendations of the Town Manager and the Finance Director which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal, State and Local financial assistance, the Town is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the Town maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is legally maintained at the fund level except for the General Fund, which is maintained at the departmental level.

Other financial policies implemented by the Town include the development of policies and procedures manual, the establishment of guidelines for the recording of capital assets, the establishment a formal fund balance policy, and the use of the Town's web site to disseminate budget documents and financial reports, including quarterly budget versus actual reports, to its citizens.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Governmental Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting (the "Certificate of Achievement") to the Town of Cutler Bay for its annual comprehensive financial report for the fiscal year ended September 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.





## OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM  
*Town Manager*

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Town's audit firm, Caballero Fierman Llerena & Garcia, LLP. We wish to express our appreciation to the Town staff for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

In closing, without the leadership and support of the Mayor and Town Council, the accomplishments and anticipated future successes noted in this report would not have been possible.

Respectfully submitted,

Rafael G. Casals, Town Manager

Robert Daddario, Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Cutler Bay  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**TOWN OF CUTLER BAY, FLORIDA**  
**LIST OF ELECTED TOWN OFFICIALS**  
**SEPTEMBER 30, 2022**

**Council-Manager Form of Government**

**TOWN COUNCIL**

**Tim Meerbott, Mayor**

**Michael P. Callahan, Vice Mayor**

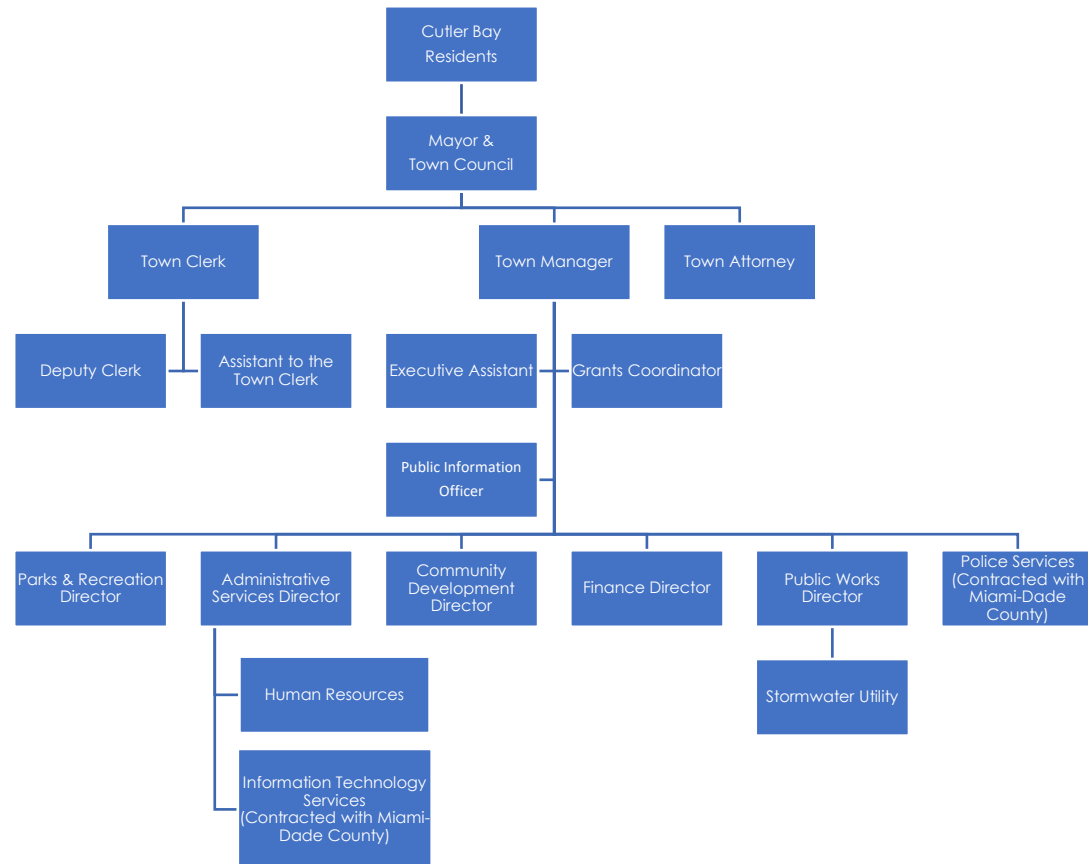
**Robert Duncan, Councilmember, Seat 1**

**Suzy Lord, Councilmember, Seat 2**

**Richard Ramirez, Councilmember, Seat 3**



# Town of Cutler Bay Organizational Chart



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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

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CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2022, 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.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of the Town's net pension liabilities and contributions on pages 4-27 and 63-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town's 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 29, 2023

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

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**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

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, 2022 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, 2022 by approximately \$66.16 million (net position). Of this amount, approximately \$16.45 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 \$5.49 million from the total net position balance at September 30, 2021 (as restated for the Town's pro-rated share of principal reduction from Miami-Dade County's refunding of Interlocal debt – see footnote 13 in the accompanying notes to financial statements). The net increase results primarily from the Town's fiscal year 2022 operations.
- As of September 30, 2022, the Town's governmental funds reported combined ending fund balances of approximately \$29.8 million, an increase of approximately \$3.5 million from the September 30, 2021 balances, due primarily to the Town's current operations during the fiscal year offset by capital expenditures and debt service (an approximate \$5.9 million increase in fund balance), and offset by net transfers out (an approximate \$2.4 million decrease in fund balance). This combined fund balance represents 144.6% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2022, unassigned fund balance for the General Fund was approximately \$22.6 million, or 107% of total General Fund expenditures, versus \$18.8 million and 58%, respectively, at September 30, 2021. The approximate \$3.8 million increase in unassigned fund balance results primarily from fiscal year 2022 operations (an approximate \$3.4 million increase) 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, 2022 remains strong and is a positive indicator of the Town's financial health.
- At September 30, 2022, the General Fund's fund balance of approximately \$22.8 million is comprised of approximately \$137,150 classified as "Nonspendable", approximately \$86,050 classified as "Restricted", and approximately \$22.6 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 2022, the stormwater utility's net position increased by approximately \$2,583,500. This increase resulted primarily from an operating loss of approximately \$347,400 which was generated from approximately \$1,025,400 in charges for services and approximately \$1,372,800 in operating expenses, including approximately \$217,700 in depreciation. Operating loss was offset by grants and contributions of approximately \$615,400 and transfers in of approximately \$2,367,000, offset by net non-operating expenses of approximately \$51,500, comprised of net interest expense.

**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, 2022**

**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, the ARPA 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, its ARPA Fund and its CITT Fund. Budgetary comparison schedules have been provided for the General Fund, the ARPA 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, 2022**

**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 \$5.49 million during fiscal year 2022, primarily due from operations. As a result, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources were approximately \$66.16 million and \$60.67 million, respectively, at September 30, 2022 and 2021 (as restated – see footnote 13 in the accompanying notes to financial statements). See the table below.

The largest portion of the Town's assets at September 30, 2022 consists of capital assets (approximately \$65.01 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 2022 were the recording of a building – right to use asset upon implementation of GASB 87 as well as to increases to construction in progress for improvement projects related to stormwater drainage.

Other significant assets at September 30, 2022 and 2021 include cash, and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$51.1 million at September 30, 2022, increased approximately \$25 million from the fiscal 2021 total primarily resulting from fiscal year 2022 operating activities, adjusted for changes in the timing of the liquidation of assets and liabilities, as well as from receipt of approximately \$21.9 million in ARPA grant funding.

Receivables increased approximately \$949,900 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 \$688,300. This related primarily to higher receivables at September 30, 2022 for taxes (approximately \$997,600) and increased receivables for fees (primarily franchise fees) of approximately \$106,400, offset by reduced grants receivable (primarily COVID related grants) of approximately \$426,700. 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, there was a net decrease in receivables of approximately \$111,900. While revenue derived from the CITT program was higher in fiscal year 2022, collections were slower at the end of fiscal year 2021 versus fiscal 2022. The decrease in receivables was offset by the recording of a receivable for revenues unavailable at the fiscal year end which were recorded as a deferred inflow of resources, the net change of this was an increase in receivables of approximately \$31,400.
- In Other Governmental Funds, receivables decreased approximately \$173,100, primarily due to:
  - In the Transportation Fund, grant receivables decreased by approximately \$28,400. During fiscal year 2021, the Town commenced a grant funded update to its transportation master plan. At year end fiscal 2021, the Town recorded a receivable from this grant of approximately \$28,400. There were no corresponding grant receivables in this fund in fiscal year 2022.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

- 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 2022, grant receivables from The Children's Trust were approximately \$19,600 more than the fiscal year-end 2021 balance. Also, there was an approximate \$4,900 increase in the grant receivables from the DJJ versus the prior year-end. These two park grants resulted in a net increase in receivables of approximately \$24,500.
- 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. This amount was also outstanding at September 30, 2021. Additionally, at September 30, 2021 the Town had an additional \$200,000 grant receivable related to the Franjo Park restoration project. These grant receivables were liquidated in fiscal year 2022 and, as a result, there was no outstanding receivables in this fund at September 30, 2022 (a net decrease of \$400,000 in receivables in the Capital Projects – Parks Fund).
- The Town receives from the State a share of the 2<sup>nd</sup> 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 2022 was approximately \$3,000 more than the corresponding fiscal year 2021 amount, primarily as a result of a rebound in revenues from COVID-19 related revenue impacts.
- In fiscal year 2021, the Town commenced the design of a roadway project along Franjo Road being performed pursuant to a Joint Participation Agreement ("JPA") with Miami-Dade County (the "County"). The project is being accounted for in the JPA – Franjo Road Fund. At fiscal year end 2021, the Town had receivables of approximately \$386,200 due from the County for design cost reimbursement. Activity on this project in fiscal year 2022 slowed down and, as a result, the receivable due from the County at September 30, 2022 was only \$52,900, a decrease in receivables of \$333,300.
- In fiscal year 2021, the Town commenced the operation of an "on demand" transit service in town, funded with a grant and a Town match of CITT Surtax funds. The project is being accounted for in the Transit Fund. At fiscal year end 2021, the Town had receivables of approximately \$369,100 due one-half from the grant and one-half from CITT Surtax funds. This service experienced strong growth in fiscal year 2022 and, as a result, receivables at September 30, 2022 were approximately \$930,200, an approximate \$561,100 increase over the year-end fiscal year 2021 balance.
- In the Stormwater Fund (a proprietary fund), receivables were approximately \$546,700 higher at fiscal year end 2022 versus fiscal year end 2021. This resulted primarily from increased grant receivables in the 2022 period (an approximate \$415,400 increase), increased stormwater fee receivables in the 2022 period (an approximate \$36,400 increase) and the recording of a receivable in the 2022 period for refund of overcharges of bond servicing costs (approximate \$94,900 increase).

Receivables at September 30, 2022 and 2021 consist primarily of amounts due from the County (\$1,271,700 and \$347,900, respectively) as well as intergovernmental receivables due from the State (\$611,600 and \$524,000, respectively), and receivables from various grants (\$61,800 versus \$488,500, respectively). The remainder of the governmental activities receivables balance is comprised of balances from other miscellaneous sources (\$627,400 and \$523,800, respectively at September 30, 2021 and 2021). Stormwater Fund receivables were approximately \$909,400 at September 30, 2022 versus \$362,700 at September 30, 2021.

The receivables due from the County at September 30, 2022 and 2021 related primarily to the timing of property and utility taxes due the Town at those dates. The increase in the fiscal year 2022 balance results primarily to outstanding utility taxes receivable being approximately \$837,900 more at year end 2022 versus year end 2021, as well as outstanding property tax receivables being approximately \$72,500 higher at year end 2022. 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.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

The receivables due from the State at September 30, 2022 and 2021 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. The net increase in this receivable balance for the fiscal year 2022 period results primarily to increases of approximately \$64,400 for sales taxes and \$22,800 for communication services taxes. 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 primary driver of the decrease in grant receivables at September 30, 2022 over the September 30, 2021 balance is due primarily to less COVID-19 grant related receivables in the 2022 period.

The increase in other miscellaneous receivables at September 30, 2022 versus the September 30, 2021 balance is due primarily to an increase in receivables for franchise fees (an approximate \$106,400 increase in the 2022 period). The balance of the difference is comprised of minor increases and decreases from different revenue sources. These changes are not considered material for further discussion.

In the Stormwater Fund, a proprietary fund, the increase in receivables at September 30, 2022 versus the corresponding fiscal year 2021 period, results primarily from increased grant receivables in the 2022 period (an approximate \$415,400 increase), increased stormwater fee receivables in the 2022 period (an approximate \$36,400 increase) and the recording of a receivable in the 2022 period for refund of overcharges of bond servicing costs (approximate \$94,900 increase).

Deferred outflows of resources increased approximately \$51,700 at September 30, 2022 versus the balance at September 30, 2021, resulting primarily from the changes required by the current year GASB 68 valuation.

Long-term debt increased approximately \$1.2 million primarily resulting from an increase in net pension liability pursuant to GASB 68 and an increase in compensated absences, offset by principal payments on the GASB 87 lease liability and principal payments on the Town's notes payable, amortization of bond premium, and principal changes upon the County's refunding of the QNIP and Stormwater interlocal debt.

The approximate \$21,767,000 increase in other liabilities primarily reflects (1) approximately \$21,013,300 in ARPA grant funding received which has not yet been earned, (2) an approximate \$94,600 net increase in other liabilities primarily reflecting an increase in developer deposit liabilities (approximately \$47,600) and an increase in accrued payroll (approximately \$31,300), and some small changes in other miscellaneous accounts, (3) an approximate \$658,400 increase in accounts payable and (3) an approximate \$700 increase in accrued.

The approximate \$658,400 increase in accounts payable relates primarily to the timing of vendor payments and are impacted by the timing of Town projects. The year-end fiscal 2022 increase in accounts payable results primarily from an approximate \$387,200 increase in accounts payable in the CITT Fund, an approximate \$483,100 increase in accounts payable in non-major governmental funds, and an approximate \$20,300 increase in accounts payable in the Stormwater Fund, offset an approximate \$232,200 decrease in accounts payable in the General Fund.

- The increase in the CITT Fund results primarily from the payable to the Transit Fund for the Town's match of CITT surtax funds for the "On Demand" service. Increased service and delays in billing for these services by Miami-Dade County resulted in a significant (approximately \$368,800) increase in the payable balance. The balance of the change is due to the timing of payments to vendors between the fiscal years.
- The increase in accounts payable in non-major governmental funds primarily reflects payables for two projects - the Transit Fund related to the On Demand service (approximate \$561,100 increase, reflecting increased services in fiscal year 2022 and delayed billing for those services by Miami-Dade County), offset by the decrease in the JPA – Franjo Road Fund (approximate \$80,100 decrease, reflecting less project activity in fiscal year 2022). The balance of the change is the result of small, miscellaneous increases and decreases in various funds.
- The changes in accounts payable in the Stormwater Fund and General Fund are primarily related to the timing of payments to vendors between the fiscal years.

Deferred inflows of resources at September 30, 2022 reflects a decrease of approximately \$2,509,800 versus the balance at September 30, 2021 primarily as a result of an approximate \$2,521,100 decrease in pension expenses

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

pursuant to the current year GASB 68 valuation, offset by an approximate \$11,300 decrease in deferred revenues.

| Town of Cutler Bay<br>Statement of Net Position<br>September 30,<br>(in thousands) |                            |                  |                             |                 |                  |                  |         |
|------------------------------------------------------------------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|---------|
|                                                                                    | Governmental<br>Activities |                  | Business-type<br>Activities |                 | Total            |                  | Percent |
|                                                                                    | 2022                       | 2021*            | 2022                        | 2021*           | 2022             | 2021*            | Change  |
| Current and other assets                                                           | \$ 56,299                  | \$ 30,606        | \$ (61)                     | \$ 165          | \$ 56,238        | \$ 30,771        | 82.8%   |
| Capital assets                                                                     | 55,258                     | 57,590           | 9,756                       | 7,034           | 65,014           | 64,624           | 0.6%    |
| Total assets                                                                       | <u>111,557</u>             | <u>88,196</u>    | <u>9,695</u>                | <u>7,199</u>    | <u>121,252</u>   | <u>95,395</u>    | 27.1%   |
| Deferred Outflow s of Resources                                                    | <u>1,348</u>               | <u>1,264</u>     | <u>-</u>                    | <u>-</u>        | <u>1,348</u>     | <u>1,264</u>     | 6.6%    |
| Long-term debt                                                                     | 28,742                     | 27,439           | 923                         | 1,031           | 29,665           | 28,470           | 4.2%    |
| Other liabilities                                                                  | <u>25,985</u>              | <u>4,239</u>     | <u>429</u>                  | <u>409</u>      | <u>26,414</u>    | <u>4,648</u>     | 468.3%  |
| Total liabilities                                                                  | <u>54,727</u>              | <u>31,678</u>    | <u>1,352</u>                | <u>1,440</u>    | <u>56,079</u>    | <u>33,118</u>    | 69.3%   |
| Deferred Inflow s of Resources                                                     | <u>361</u>                 | <u>2,871</u>     | <u>-</u>                    | <u>-</u>        | <u>361</u>       | <u>2,871</u>     | -87.4%  |
| Net position                                                                       |                            |                  |                             |                 |                  |                  |         |
| Net investment in capital assets                                                   | 33,784                     | 32,154           | 8,833                       | 6,003           | 42,617           | 38,157           | 11.7%   |
| Restricted                                                                         | 7,089                      | 6,959            | -                           | -               | 7,089            | 6,959            | 1.9%    |
| Unrestricted                                                                       | <u>16,944</u>              | <u>15,799</u>    | <u>(490)</u>                | <u>(244)</u>    | <u>16,454</u>    | <u>15,555</u>    | 5.8%    |
| Total net position                                                                 | <u>\$ 57,817</u>           | <u>\$ 54,912</u> | <u>\$ 8,343</u>             | <u>\$ 5,759</u> | <u>\$ 66,160</u> | <u>\$ 60,671</u> | 9.0%    |

\* - restated

The balance of unrestricted net position (approximately \$16.45 million and \$15.56 million, respectively at September 30, 2022 and 2021) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2022 and 2021, the Town of Cutler Bay is able to report positive balances in all three categories of net position.

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**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

Governmental activities

Governmental activities increased net position by approximately \$2.91 million for the year ended September 30, 2022 versus an increase of approximately \$2.05 million for fiscal year 2021, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities

Business-type activities increased net position by approximately \$2.58 million for the year ended September 30, 2022 versus a decrease in net position of approximately \$103,000 for the year ended September 30, 2021, representing the results of the Town's operations of the stormwater utility.

| Town of Cutler Bay<br>Changes in Net Position<br>For The Fiscal Year Ended<br>(in thousands) |                            |                  |                             |                 |                  |                  |                   |
|----------------------------------------------------------------------------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|-------------------|
|                                                                                              | Governmental<br>Activities |                  | Business-Type<br>Activities |                 | Total            |                  | Percent<br>Change |
|                                                                                              | <u>2022</u>                | <u>2021</u>      | <u>2022</u>                 | <u>2021</u>     | <u>2022</u>      | <u>2021</u>      |                   |
| Revenues                                                                                     |                            |                  |                             |                 |                  |                  |                   |
| Program revenues:                                                                            |                            |                  |                             |                 |                  |                  |                   |
| Charges for services                                                                         | \$ 2,405                   | \$ 1,815         | \$ 1,026                    | \$ 1,018        | \$ 3,431         | \$ 2,833         | 21.1%             |
| Operating grants and contributions                                                           | 4,040                      | 3,645            | 15                          | -               | 4,055            | 3,645            | 11.2%             |
| Capital grants and contributions                                                             | 242                        | 474              | 600                         | 200             | 842              | 674              | 24.9%             |
| General revenues:                                                                            |                            |                  |                             |                 |                  |                  |                   |
| Taxes and franchise fees                                                                     | 22,307                     | 19,576           | -                           | -               | 22,307           | 19,576           | 14.0%             |
| Other                                                                                        | 138                        | 97               | -                           | -               | 138              | 97               | 42.3%             |
| Total revenues                                                                               | <u>29,132</u>              | <u>25,607</u>    | <u>1,641</u>                | <u>1,218</u>    | <u>30,773</u>    | <u>26,825</u>    | 14.7%             |
| Expenses                                                                                     |                            |                  |                             |                 |                  |                  |                   |
| General government                                                                           | 6,749                      | 7,003            | -                           | -               | 6,749            | 7,003            | -3.6%             |
| Public safety                                                                                | 10,211                     | 10,079           | -                           | -               | 10,211           | 10,079           | 1.3%              |
| Parks and recreation                                                                         | 3,429                      | 3,222            | -                           | -               | 3,429            | 3,222            | 6.4%              |
| Community development                                                                        | 2,769                      | 2,502            | -                           | -               | 2,769            | 2,502            | 10.7%             |
| Stormwater                                                                                   | -                          | -                | 1,424                       | 1,242           | 1,424            | 1,242            | 14.7%             |
| Interest on long-term debt                                                                   | 702                        | 627              | -                           | -               | 702              | 627              | 12.0%             |
| Total expenses                                                                               | <u>23,860</u>              | <u>23,433</u>    | <u>1,424</u>                | <u>1,242</u>    | <u>25,284</u>    | <u>24,675</u>    | 2.5%              |
| Change in net position before transfers                                                      | 5,272                      | 2,174            | 217                         | (24)            | 5,489            | 2,150            | 155.3%            |
| Transfers                                                                                    | <u>(2,367)</u>             | <u>(127)</u>     | <u>2,367</u>                | <u>127</u>      | <u>-</u>         | <u>-</u>         | N/A               |
| Increase (decrease) in net position                                                          | <u>2,905</u>               | <u>2,047</u>     | <u>2,584</u>                | <u>103</u>      | <u>5,489</u>     | <u>2,150</u>     | 155.3%            |
| Net position, beginning                                                                      | 54,780                     | 52,733           | 5,463                       | 5,360           | 60,243           | 58,093           | 3.7%              |
| Restatement                                                                                  | 132                        | -                | 296                         | -               | 428              | -                |                   |
| Net position, beginning (as restated)                                                        | <u>54,912</u>              | <u>52,733</u>    | <u>5,759</u>                | <u>5,360</u>    | <u>60,671</u>    | <u>58,093</u>    | 4.4%              |
| Net position, ending                                                                         | <u>\$ 57,817</u>           | <u>\$ 54,780</u> | <u>\$ 8,343</u>             | <u>\$ 5,463</u> | <u>\$ 66,160</u> | <u>\$ 60,243</u> | 9.8%              |

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

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

Governmental activities

- Taxes and franchise fees (\$22.3 million and \$19.6 million, respectively, for fiscal year 2022 and fiscal year 2021) comprised 77% and 77%, respectively, of total revenues of \$29.1 million and \$25.6 million for fiscal year 2022 and fiscal year 2021, respectively, with property taxes representing the largest single tax source (\$7.9 million and \$6.9 million in fiscal year 2022 and 2021, respectively). Total fiscal year 2022 revenues increased approximately 13.8%, due primarily to increases in property taxes (approximate \$1,084,000 increase), State shared revenues (approximate \$1,009,000 increase, primarily from sales taxes), utility taxes (approximate \$209,000 increase) and franchise fees (approximate \$429,000 increase).
- Charges for services in fiscal year 2022 increased from fiscal year 2021 by approximately \$590,000 primarily as a result of increased parks fees (approximately \$21,900), burglar alarm fees (approximately \$6,000), building permits and zoning fees (approximately \$435,200), judgements and fines (approximately \$36,700) and CITT program administration fees (approximately \$126,500) offset by decreased lien search fees (approximately \$26,200). The balance of the decrease is the sum of other small increases and decreases between the years.
- Operating grants and contributions increased approximately \$395,000 primarily as a result of approximate increases of \$883,000 in the ARPA Fund related to revenue recognized for ARPA eligible grant expense and an approximate \$522,000 increase in CITT Surtax revenues offset by decreases of approximately \$312,000 in the JPA – Franjo Road Fund, approximately \$81,000 in the Transportation Fund for a master plan update grant, and approximately \$617,000 for public assistance public safety grants related to COVID-19.
- Capital grants and contributions decreased approximately \$232,000, primarily related to decreases of approximately \$200,000 in grant funding in the Capital Projects (Parks) Fund for the Franjo Park restoration project and approximately \$45,800 in impact fees, offset by an increase in 2<sup>nd</sup> local option gas taxes of approximately \$13,500. The remaining change results primarily from minor increases and decreases in grant revenues related to several smaller grants in fiscal year 2022 versus fiscal year 2021.
- Taxes and franchise fees increased approximately \$2,731,000. The primary changes are discussed in the first point above.
- Operating and capital grants and contributions (\$4,040,000 and \$242,000 at September 30, 2022 and \$3,645,000 and \$474,000 at September 30, 2021, respectively) account for 14.7% and 16.1% of total revenues at September 30, 2022 and 2021, respectively. The amounts in both the fiscal year 2022 and fiscal year 2021 periods are comprised primarily of 2<sup>nd</sup> 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 8.3% and 7.1% of total revenues for fiscal years 2022 and 2021, respectively. These amounts consist primarily of building and zoning fees, park service fees, rental income, and public safety fees and fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The increase in these revenues in fiscal year 2022 is discussed in the bullet point above.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

Governmental activities (Continued)

- Expenses for governmental activities increased approximately \$427,000, resulting primarily from an approximate \$254,000 decrease in expenses related to general government, an approximate \$132,000 increase in expenses related to public safety, an approximate \$267,000 increase in expenses related to community development, and an approximate \$207,000 increase in expenses related to parks and recreation, and an approximate \$75,000 increase in interest on long-term debt. The primary reasons for these changes are:
  - The decrease in general government expenses results primarily from increased costs associated with the Town's ongoing roadway and transportation related projects, as follows:
    1. Expenses related to CITT surtax funded projects increased approximately \$378,000 in fiscal year 2022, primarily related to roadway resurfacing projects (approximately \$251,300) and to CITT administrative fees (approximately \$126,500).
    2. Expenses related to the JPA – Franjo Road Fund decreased approximately \$312,300 as the project design phase wound down in fiscal year 2022.
    3. The Transportation Fund expended approximately \$100,300 less in fiscal year 2022 related to a grant funded transportation master plan update which was finalized during the current fiscal year.
    4. The Sidewalks Fund expenses were approximately \$13,100 more in fiscal year 2022 as the project design commenced in the current fiscal year.
    5. Expenses for the Transit Fund increased by \$192,100 in fiscal year 2022 as a result of the popularity, and increased ridership, related to the Go Connect/On Demand service.

Non roadway/transportation project related items that contributed to the net change of general government expenses included an increase in depreciation expense (approximately \$363,200) and pension expense (approximately \$211,600 based on the current year pension valuation), offset by a decrease in compensated absences (approximately \$3,800). The increase in depreciation expense in fiscal year 2022 includes depreciation of a building – right to use asset recorded as of October 1, 2022 upon implementation of GASB 87.

Additionally, general government expenses decreased approximately \$977,200 primarily as a result of:

1. The Town Attorney department expenditures increased approximately \$48,400 in fiscal year 2022 versus the fiscal year 2021 period. A portion of the increase is attributable to the provision of services related to the award and utilization of ARPA grant funding. The Town contracts for these services.
2. The Mayor & Council department expenditures increased approximately \$17,100 primarily due to a \$10,000 contribution to the Economic Development Council during fiscal year 2022. Additionally, there was an increase in post-COVID 19 travel (approximately \$2,200) as well as an increase in salaries and benefits (approximately \$4,000) primarily related to cost of living pay adjustments and increased life and health insurance benefits. There were other account balance increases and decreases that individually were not material for further analysis.
3. The Town Clerk department expenditures decreased approximately \$45,900. The decrease results primarily to (1) a decrease in salaries and benefits (approximate \$12,600 decrease) due to the timing of staffing changes, partially offset by merit and cost of living pay increases and increased health insurance benefits, (2) a decrease in other contractual services (approximate \$24,200 decrease) due primarily to reduced election costs, and (3) a decrease in subscriptions (approximate \$30,700 decrease with a corresponding increase in repairs and maintenance (approximate \$24,400 increase) due primarily to the transition to a new meeting software service. There were other account balance increases and decreases that individually were not material for further analysis.
4. The General Government department expenditures decreased approximately \$1,000,500. The decrease results primarily to (1) an increase in salaries and benefits (approximate \$67,200 increase) due primarily to merit and cost of living pay increases and increased life and health insurance costs, (2) an increase in professional fees (approximate \$222,300 increase) due

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Government-Wide Financial Analysis (Continued)**

Governmental activities (Continued)

primarily to GO Bond outreach efforts, environmental assessment of the Town's future municipal complex site, and services of an environmental lobbyist and financial advisor, (3) an increase in property and casualty insurance (approximate \$27,400 increase) due primarily to increased property and liability insurance premiums in the Florida market, as well as to increased property values insured, (4) an increase in repairs and maintenance (approximate \$19,400 increase) due primarily to increased IT and software maintenance costs, increased general repairs, and recording all copier equipment costs in the General Government department, (5) an increase in communications and freight (approximate \$19,800 increase) due primarily to increased telephone line port fees, (6) a net decrease in rent expense for the Town's office space as a result of implementing GASB 87 (approximate net decrease of \$583,600), (7) a net decrease in other contractual services (approximate net decrease of \$40,700) reflecting a reduction in contractual services related to COVID-19 partially offset by increased costs related to a Brownfield consultant, and (8) a decrease in other current charges (approximate \$730,800 decrease) due primarily to no COVID-19 program related costs or debt issuance related costs in the fiscal year 2022 period. There were other account balance increases and decreases that individually were not material for further analysis.

The balance of the difference in general government expenses results from a combination of smaller changes in various accounts.

- Expenditures for public safety increased approximately \$132,000 primarily due to costs related to contracted police services with the County. Professional services, for local patrol and optional police services, increased approximately \$125,300, primarily as a result of increased union contract costs. Repairs and maintenance and supply expenses also increased approximately \$5,800 and \$3,900, respectively. These increases were offset by a decrease in depreciation of approximately \$950. The balance of the difference results from a combination of smaller changes in various accounts.
- Expenses for parks and recreation expenses increased approximately \$207,000. The pandemic related closures curtailed the park activities for fiscal year 2020 resulting in significant decreased expenses that year. In fiscal year 2021, park operations started its return to normal operations which continued into fiscal year 2022, resulting in increased expenditures for contractual services (approximately \$201,300), utilities (approximately \$88,200), supplies (approximately \$33,700), and repairs and maintenance (approximately \$35,200). Increased staff scheduling as parks reopened resulted in an increase in salaries and benefits as well (approximately \$52,500) related to merit and cost of living pay changes. The Town also has grant programs funded by The Children's Trust ("TCT") and the Department of Juvenile Justice ("DJJ"). During fiscal year 2022, the TCT programs had increased expenses of approximately \$18,800, while the DJJ program reflected a decrease of approximately \$3,300. Additionally, increased expenses were incurred for pension expense (approximate \$135,300 increase due to the current year pension valuation), offset by decreases in depreciation (approximate \$354,600 decrease), and compensated absences (approximate \$2,400 decrease). The balance of the difference relates from a combination of smaller changes in various accounts.
- Expenses for community development increased approximately \$267,000. Salaries and benefits increased (approximately \$192,200), primarily related to a restructuring of the department with the addition of a Code Enforcement Officer and Building Inspector, as well as a part-time Building Official. Expenditures increased for (1) other contractual services (approximately \$6,500) related to increased payments made to the contractor that performs the Town's permit and inspection functions (primarily related to increased building permit revenues which are shared with the contractor), (2) supplies (approximately \$4,000), and (3) dues and subscriptions (approximately \$3,100) partially offset by a decrease in professional services (approximately \$18,300) reflecting less use of such services in fiscal year 2022. Additionally, pension expense increased (approximately \$76,900) due to the current pension valuation, offset by decreased expenses for compensated absences (approximately \$900) and depreciation (approximately \$32,100). 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, 2022**

**Government-Wide Financial Analysis (Continued)**

Governmental activities (Continued)

- Interest on long-term debt increased approximately \$78,000, primarily as a result of normal amortization of the Town's long-term debt, increased by interest recorded of the lease liability recorded upon implementation of GASB 87 on October 1, 2022, partially offset by debt service changes from the County's refunding of the QNIP and Stormwater interlocal debt.
- Transfers out increased approximately \$2,240,000 reflecting increased transfers out from the CITT Fund (a major governmental fund) and the ARPA Fund (a major governmental fund) to the Stormwater Fund (a proprietary fund) for use on the transportation/roadway related costs of drainage projects, as well as ARPA grant eligible projects.

Business-type activities

- Charges for services for stormwater fees, which represent 62.5% and 83.6% of total revenues for fiscal years 2022 and 2021, respectively, in the proprietary fund, resulted from the Town's operation of the stormwater utility within the Town's boundaries which commenced in the fourth quarter of fiscal 2008.
- Capital grants and contributions increased approximately \$400,000 related to a grant awarded to the Town for the construction of a drainage improvement project which commenced in fiscal year 2022, offset by the completion of a grant for another drainage improvement project that was completed in early fiscal year 2022.
- Total expenses of the stormwater utility increased approximately \$182,000 reflecting increased operating expenses of approximately \$183,800 and decreased interest expense of approximately \$1,100. Operating expenses decreased primarily as a result of an approximate \$167,500 increase in other contractual services and an approximate \$17,200 increase in professional services. The balance of the difference relates from a combination of smaller changes in various accounts.
- Interest expense decreased approximately \$1,100, primarily as a result of scheduled debt amortization.
- Transfers in increased approximately \$2,240,000 reflecting increased transfers in from the CITT Fund (a major governmental fund) for use on the transportation/roadway related costs of drainage projects and from the ARPA Fund (a major governmental fund) for use on ARPA eligible grant 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, 2022, and 2021, the Town's governmental funds reported combined ending fund balances of \$29.8 million and \$26.3 million, respectively. The fiscal year 2022 operations increased fund balance by approximately \$3.5 million primarily from normal current operating activities (approximate \$8.06 million increase) and by transfers in (approximately \$584,000), offset by capital expenditures (approximately \$77,800), debt service (approximately \$2.14 million), and transfers out (approximately \$2.95 million).

Total revenues for fiscal year 2022 increased approximately \$3,017,000 from fiscal year 2021 levels, due primarily to several factors, as follows:

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Financial Analysis of the Government's Funds (Continued)**

Governmental funds (Continued)

- Ad valorem revenues increased in fiscal year 2022 approximately \$1,084,000 as a result of increased property values and the timing of collections.
- Utility taxes decreased approximately \$220,000 primarily as a result of the timing of collections.
- Franchise fees increased approximately \$429,700 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, as well as improved solid waste franchise fee collections.
- Building activity in Town was impacted by the COVID-19 pandemic slowdowns in fiscal 2020 but rebounded in fiscal year 2021. Fiscal year 2022 saw continued improvement in building activity resulting in an increase in licenses and permit revenues of approximately \$433,300 from fiscal year 2021 levels. Building permit and zoning related fees increased approximately \$435,150 and local business tax receipts and other licenses decreased approximately \$1,850.
- Impact fees decreased approximately \$46,300 relating to the timing of application for new project developments within Town subject to impact fee assessments.
- Intergovernmental revenues increased approximately \$1,356,000, primarily resulting from:
  1. Revenue from the CITT surtax funds increased approximately \$521,700 in fiscal year 2022 versus the 2021 period due primarily to the continued rebound from the impacts from COVID-19.
  2. The ARPA Fund recorded approximately \$883,000 in grant revenue in fiscal year 2022 as ARPA grant related projects commenced.
  3. The Transportation Fund had an approximate \$80,200 decrease in revenues primarily as a result of completion of a grant funded transportation master plan update.
  4. The Town is a recipient of two grants, one from The Children's Trust ("TCT") and one from the Department of Juvenile Justice ("DJJ"), to provide after school programs for children. Revenues from the TCT grant increased in fiscal year 2022 approximately \$18,800 and revenues from the DJJ grant decreased approximately \$3,300.
  5. In fiscal year 2021, the Town commenced the design of a roadway improvement project along Franjo Road, being developed in conjunction with Miami-Dade County pursuant to a Joint Participation Agreement ("JPA"). The project is being accounted for in the JPA – Franjo Road Fund. The Town recorded revenues from the County pursuant to the JPA for the cost incurred during the 2022 and 2021 periods for design (approximately \$74,000 and \$386,300, respectively, a decrease of approximately \$312,300).
  6. In fiscal year 2021, the Town commenced an "on demand" transit service funded by a grant with a Town match from CITT Surtax funds. The project is being accounted for in the Transit Fund. In fiscal year 2022, the Town recorded grant funds of approximately \$192,400, versus approximately \$184,600 in fiscal year 2021, an approximate increase of \$7,800.
  7. The Capital Projects (Parks) Fund grant revenue decreased \$200,000 in fiscal year 2022 as grant revenue was earned on substantial completion of the park improvement project in fiscal year 2021.
  8. The Town experienced an approximate \$15,700 increase in the 2<sup>nd</sup> Local Option Gas tax restricted for use to capital items in fiscal year 2022 primarily due to the continued rebound from the impacts of COVID-19.
  9. The Town experienced increases in all State shared revenue categories, resulting in an increase in revenues of approximately \$1,009,000. Sales tax revenues increased approximately \$828,800,

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Financial Analysis of the Government's Funds (Continued)**

Governmental funds (Continued)

local option gas taxes increased approximately \$30,500, State revenue sharing increased approximately \$80,500, and communication services taxes increased approximately \$69,200.

10. Revenues from grants decreased approximately \$630,700, primarily related to COVID-19 public assistance grants.

11. Administrative fees from administering the CITT surtax funds program were approximately \$126,500 in fiscal year 2022. These administrative fees were not charged in prior periods.

- Rental income increased approximately \$1,750 primarily as a CPI increases in tower lease rentals.
- Charges for services decreased approximately \$12,700, primarily due to increases in park fees (approximate \$21,900 increase) and burglar alarm fees (approximate \$6,000 increase), offset by decreases in lien search fees (approximate \$26,200 decrease) and school crossing guard fees (an approximate \$13,600 decrease). The balance of the change relates primarily to increases and decreases in various smaller accounts.
- Fines and forfeitures increased approximately \$38,500 resulting primarily from increased revenue from traffic enforcement fines (approximately \$17,000) and by increased code enforcement fines (approximately \$21,500).
- Interest income increased approximately \$66,100 due primarily to an improvement in the interest rate environment during fiscal year 2022, as well as to more interest earning deposits.
- Miscellaneous revenues decreased approximately \$13,200 primarily reflecting a decrease in insurance proceeds for storm claims of approximately \$33,400, offset by increases in contributions from private sources of approximately \$12,000, in lobbyist fees of approximately \$8,000, and in other miscellaneous revenues of approximately \$200.
- 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 \$2,530,600 in fiscal year 2022 versus the amounts in fiscal year 2021, reflecting the normal amortization of the Town's outstanding debt, increased for debt service recorded by implementing GASB 87, and reflecting no debt restructuring or debt issuances or retirements as in the fiscal year 2021 period.

Capital expenditures decreased approximately \$10,635,900 in fiscal year 2022 versus the fiscal year 2021 period primarily as a result of the following:

- Expenditures in the Capital Projects (Parks) Fund decreased approximately \$2,123,200 reflecting completion of the canoe/kayak launch at Lakes By The Bay Park in fiscal year 2021 (approximate \$100,200 decrease in expenditures) and substantial completion of the restoration of Franjo Park in fiscal year 2021 (approximate \$2,023,000 decrease in expenditures).
- The Town completed a grant funded bike/pedestrian transportation project in early fiscal year 2021 resulting in an approximate \$34,300 decrease in expenditures in fiscal year 2022.
- In the Children's Trust Fund, approximately \$13,500 in expenditures were made in fiscal year 2021 for capital items pursuant to the grant. No such amounts were expended in the 2022 period..
- In the General Fund, community development capital expenditures increased approximately \$30,500 as a result of increased computer equipment purchased in fiscal year 2022 (approximate \$1,700 increase) and leasehold improvements (approximate \$28,800 increase). General government capital expenditures decreased approximately \$8,463,900 primarily as a result of the purchase of a vacant land parcel for approximately \$8,450,000 in fiscal year 2021 with no corresponding purchase in fiscal year 2022. Parks and recreation capital expenditures decreased approximately \$31,500 resulting from the net change of smaller threshold acquisitions.
- 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, 2022**

**Financial Analysis of the Government's Funds (Continued)**

Governmental funds (Continued)

Transfers out (approximately \$2,951,000) reflect:

- transfers of CITT surtax funds from the CITT Fund to (1) the Transportation Fund (approximately \$2,500), (2) the Sidewalks Fund (approximately \$13,100), (3) the Transit Fund (approximately \$368,800), and (4) the Stormwater Fund, a proprietary fund, (approximately \$1,532,600) to fund eligible transportation expenditures;
- transfer of grant funds from the ARPA Fund to (1) the General Fund (approximately \$48,600) and (2) the Stormwater Fund, a proprietary fund, (approximately \$834,400) to fund eligible projects.
- transfer of gas taxes (approximately \$138,800) from the Special Revenue Fund to the General Fund for sidewalk repairs;
- transfer of approximately \$12,200 from the General Fund to the Capital Projects (Parks) Fund to pay for the cost of infrastructure improvements not eligible to be paid with park impact fees;

This represented an increase of approximately \$497,300 from the fiscal year 2021 transfers out, primarily as a result of:

- Decreased transfers out from the General Fund (approximately \$1,881,500) to the Capital Projects (Parks) Fund for the Franjo Park restoration project (approximate \$1,823,000 decrease) and the Lakes By The Bay Canoe/Kayak project (approximate \$58,500 decrease).
- Increased transfers out from the ARPA Fund (approximately \$883,000) to the General Fund (approximate \$48,600 increase) and to the Stormwater Fund, a proprietary fund (approximate \$834,400 increase) for ARPA grant eligible expenditures. There were no ARPA grant funds in fiscal year 2021.
- Increased transfers out from the CITT Fund (approximately \$1,548,700) to the Stormwater Fund, a proprietary fund, (approximate \$1,405,600 increase), to the Bike and Pedestrian Fund (approximate \$34,300 decrease), to the Transit Fund (approximate \$184,300 increase), to the Transportation Fund (approximate \$20,000 decrease), and to the Sidewalks Fund (approximate \$13,100 increase).
- Decreased transfers out from the Special Revenue Fund (approximately \$52,900) reflecting decreased park impact fees transferred out to the Capital Projects (Parks) Fund (approximate \$41,700 decrease) related to funding for the canoe/kayak launch project and decreased gas taxes transferred out to the General Fund for sidewalk related projects (approximate \$11,200 decrease).

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2022 decreased approximately \$1,742,700 over fiscal year 2021 amounts due primarily to the completion of the Franjo Park and Lakes By the Bay capital projects and the other 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). The primary components of the net decrease of transfers in are as follows:

- Decreased transfers in to the Capital Projects (Parks) Fund reflecting completion of the Franjo Park and Lakes By The Bay Park capital projects (approximate \$1,923,200 decrease);
- Net increase (approximately \$143,100) of transfers in to various special revenue funds: (1) Transit Fund (approximate \$184,300 increase), (2) Sidewalks Fund (approximate \$13,100 increase), (3) Bike/Pedestrian Fund (approximate \$34,300 decrease), and (4) Transportation Fund (approximate \$20,000 decrease);
- Net increase (approximately \$37,400) of transfers in to the General Fund, comprised of increased transfers in of ARPA grant funds (approximate \$48,600 increase) offset by a decreased transfers in of gas taxes (approximate \$11,200 decrease).

Approximately 76% and 71% of the combined ending fund balance, or \$22.6 million and \$18.8 million, respectively, constitutes "Unassigned" fund balance at September 30, 2022 and 2021, respectively, which is available for spending at the Town's discretion. Approximately 24% and 27% of the combined ending fund balance, or \$7.09 million and \$7.04 million, respectively, at September 30, 2022 and 2021 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.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Financial Analysis of the Government's Funds (Continued)**

General Fund

The General Fund is the primary operating fund of the Town of Cutler Bay. At September 30, 2022 and 2021, unassigned fund balance of the General Fund was \$22.6 million and \$18.8 million, respectively. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of the General Fund at September 30, 2022 represents 107% of total General Fund expenditures (58% at September 30, 2021), while total fund balance of the General Fund represents 108% of that same total fund expenditure amount (81% at September 30, 2021). This indicator remains positive and reflects a healthy financial condition for the Town.

The fund balance of the Town's General Fund increased by approximately \$3,429,900 during fiscal year 2022, versus an approximate increase of \$5,655,100 during fiscal year 2021. The fiscal year 2022 increase primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$5,459,000 surplus), increased by transfers in (approximately \$187,400) and offset by capital expenditures (approximately \$65,700), transfers out (approximately \$12,200), and debt service (approximately \$2,138,600).

Revenues of the General Fund in fiscal year 2022 were approximately \$2,270,700 more than fiscal year 2021, as a result of the following:

- Ad valorem revenues increased in fiscal year 2022 approximately \$1,084,000 as a result of increased property values and the timing of collections.
- Utility taxes decreased approximately \$220,000 primarily as a result of the timing of collections.
- Franchise fees increased approximately \$429,700 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, as well as improved solid waste franchise fee collections.
- Building activity in Town was impacted by the COVID-19 pandemic slowdowns in fiscal 2020 but rebounded in fiscal year 2021. Fiscal year 2022 saw continued improvement in building activity resulting in an increase in licenses and permit revenues of approximately \$433,300 from fiscal year 2021 levels. Building permit and zoning related fees increased approximately \$435,150 and local business tax receipts and other licenses decreased approximately \$1,850.
- Intergovernmental revenues increased approximately \$504,800, primarily resulting from:
  1. The Town experienced increases in all State shared revenue categories, resulting in an increase in revenues of approximately \$1,009,000. Sales tax revenues increased approximately \$828,800, local option gas taxes increased approximately \$30,500, State revenue sharing increased approximately \$80,500, and communication services taxes increased approximately \$69,200.
  2. Revenues from grants decreased approximately \$630,700, primarily related to COVID-19 public assistance grants.
  3. Administrative fees from administering the CITT surtax funds program were approximately \$126,500 in fiscal year 2022. These administrative fees were not charged in prior periods.
- Rental income increased approximately \$1,750 primarily as a CPI increases in tower lease rentals.

Charges for services decreased approximately \$12,700, primarily due to increases in park fees (approximate \$21,900 increase) and burglar alarm fees (approximate \$6,000 increase), offset by decreases in lien search fees (approximate \$26,200 decrease) and school crossing guard fees (an approximate \$13,600 decrease). 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, 2022**

**Financial Analysis of the Government's Funds (Continued)**

General Fund (Continued)

- Fines and forfeitures increased approximately \$38,500 resulting primarily from increased revenue from traffic enforcement fines (approximately \$17,000) and by increased code enforcement fines (approximately \$21,500).
- Interest income increased approximately \$24,600 due primarily to an improvement in the interest rate environment during fiscal year 2022, as well as to more interest earning deposits.
- Miscellaneous revenues decreased approximately \$13,200 primarily reflecting an decrease in insurance proceeds for storm claims of approximately \$33,400, offset by increases in contributions from private sources of approximately \$12,000, in lobbyist fees of approximately \$8,000, and in other miscellaneous revenues of approximately \$200.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources and/or rounding.

Current expenditures of the General Fund in fiscal year 2022 decreased approximately \$240,100 versus the expenditure total in fiscal year 2021 due to the following primary reasons:

- General government expenditures decreased approximately \$977,200 primarily as a result of:
  1. The Town Attorney department expenditures increased approximately \$48,400 in fiscal year 2022 versus the fiscal year 2021 period. A portion of the increase is attributable to the provision of services related to the award and utilization of ARPA grant funding. The Town contracts for these services.
  2. The Mayor & Council department expenditures increased approximately \$17,100 primarily due to a \$10,000 contribution to the Economic Development Council during fiscal year 2022. Additionally, there was an increase in post-COVID 19 travel (approximately \$2,200) as well as an increase in salaries and benefits (approximately \$4,000) primarily related to cost of living pay adjustments and increased life and health insurance benefits. There were other account balance increases and decreases that individually were not material for further analysis.
  3. The Town Clerk department expenditures decreased approximately \$45,900. The decrease results primarily to (1) a decrease in salaries and benefits (approximate \$12,600 decrease) due to the timing of staffing changes, partially offset by merit and cost of living pay increases and increased health insurance benefits, (2) a decrease in other contractual services (approximate \$24,200 decrease) due primarily to reduced election costs, and (3) a decrease in subscriptions (approximate \$30,700 decrease with a corresponding increase in repairs and maintenance (approximate \$24,400 increase) due primarily to the transition to a new meeting software service. There were other account balance increases and decreases that individually were not material for further analysis.
  4. The General Government department expenditures decreased approximately \$1,000,500. The decrease results primarily to (1) an increase in salaries and benefits (approximate \$67,200 increase) due primarily to merit and cost of living pay increases and increased life and health insurance costs, (2) an increase in professional fees (approximate \$222,300 increase) due primarily to GO Bond outreach efforts, environmental assessment of the Town's future municipal complex site, and services of an environmental lobbyist and financial advisor, (3) an increase in property and casualty insurance (approximate \$27,400 increase) due primarily to increased property and liability insurance premiums in the Florida market, as well as to increased property

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Financial Analysis of the Government's Funds (Continued)**

General Fund (Continued)

values insured, (4) an increase in repairs and maintenance (approximate \$19,400 increase) due primarily to increased IT and software maintenance costs, increased general repairs, and recording all copier equipment costs in the General Government department, (5) an increase in communications and freight (approximate \$19,800 increase) due primarily to increased telephone line port fees, (6) a net decrease in rent expense for the Town's office space as a result of implementing GASB 87 (approximate net decrease of \$583,600), (7) a net decrease in other contractual services (approximate net decrease of \$40,700) reflecting a reduction in contractual services related to COVID-19 partially offset by increased costs related to a Brownfield consultant, and (8) a decrease in other current charges (approximate \$730,800 decrease) due primarily to no COVID-19 program related costs or debt issuance related costs in the fiscal year 2022 period. There were other account balance increases and decreases that individually were not material for further analysis.

- Public safety expenditures increased approximately \$133,600 primarily as a result of:

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, increased approximately \$125,300, primarily as a result of increased union contract costs. Repairs and maintenance and supply expenses also increased approximately \$5,800 and \$3,900, respectively. The balance of the difference results from a combination of smaller changes in various accounts.

- Parks and recreation expenditures increased approximately \$412,600, primarily as a result of:

The pandemic related closures curtailed the park activities for fiscal year 2020 resulting in significant decreased expenses that year. In fiscal year 2021, park operations started its return to normal operations which continued into fiscal year 2022, resulting in increased expenditures for contractual services (approximately \$201,300), utilities (approximately \$88,200), supplies (approximately \$33,700), and repairs and maintenance (approximately \$35,200). Increased staff scheduling as parks reopened resulted in an increase in salaries and benefits as well (approximately \$52,500) related to merit and cost of living pay changes. The balance of the difference relates from a combination of smaller changes in various accounts.

- Community development expenditures increased approximately \$190,900 primarily due to:

Salaries and benefits increased (approximately \$192,200), primarily related to a restructuring of the department with the addition of a Code Enforcement Officer and Building Inspector, as well as a part-time Building Official. Expenditures increased for (1) other contractual services (approximately \$6,500) related to increased payments made to the contractor that performs the Town's permit and inspection functions (primarily related to increased building permit revenues which are shared with the contractor), (2) supplies (approximately \$4,000), and (3) dues and subscriptions (approximately \$3,100) partially offset by a decrease in professional services (approximately \$18,300) reflecting less use of such services in fiscal year 2022. 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 \$2,530,600 decrease in debt service in fiscal year 2022 versus the prior year. The decrease reflects the normal amortization of the Town's outstanding debt, increased for debt service recorded by implementing GASB 87, and reflecting no debt restructuring or debt issuances or retirements as in the fiscal year 2021 period.

Capital outlay in the General Fund decreased approximately \$8,464,900 in fiscal year 2022. Community development capital expenditures increased approximately \$30,500 as a result of increased computer equipment purchased in fiscal year 2022 (approximate \$1,700 increase) and leasehold improvements (approximate \$28,800 increase). General government capital expenditures decreased approximately \$8,463,900 primarily as a result of the purchase of a vacant land parcel for approximately \$8,450,000 in fiscal year 2021 with no corresponding purchase in fiscal year 2022. Parks and recreation capital expenditures decreased approximately \$31,500 resulting from the net change of smaller threshold acquisitions.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Financial Analysis of the Government's Funds (Continued)**

General Fund (Continued)

General Fund transfers out in fiscal year 2022 decreased approximately \$1,881,500 over fiscal year 2021 as a result of decreased funding from the General Fund for the Franjo Park restoration project (approximate \$1,823,000 decrease) and to the Lakes By The Bay canoe/kayak project (approximate \$58,500 decrease) accounted for in the Capital Projects (Parks) Fund. General Fund transfers in increased approximately \$37,400, reflecting decreased transfers in of gas taxes from the Special Revenue Fund for sidewalk repairs (approximate \$11,200 decrease) offset by increased transfers in of ARPA funds for ARPA eligible expenditures account for in the General Fund (approximate \$48,600 increase).

ARPA Fund

In order to facilitate the ongoing recovery from the COVID-19 pandemic, Congress adopted the American Rescue Plan Act (the "ARPA") that was signed into law on March 11, 2021. Section 9901 of the ARPA amended Title VI of the Social Security Act to add Section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and Section 603, which establishes the Coronavirus Local Fiscal Recovery Fund (together, the "Fiscal Recovery Funds"). The Fiscal Recovery Funds are intended to provide support to State, Local, and Tribal governments (together, the "Recipients") in responding to the impact of COVID-19 and in their efforts to contain COVID-19 in their communities, residents, and businesses.

The State of Florida, through the Florida Division of Emergency Management, will disburse up to \$1,416,425,123.00 of Fiscal Recovery Funds to non-entitlement units of local government (NEUs), which are local governments typically serving a population under 50,000, such as the Town. The ARPA requires distributions to NEUs to be capped at 75% of their annual operating budget as of January 27, 2020. NEUs are required to enter into a Funding Agreement with the Division to receive funds. Once a NEU authorized representative signs the Agreement, the Division will then execute the Agreement and initiate payment. The State of Florida, Division of Emergency Management received a portion of the Fiscal Recovery Funds from the U.S. Department of Treasury and is responsible for disbursing to the Town its allocation of \$21,896,320.

In fiscal year 2022, the Town expended approximately \$883,000 on ARPA eligible projects and recorded that amount as intergovernmental revenue. Additionally, the ARPA Fund earned interest income of approximately \$33,600 in fiscal year 2022.

ARPA eligible projects are recorded in funds other than the ARPA Fund. As a result, the ARPA Fund does not reflect expenditures, but rather reflects transfers out to other funds where the eligible projects are accounted for. In fiscal year 2022, the ARPA Fund reflected transfers out of approximately \$883,000, of which approximately \$834,400 was transferred to the Stormwater Fund, a proprietary fund, and approximately \$48,600 was transferred to the General Fund.

The fund balance of the ARPA Fund increased by \$33,600 in fiscal year 2022, reflecting the interest income earned during the period. The ARPA Fund reported fund balance of \$33,600 at September 30, 2022, and is classified as restricted at that date.

There was no corresponding fiscal year 2021 activity for the ARPA Fund.

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 2022, the CITT Fund received intergovernmental revenues from this program of approximately \$2,530,000, an increase of approximately \$521,700 from the prior year. The CITT Fund earned interest income of approximately \$14,600 in fiscal year 2022 (versus approximately \$7,800 in fiscal year 2021). Total expenditures increased approximately \$378,000 from fiscal year 2021. This resulted primarily from increased roadway resurfacing

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Financial Analysis of the Government's Funds (Continued)**

CITT Fund (continued)

projects in fiscal year 2022 (approximate \$223,700 increase) and corresponding professional services for project design and oversight costs (approximate \$27,600 increase), and by CITT administrative fees for program oversight (approximate \$126,500 increase). The balance of the change in expenditures is comprised of small changes in other accounts and are immaterial for discussion.

The fund balance of the CITT Fund decreased by approximately \$97,300 during fiscal 2022 and increased by approximately \$1,301,000 in fiscal year 2021, reflecting the net operating results for the respective fiscal periods. The CITT Fund reported fund balances at September 30, 2022 and September 30, 2021 of approximately \$5,489,800 and \$5,587,100, respectively, and are classified as restricted at both reporting dates.

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 2022 generated an increase in net position of approximately \$2,583,500, versus an increase in net position of approximately \$103,400 during fiscal year 2021. The fiscal year 2022 increase in net position resulted from an operating loss of approximately \$347,400 plus net non-operating expenses of approximately \$51,500 (comprised of interest expense), plus grants and contributions of approximately \$615,400 and transfers in of approximately \$2,367,000.

Of the total net position at September 30, 2022 of approximately \$8.34 million, approximately \$8.83 million is classified as net investment in capital assets and approximately (\$489,500) is classified as unrestricted. At September 30, 2021, total net position of approximately \$5.46 million, approximately \$5.77 million was classified as net investment in capital assets and (\$302,100) as unrestricted.

**General Fund Budget Highlights**

During fiscal years 2022 and 2021, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$2.74 million and \$1.85 million, respectively. For fiscal year 2022, the results were achieved as actual revenues exceeded budgeted amounts by approximately \$1.39 million while actual expenditures were approximately \$1.35 million less than budgeted. In fiscal year 2021, actual revenues exceeded budgeted amounts by approximately \$1.42 million while actual expenditures were approximately \$428,600 less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal year 2022 period, the primary contributing factors to the favorable revenue variance were better than expected collections from almost all revenue sources as the economy continued its strong rebound from the COVID-19 pandemic. Intergovernmental revenues, particularly the local government half-cent sales tax shared by the State, franchise fees, and licenses and permits were strong revenue generators in fiscal year 2022. While utility taxes showed a negative variance versus budget, that had more to do with the timing of receipt of the September revenues from Miami-Dade County. 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 2022 budget. Similarly, the Town had favorable expenditure budget variances with all departments except for Finance, which had a small negative variance versus the budget. This resulted from a conscious effort by management for fiscal restraint, as well as deferring expenditures for some planned projects to future fiscal years.

In November 2021, the Town Council passed a budget amendment by resolution (#21-91) to:

1. In the ARPA Fund, reflect receipt of the first tranche of funding from the Federal government with an increase of grant revenues of \$10,948,160 with a corresponding increase to expenditures, professional fees (\$100,000), other contractual services (\$1,200,000) and transfers out (\$9,648,160).

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**General Fund Budget Highlights (continued)**

In October 2022, the Town Council passed a budget amendment by resolution (#22-72) to:

1. In the General Fund, the net increase in total revenues was \$1,622,000 with a corresponding decrease to appropriation of prior year fund balance. The revenue changes reflected increases to ad valorem revenues (\$40,000), utility taxes (\$30,000 for electricity, \$75,000 for water, and \$40,000 for gas), electric franchise fees (\$150,000), 1<sup>st</sup> local option gas taxes (\$25,000), communications services taxes (\$75,000), local government half-cent sales tax (\$900,000), building permits (\$100,000), zoning fees (\$33,000), zoning fees-planning (\$100,000), other licenses, fees and permits (\$22,000), burglar alarm fees (\$37,000), CITT administrative fees (\$110,000), advertising (\$11,000), lobbyist registration fees (\$16,000), and violation of local ordinances (\$48,000), offset by decreases for state revenue sharing (\$97,200), motor fuel rebate (\$37,800), lien search fees (\$25,000), and interest income (\$30,000).

2. In the General Fund, the net increase in total expenditures was \$1,084,000 with a corresponding increase to appropriation of prior year fund balance.

The budget amendment increased expenditures in (a) the Town Clerk department by \$60,000 (other contractual services), (b) the General Government department by \$572,000 (\$180,000 for professional services, \$200,000 for other contractual services, \$75,000 for other contractual services – Brownfield, \$30,000 for rentals, \$5,000 for insurance, \$15,000 for repairs and maintenance, \$35,000 for other current charges, \$5,000 for office supplies, \$20,000 for operating supplies, and \$7,000 for capital outlay (machinery and equipment), (c) the Community Development department by \$187,000 (\$180,000 for other contractual services, \$3,000 for operating supplies, and \$4,000 for capital outlay (machinery and equipment), (d) the Public Works department by \$80,000 (\$75,000 other contractual services and \$5,000 for rentals), (e) the Parks department by \$370,000 (\$230,000 for other contractual services, \$70,000 for utilities, \$40,000 for repairs and maintenance, and \$30,000 for operating supplies), and (f) Transfers Out (\$15,000) to other funds for project matching.

The budget amendment decreased expenditures in the Law enforcement department by \$200,000 for decreased professional services.

3. In the Special Revenue - Transportation Fund, transfers in were decreased \$97,000 with a corresponding decrease to professional fees.
4. In the Special Revenue – ARPA Fund, the second, and final, tranche of grant funds (\$10,948,160) were received and reflected as an increase of grant revenues and an increase in transfers out.
5. In the Special Revenue – Lighting Fund, transfers in were increased approximately \$27,500 with a corresponding increase to other contractual services.
6. In the Special Revenue – Transit Fund, transfers in were increased \$180,000 with a corresponding increase in contractual services.
7. In the Special Revenue - CITT Fund, transfers out were increased \$180,000 with a corresponding increase to appropriation of prior year fund balance.
8. In the Capital Projects (Parks) Fund, transfers in were increased \$15,000 with a corresponding increase in infrastructure expenditures for the Franjo Park project.
9. In the Stormwater Fund, a proprietary fund, transfers in were increased \$97,000 with a corresponding increase to contractual services for the SW 82<sup>nd</sup> Avenue project.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**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, 2022 and 2021, amounts to approximately \$55.3 million and \$9.8 million and \$57.6 million and \$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 land acquisitions and improvements. It also reflects a building – right to use asset recorded upon implementation of GASB 87 as of October 1, 2022 (the 2021 balance in the table below has been restated to reflect this asset). In fiscal year 2021, the Town acquired an approximate 8.45-acre parcel for approximately \$8.45 million. This parcel was acquired to be used for conservation and resiliency purposes. 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<br>Activities |                  | Business-type<br>Activities |                 | Total            |                  | Percent       |
|-------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|---------------|
|                         | <u>2022</u>                | <u>2021*</u>     | <u>2022</u>                 | <u>2021*</u>    | <u>2022</u>      | <u>2021*</u>     | <u>Change</u> |
| General Government      | \$ 19,897                  | \$ 20,298        | \$ -                        | \$ -            | \$ 19,897        | \$ 20,298        | -2.0%         |
| Community Development   | 15,919                     | 17,029           | -                           | -               | 15,919           | 17,029           | -6.5%         |
| Public Safety           | 13                         | 20               | -                           | -               | 13               | 20               | -35.0%        |
| Culture and Recreation  | 19,429                     | 20,243           | -                           | -               | 19,429           | 20,243           | -4.0%         |
| Public Works-Stormwater | -                          | -                | 9,756                       | 7,034           | 9,756            | 7,034            | 38.7%         |
|                         | <u>\$ 55,258</u>           | <u>\$ 57,590</u> | <u>\$ 9,756</u>             | <u>\$ 7,034</u> | <u>\$ 65,014</u> | <u>\$ 64,624</u> | 0.6%          |

\* - restated

Additional information regarding the Town's capital assets can be found in footnotes 1 and 6 in the accompanying notes to financial statements.

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**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Capital Assets and Debt Administration (Continued)**

Long-term debt

At September 30, 2022, the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$915,000, representing a 23.5% decrease from the prior year (as restated – see footnote 13 in the accompanying notes to financial statements).

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. During fiscal year 2021, the 2012 bank loan was satisfied and one of the 2015 bank loans was refunded with a bank loan from another financial institution. At September 30, 2022, approximately \$6 million was outstanding on the two remaining notes payable, representing a 8.1% decrease from the prior year.

In fiscal year 2021, the Town issued open-market bonds at a premium. At September 30, 2022, bonds payable (including unamortized premium) was approximately \$14.6 million, versus \$14.7 million at September 30, 2021, a decrease of 0.7%.

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, 2022, approximately \$923,000, represents a 10.5% decrease from the prior year balance (as restated – see footnote 13 in the accompanying notes to financial statements).

On October 1, 2021, the Town implemented GASB 87 and recorded a right to use asset for it's office space and a corresponding lease liability of approximately \$2,924,000 (the 2021 balance in the table below has been restated to reflect this asset). At September 30, 2022, the lease liability was approximately \$2,392,000, reflecting principal payments of approximately \$532,000 during fiscal year 2022.

The net pension liability at September 30, 2022 (approximately \$4.5 million) increased approximately 156% from the balance at September 30, 2021 (approximately \$1.75 million), primarily as a result of the current year GASB 68 valuation.

The Town also has liabilities related compensated absences. This approximates \$395,000 at September 30, 2022, versus \$385,000 at September 30, 2021, an increase of 2.6% from the prior year.

Total long-term debt increased approximately \$1.2 million, or 4.2%, primarily resulting from an increase in net pension liability pursuant to GASB 68 and an increase in compensated absences, offset by principal payments on the GASB 87 lease liability and principal payments on the Town's notes payable, amortization of bond premium, and principal changes upon the County's refunding of the QNIP and Stormwater interlocal debt.

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**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Capital Assets and Debt Administration (Continued)**

Long-term debt (continued)

| Town of Cutler Bay<br>Long-term Debt<br>September 30,<br>(in thousands) |                            |                  |                             |                 |                  |                  |         |
|-------------------------------------------------------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|---------|
|                                                                         | Governmental<br>Activities |                  | Business-type<br>Activities |                 | Total            |                  | Percent |
|                                                                         | 2022                       | 2021*            | 2022                        | 2021*           | 2022             | 2021*            | Change  |
| QNIP bonds                                                              | \$ 915                     | \$ 1,196         | \$ -                        | \$ -            | \$ 915           | \$ 1,196         | -23.5%  |
| Bonds payable (including unamortized premium)                           | 14,601                     | 14,702           | -                           | -               | 14,601           | 14,702           | -0.7%   |
| Notes payable                                                           | 5,958                      | 6,482            | -                           | -               | 5,958            | 6,482            | -8.1%   |
| Stormwater utility revenue bonds                                        | -                          | -                | 923                         | 1,031           | 923              | 1,031            | -10.5%  |
| Lease liability                                                         | 2,392                      | 2,924            | -                           | -               | 2,392            | 2,924            | -18.2%  |
| Net pension liability                                                   | 4,481                      | 1,750            | -                           | -               | 4,481            | 1,750            | 156.1%  |
| Compensated absences                                                    | 395                        | 385              | -                           | -               | 395              | 385              | 2.6%    |
|                                                                         | <u>\$ 28,742</u>           | <u>\$ 27,439</u> | <u>\$ 923</u>               | <u>\$ 1,031</u> | <u>\$ 29,665</u> | <u>\$ 28,470</u> | 4.2%    |

\* - restated

Additional information regarding the Town's long-term debt can be found in footnotes 1 and 7 in the accompanying notes to financial statements.

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

- The unemployment rate for the Miami-Dade County area at September 30, 2022 is approximately 2.6%, which is an decrease from a rate of 4.3% a year ago. The rate is better than the national unemployment rate of 3.5% at that date. These unemployment rates reflect the nation, and region, recovering from the COVID-19 pandemic.
- Inflationary trends in the region are consistent with the national average.
- In setting its fiscal year 2023 budget, the Town adopted a mil rate of 2.8332, the same rate as adopted and in effect for fiscal year 2022. The adopted 2023 mil rate was 12.55% 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.

**TOWN OF CUTLER BAY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Economic Factors and Next Year's Budgets and Rates (continued)**

- 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 2022), reflecting a gain of approximately 91% from the 2012 bottom. Building activity and new development within the Town in recent years are anticipated to extend into fiscal year 2023 with significant new planned projects in process. The Town anticipates property values to increase further in 2023, and possibly into 2024, with significant new planned projects in process. 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 COVID-19 pandemic, 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.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

|                                       | Governmental<br>Activities | Business-<br>Type<br>Activities | Total         |
|---------------------------------------|----------------------------|---------------------------------|---------------|
| <u>ASSETS</u>                         |                            |                                 |               |
| Cash                                  | \$ 21,629,011              | \$ -                            | \$ 21,629,011 |
| Restricted cash                       | 29,448,330                 | -                               | 29,448,330    |
| Accounts receivable - net             | 4,110,962                  | 909,468                         | 5,020,430     |
| Prepays                               | 138,301                    | 2,284                           | 140,585       |
| Internal balances                     | 972,238                    | (972,238)                       | -             |
| Capital assets not being depreciated: |                            |                                 |               |
| Land                                  | 31,890,609                 | -                               | 31,890,609    |
| Construction in progress              | -                          | 2,079,686                       | 2,079,686     |
| Capital assets being depreciated:     |                            |                                 |               |
| Building                              | 1,948,884                  | -                               | 1,948,884     |
| Building - right to use               | 2,923,902                  | -                               | 2,923,902     |
| Computer hardware and software        | 663,963                    | 1,308                           | 665,271       |
| Furniture and equipment               | 956,463                    | 2,367                           | 958,830       |
| Infrastructure                        | 58,818,137                 | 12,116,854                      | 70,934,991    |
| Improvements                          | 17,684,249                 | -                               | 17,684,249    |
| Total capital assets                  | 114,886,207                | 14,200,215                      | 129,086,422   |
| Less accumulated depreciation         | (59,628,443)               | (4,444,465)                     | (64,072,908)  |
| Total capital assets - net            | 55,257,764                 | 9,755,750                       | 65,013,514    |
| Total assets                          | 111,556,606                | 9,695,264                       | 121,251,870   |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> |                            |                                 |               |
| Pension contributions                 | 1,348,255                  | -                               | 1,348,255     |
| Total deferred outflows of resources  | 1,348,255                  | -                               | 1,348,255     |
| <u>LIABILITIES</u>                    |                            |                                 |               |
| Accounts payable                      | 4,519,691                  | 429,042                         | 4,948,733     |
| Other liabilities                     | 209,822                    | -                               | 209,822       |
| Accrued interest                      | 242,065                    | -                               | 242,065       |
| Unearned revenues                     | 21,013,321                 | -                               | 21,013,321    |
| Noncurrent liabilities:               |                            |                                 |               |
| Due within one year:                  |                            |                                 |               |
| Compensated absences                  | 112,097                    | -                               | 112,097       |
| Lease liability                       | 538,477                    | -                               | 538,477       |
| Bonds and notes payable               | 913,833                    | 113,377                         | 1,027,210     |
| Net pension liability                 | 1,355                      | -                               | 1,355         |
| Due in more than one year:            |                            |                                 |               |
| Compensated absences                  | 282,761                    | -                               | 282,761       |
| Lease liability                       | 1,853,812                  | -                               | 1,853,812     |
| Bonds and notes payable               | 20,560,292                 | 809,436                         | 21,369,728    |
| Net pension liability                 | 4,479,465                  | -                               | 4,479,465     |
| Total liabilities                     | 54,726,991                 | 1,351,855                       | 56,078,846    |
| <u>DEFERRED INFLOWS OF RESOURCES</u>  |                            |                                 |               |
| Business license tax                  | 34,260                     | -                               | 34,260        |
| Event sponsorships                    | 17,750                     | -                               | 17,750        |
| Pension expenses                      | 309,407                    | -                               | 309,407       |
| Total deferred inflows of resources   | 361,417                    | -                               | 361,417       |
| <u>NET POSITION</u>                   |                            |                                 |               |
| Net investment in capital assets      | 33,783,639                 | 8,832,937                       | 42,616,576    |
| Restricted for:                       |                            |                                 |               |
| Capital projects                      | 266,995                    | -                               | 266,995       |
| Public safety                         | 201,268                    | -                               | 201,268       |
| Parks and recreation                  | 854,727                    | -                               | 854,727       |
| Transportation                        | 5,766,381                  | -                               | 5,766,381     |
| Unrestricted                          | 16,943,443                 | (489,528)                       | 16,453,915    |
| Total net position                    | \$ 57,816,453              | \$ 8,343,409                    | \$ 66,159,862 |

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                        |                      | Program Revenues    |                     |                   | Net (Expense) Revenue and<br>Changes in Net Position |                     |                      |
|----------------------------------------|----------------------|---------------------|---------------------|-------------------|------------------------------------------------------|---------------------|----------------------|
|                                        |                      | Charges for         | Operating           | Capital           | Governmental                                         | Business-           | Total                |
|                                        | Expenses             | Services            | Grants and          | Grants and        | Activities                                           | Type                |                      |
|                                        |                      |                     | Contributions       | Contributions     |                                                      | Activities          |                      |
| <b>Functions/Programs</b>              |                      |                     |                     |                   |                                                      |                     |                      |
| Governmental activities:               |                      |                     |                     |                   |                                                      |                     |                      |
| General government                     | \$ 6,749,041         | \$ 300,257          | \$ 3,740,596        | \$ 217,749        | \$ (2,490,439)                                       | \$ -                | \$ (2,490,439)       |
| Public safety                          | 10,211,334           | 320,043             | 6,350               | 1,813             | (9,883,128)                                          | -                   | (9,883,128)          |
| Community development                  | 2,768,709            | 1,680,288           | -                   | -                 | (1,088,421)                                          | -                   | (1,088,421)          |
| Parks and recreation                   | 3,428,887            | 104,188             | 293,428             | 21,844            | (3,009,427)                                          | -                   | (3,009,427)          |
| Interest on long-term debt             | 701,573              | -                   | -                   | -                 | (701,573)                                            | -                   | (701,573)            |
| Total governmental activities          | <u>23,859,544</u>    | <u>2,404,776</u>    | <u>4,040,374</u>    | <u>241,406</u>    | <u>(17,172,988)</u>                                  | <u>-</u>            | <u>(17,172,988)</u>  |
| Business-type activities:              |                      |                     |                     |                   |                                                      |                     |                      |
| Stormwater                             | 1,424,342            | 1,025,416           | 15,421              | 600,000           | -                                                    | 216,495             | 216,495              |
| Total business-type activities         | <u>1,424,342</u>     | <u>1,025,416</u>    | <u>15,421</u>       | <u>600,000</u>    | <u>-</u>                                             | <u>216,495</u>      | <u>216,495</u>       |
| Total                                  | <u>\$ 25,283,886</u> | <u>\$ 3,430,192</u> | <u>\$ 4,055,795</u> | <u>\$ 841,406</u> | <u>(17,172,988)</u>                                  | <u>216,495</u>      | <u>(16,956,493)</u>  |
| General revenues:                      |                      |                     |                     |                   |                                                      |                     |                      |
| Property taxes                         |                      |                     |                     |                   | 7,981,928                                            | -                   | 7,981,928            |
| Utility taxes                          |                      |                     |                     |                   | 3,860,621                                            | -                   | 3,860,621            |
| Franchise fees based on gross receipts |                      |                     |                     |                   | 2,928,299                                            | -                   | 2,928,299            |
| Intergovernmental (unrestricted)       |                      |                     |                     |                   | 7,536,192                                            | -                   | 7,536,192            |
| Interest income (unrestricted)         |                      |                     |                     |                   | 107,899                                              | -                   | 107,899              |
| Miscellaneous                          |                      |                     |                     |                   | 29,915                                               | -                   | 29,915               |
| Transfers                              |                      |                     |                     |                   | (2,367,033)                                          | 2,367,033           | -                    |
| Total general revenues and transfers   |                      |                     |                     |                   | <u>20,077,821</u>                                    | <u>2,367,033</u>    | <u>22,444,854</u>    |
| Change in net position                 |                      |                     |                     |                   | 2,904,833                                            | 2,583,528           | 5,488,361            |
| Net position - Beginning               |                      |                     |                     |                   | <u>54,780,215</u>                                    | <u>5,463,375</u>    | <u>60,243,590</u>    |
| Restatement (Note 13)                  |                      |                     |                     |                   | 131,405                                              | 296,506             | 427,911              |
| Net position - Beginning, as restated  |                      |                     |                     |                   | <u>54,911,620</u>                                    | <u>5,759,881</u>    | <u>60,671,501</u>    |
| Net position - Ending                  |                      |                     |                     |                   | <u>\$ 57,816,453</u>                                 | <u>\$ 8,343,409</u> | <u>\$ 66,159,862</u> |

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

|                                                                       | Major Funds          |                      |                     | Other                 | Total                 |
|-----------------------------------------------------------------------|----------------------|----------------------|---------------------|-----------------------|-----------------------|
|                                                                       | General              | ARPA<br>Fund         | CITT<br>Fund        | Governmental<br>Funds | Governmental<br>Funds |
| <u>ASSETS</u>                                                         |                      |                      |                     |                       |                       |
| Cash                                                                  | \$ 21,629,011        | \$ -                 | \$ -                | \$ -                  | \$ 21,629,011         |
| Restricted cash                                                       | 86,048               | 21,929,929           | 5,972,710           | 1,459,643             | 29,448,330            |
| Accounts receivable - net                                             | 2,572,498            | -                    | 432,112             | 1,106,352             | 4,110,962             |
| Prepays                                                               | 137,155              | -                    | -                   | 1,146                 | 138,301               |
| Due from other funds                                                  | 2,000,548            | -                    | -                   | -                     | 2,000,548             |
| Total assets                                                          | <u>\$ 26,425,260</u> | <u>\$ 21,929,929</u> | <u>\$ 6,404,822</u> | <u>\$ 2,567,141</u>   | <u>\$ 57,327,152</u>  |
| <u>LIABILITIES</u>                                                    |                      |                      |                     |                       |                       |
| Accounts payable                                                      | \$ 2,924,310         | \$ -                 | \$ 653,497          | \$ 941,884            | \$ 4,519,691          |
| Other liabilities                                                     | 209,822              | -                    | -                   | -                     | 209,822               |
| Due to other funds                                                    | -                    | 882,999              | -                   | 145,311               | 1,028,310             |
| Unearned revenues                                                     | -                    | 21,013,321           | -                   | -                     | 21,013,321            |
| Total liabilities                                                     | <u>3,134,132</u>     | <u>21,896,320</u>    | <u>653,497</u>      | <u>1,087,195</u>      | <u>26,771,144</u>     |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                                  |                      |                      |                     |                       |                       |
| Unavailable revenues                                                  | 428,764              | -                    | 261,557             | -                     | 690,321               |
| Event sponsorships                                                    | 17,750               | -                    | -                   | -                     | 17,750                |
| Business license tax                                                  | 34,260               | -                    | -                   | -                     | 34,260                |
| Total deferred inflows of resources                                   | <u>480,774</u>       | <u>-</u>             | <u>261,557</u>      | <u>-</u>              | <u>742,331</u>        |
| <u>FUND BALANCES</u>                                                  |                      |                      |                     |                       |                       |
| Nonspendable                                                          | 137,155              | -                    | -                   | 1,146                 | 138,301               |
| Restricted                                                            | 86,048               | 33,609               | 5,489,768           | 1,479,946             | 7,089,371             |
| Unassigned                                                            | 22,587,151           | -                    | -                   | (1,146)               | 22,586,005            |
| Total fund balances                                                   | <u>22,810,354</u>    | <u>33,609</u>        | <u>5,489,768</u>    | <u>1,479,946</u>      | <u>29,813,677</u>     |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 26,425,260</u> | <u>\$ 21,929,929</u> | <u>\$ 6,404,822</u> | <u>\$ 2,567,141</u>   | <u>\$ 57,327,152</u>  |

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

Fund balances - total government funds (Page 30) \$ 29,813,677

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   | 114,886,207         |            |
| Less accumulated depreciation | <u>(59,628,443)</u> | 55,257,764 |

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

|                          |                  |              |
|--------------------------|------------------|--------------|
| Long term debt           | (21,474,125)     |              |
| Lease liability          | (2,392,289)      |              |
| Net pension liability    | (4,480,820)      |              |
| Compensated absences     | (394,858)        |              |
| Accrued interest payable | <u>(242,065)</u> |              |
|                          |                  | (28,984,157) |

|                                                                                                                                                                   |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 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. | 690,321 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                                            |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 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 | 1,348,255 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                                                                           |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 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>(309,407)</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|

|                                                   |                             |
|---------------------------------------------------|-----------------------------|
| Net position of governmental activities (Page 28) | <u><u>\$ 57,816,453</u></u> |
|---------------------------------------------------|-----------------------------|

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                                   | Major Funds          |                  |                     | Other               | Total                |
|---------------------------------------------------|----------------------|------------------|---------------------|---------------------|----------------------|
|                                                   | General              | ARPA Fund        | CITT Fund           | Governmental Funds  | Governmental Funds   |
| REVENUES:                                         |                      |                  |                     |                     |                      |
| Property taxes                                    | \$ 7,981,928         | \$ -             | \$ -                | \$ -                | \$ 7,981,928         |
| Franchise fees                                    | 2,928,299            | -                | -                   | -                   | 2,928,299            |
| Utility taxes                                     | 3,431,857            | -                | -                   | -                   | 3,431,857            |
| Charges for services                              | 351,831              | -                | -                   | -                   | 351,831              |
| Intergovernmental                                 | 7,678,921            | 882,999          | 2,530,029           | 770,526             | 11,862,475           |
| Licenses and permits                              | 1,680,289            | -                | -                   | -                   | 1,680,289            |
| Impact fees                                       | -                    | -                | -                   | 32,757              | 32,757               |
| Fines and forfeitures                             | 198,536              | -                | -                   | -                   | 198,536              |
| Interest                                          | 56,205               | 33,609           | 14,588              | 3,496               | 107,898              |
| Rental income                                     | 45,443               | -                | -                   | -                   | 45,443               |
| Miscellaneous                                     | 49,915               | -                | -                   | -                   | 49,915               |
| Total revenues                                    | <u>24,403,224</u>    | <u>916,608</u>   | <u>2,544,617</u>    | <u>806,779</u>      | <u>28,671,228</u>    |
| EXPENDITURES:                                     |                      |                  |                     |                     |                      |
| Current:                                          |                      |                  |                     |                     |                      |
| General government                                | 4,881,321            | -                | 724,893             | 660,601             | 6,266,815            |
| Public safety                                     | 10,204,217           | -                | -                   | -                   | 10,204,217           |
| Community development                             | 1,600,826            | -                | -                   | -                   | 1,600,826            |
| Parks and recreation                              | 2,257,831            | -                | -                   | 283,551             | 2,541,382            |
| Debt service:                                     |                      |                  |                     |                     |                      |
| Principal retirement                              | 1,336,752            | -                | -                   | -                   | 1,336,752            |
| Interest                                          | 801,886              | -                | -                   | -                   | 801,886              |
| Capital outlay:                                   |                      |                  |                     |                     |                      |
| General government                                | 13,170               | -                | -                   | -                   | 13,170               |
| Community development                             | 32,468               | -                | -                   | -                   | 32,468               |
| Parks and recreation                              | 20,021               | -                | -                   | 12,182              | 32,203               |
| Total expenditures                                | <u>21,148,492</u>    | <u>-</u>         | <u>724,893</u>      | <u>956,334</u>      | <u>22,829,719</u>    |
| Excess (deficiency) of revenues over expenditures | <u>3,254,732</u>     | <u>916,608</u>   | <u>1,819,724</u>    | <u>(149,555)</u>    | <u>5,841,509</u>     |
| OTHER FINANCING SOURCES (USES):                   |                      |                  |                     |                     |                      |
| Issuance of debt                                  | -                    | -                | -                   | -                   | -                    |
| Premium on bonds payable                          | -                    | -                | -                   | -                   | -                    |
| Transfers in                                      | 187,344              | -                | -                   | 396,634             | 583,978              |
| Transfers out                                     | (12,182)             | (882,999)        | (1,917,040)         | (138,790)           | (2,951,011)          |
| Total other financing sources (uses)              | <u>175,162</u>       | <u>(882,999)</u> | <u>(1,917,040)</u>  | <u>257,844</u>      | <u>(2,367,033)</u>   |
| Net change in fund balances                       | 3,429,894            | 33,609           | (97,316)            | 108,289             | 3,474,476            |
| Fund balances, beginning                          | 19,380,460           | -                | 5,587,084           | 1,371,657           | 26,339,201           |
| Fund balances, ending                             | <u>\$ 22,810,354</u> | <u>\$ 33,609</u> | <u>\$ 5,489,768</u> | <u>\$ 1,479,946</u> | <u>\$ 29,813,677</u> |

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 32) | \$ 3,474,476 |
|----------------------------------------------------------------|--------------|

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 | 77,841             |             |
| Less current year depreciation   | <u>(2,409,493)</u> | (2,331,652) |

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.

|                    |                |           |
|--------------------|----------------|-----------|
| Lease payments     | 531,613        |           |
| Principal payments | <u>805,139</u> | 1,336,752 |

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            | (705)              |             |
| Amortization of bond premium        | 101,018            |             |
| Compensated absences                | (9,920)            |             |
| Adjustment to net pension liability | <u>(2,730,624)</u> | (2,640,231) |

|                                                                                                                                                                                                    |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Changes in the Town's pension deferred outflows and pension deferred inflows for the<br>current year are not reported in the governmental funds but are reported in the<br>statement of activities | 2,605,305 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                                                                      |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Revenue collected outside of the period of availability is not available to pay for current<br>period expenditures however it is available to pay long term obligations of the Town. | <u>460,183</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|

|                                                             |                     |
|-------------------------------------------------------------|---------------------|
| Change in net position of governmental activities (Page 29) | <u>\$ 2,904,833</u> |
|-------------------------------------------------------------|---------------------|

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2022**

|                                     |                     |
|-------------------------------------|---------------------|
|                                     | <u>Stormwater</u>   |
| <u>ASSETS</u>                       |                     |
| Current assets:                     |                     |
| Accounts receivables                | \$ 909,468          |
| Prepays                             | <u>2,284</u>        |
| Total current assets                | <u>911,752</u>      |
| Non-current assets:                 |                     |
| Capital assets, net                 | <u>9,755,750</u>    |
| Total non-current assets            | <u>9,755,750</u>    |
| Total assets                        | <u>10,667,502</u>   |
|                                     |                     |
| <u>LIABILITIES AND NET POSITION</u> |                     |
| Current liabilities:                |                     |
| Accounts payable                    | 429,042             |
| Due to other funds                  | 972,238             |
| Current portion of revenue bonds    | <u>113,377</u>      |
| Total current liabilities           | <u>1,514,657</u>    |
| Non-current liabilities:            |                     |
| Revenue bonds                       | <u>809,436</u>      |
| Total non-current liabilities       | <u>809,436</u>      |
| Total liabilities                   | <u>2,324,093</u>    |
| Net position:                       |                     |
| Net investment in capital assets    | 8,832,937           |
| Unrestricted                        | <u>(489,528)</u>    |
| Total net position                  | <u>\$ 8,343,409</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, 2022**

|                                                          |                            |
|----------------------------------------------------------|----------------------------|
|                                                          | <u>Stormwater</u>          |
| Operating revenues:                                      |                            |
| Charges for services                                     | \$ 1,025,416               |
| Total revenues                                           | <u>1,025,416</u>           |
| Operating expenses:                                      |                            |
| Operations and maintenance                               | 1,155,138                  |
| Depreciation                                             | <u>217,668</u>             |
| Total operating expenses                                 | <u>1,372,806</u>           |
| Operating income (loss)                                  | <u>(347,390)</u>           |
| Non-operating revenues (expenses):                       |                            |
| Interest income                                          | -                          |
| Interest expense                                         | <u>(51,536)</u>            |
| Total non-operating revenues (expenses)                  | <u>(51,536)</u>            |
| Income (loss) before capital contributions and transfers | (398,926)                  |
| Grants and contributions                                 | 615,421                    |
| Transfers in                                             | <u>2,367,033</u>           |
| Change in net position                                   | 2,583,528                  |
| Net position - Beginning                                 | <u>5,463,375</u>           |
| Restatement (Note 13)                                    | 296,506                    |
| Net position - Beginning as restated                     | <u>5,759,881</u>           |
| Net position - Ending                                    | <u><u>\$ 8,343,409</u></u> |

See notes to basic financial statements

**TOWN OF CUTLER BAY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                                                                                          | <u>Stormwater</u>  |
|----------------------------------------------------------------------------------------------------------|--------------------|
| Cash flows from operating activities:                                                                    |                    |
| Cash received from customers                                                                             | \$ 569,428         |
| Cash paid for interfund services used                                                                    | 681,486            |
| Cash paid to employees                                                                                   | (209,594)          |
| Cash paid to suppliers                                                                                   | (925,286)          |
| Cash paid for prepaid assets                                                                             | (80)               |
| Net cash provided by operating activities                                                                | <u>115,954</u>     |
| Cash flows from non-capital financing activities:                                                        |                    |
| Transfers from other funds                                                                               | 2,367,033          |
| Grants received                                                                                          | 15,421             |
| Net cash provided by non-capital financing activities                                                    | <u>2,382,454</u>   |
| Cash flows from capital and related financing activities:                                                |                    |
| Acquisition and construction of capital assets                                                           | (2,938,973)        |
| Interest payments                                                                                        | (51,536)           |
| Principal payments                                                                                       | (107,899)          |
| Capital grant contribution                                                                               | 600,000            |
| Net cash used in capital and related financing activities                                                | <u>(2,498,408)</u> |
| Cash flows from investing activities                                                                     |                    |
| Interest income                                                                                          | -                  |
| Net cash provided by investing activities                                                                | <u>-</u>           |
| Net Increase (decrease) in cash                                                                          | -                  |
| Cash - beginning                                                                                         | -                  |
| Cash - ending                                                                                            | <u>\$ -</u>        |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:        |                    |
| Operating income (loss)                                                                                  | \$ (347,390)       |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                    |
| Depreciation                                                                                             | 217,668            |
| Change in operating assets and liabilities:                                                              |                    |
| Accounts receivables                                                                                     | (455,988)          |
| Prepays                                                                                                  | (80)               |
| Due to other funds                                                                                       | 681,486            |
| Accounts payable                                                                                         | 20,258             |
| Net cash provided by operating activities                                                                | <u>\$ 115,954</u>  |

See notes to basic financial statements

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## NOTES TO BASIC FINANCIAL STATEMENTS

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**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2022**

**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.

ARPA Fund – This fund was established to account for the funds that congress has allocated to state, local, territorial, and Tribal governments, in order to support their response to and recovery from the COVID-19 public health emergency.

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, 2022**

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

4. Restricted Assets - Proceeds from impact fees, CITT surtax and 2<sup>nd</sup> 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, 2022 was 2.6198 mills per \$1,000 of assessed valuation.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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 land, 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 \$5,000 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 \$50,000 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.

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 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, 2022**

**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 issuance costs are amortized over the term of the related debt. For the government-wide and 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 in current 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 grants received in advance.
11. Net Position - Total equity as of September 30, 2022, 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, 2022, 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, 2022**

**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.

|                      | General             | ARPA<br>Fund     | CITT<br>Fund       | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------|---------------------|------------------|--------------------|--------------------------------|--------------------------------|
| Fund balances:       |                     |                  |                    |                                |                                |
| Nonspendable:        |                     |                  |                    |                                |                                |
| Prepays              | \$ 137,155          | \$ -             | \$ -               | \$ 1,146                       | \$ 138,301                     |
| Restricted:          |                     |                  |                    |                                |                                |
| Capital projects     | -                   | 33,609           | -                  | 233,386                        | 266,995                        |
| Public safety        | 86,048              | -                | -                  | 115,220                        | 201,268                        |
| Parks and recreation | -                   | -                | -                  | 854,727                        | 854,727                        |
| Transportation       | -                   | -                | 5,489,768          | 276,613                        | 5,766,381                      |
| Unassigned           | 22,587,151          | -                | -                  | (1,146)                        | 22,586,005                     |
| Total fund balances  | <u>\$22,810,354</u> | <u>\$ 33,609</u> | <u>\$5,489,768</u> | <u>\$ 1,479,946</u>            | <u>\$29,813,677</u>            |
| Fund balances:       |                     |                  |                    |                                |                                |
| Nonspendable         | \$ 137,155          | \$ -             | \$ -               | \$ 1,146                       | \$ 138,301                     |
| Restricted           | 86,048              | 33,609           | 5,489,768          | 1,479,946                      | 7,089,371                      |
| Unassigned           | 22,587,151          | -                | -                  | (1,146)                        | 22,586,005                     |
| Total fund balances  | <u>\$22,810,354</u> | <u>\$ 33,609</u> | <u>\$5,489,768</u> | <u>\$ 1,479,946</u>            | <u>\$29,813,677</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.

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.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENTS**

For 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Town's 2022 financial statements and had no effect on the beginning net position. The Town recognized \$2,923,902 in net book value for the intangible right to use and a lease liability of \$2,923,902 for the office lease in January 2020.

**NOTE 3 - 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, 2022**

**NOTE 3 - 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 streets     |
| 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, 2022, the Town complied, in all material respects, with these revenue restrictions.

**NOTE 4 - 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, 2022, the Town has no investments or cash equivalents, only deposits with banking institutions.

**NOTE 5 - RECEIVABLES/PAYABLES**

Receivables

The Town's receivables at September 30, 2022 were as follows:

|                              | <u>Taxes</u>       | <u>Grants</u>      | <u>Fees</u>       | <u>Others</u>     | <u>Totals</u>      |
|------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| General Fund                 | \$1,864,835        | \$ 61,799          | \$ 610,762        | \$ 35,102         | \$2,572,498        |
| CITT Fund                    | 432,112            | -                  | -                 | -                 | 432,112            |
| Non-major governmental funds | 18,125             | 532,718            | 2,177             | 553,332           | 1,106,352          |
| Stormwater Fund              | -                  | 615,421            | 199,169           | 94,878            | 909,468            |
|                              | <u>\$2,315,072</u> | <u>\$1,209,938</u> | <u>\$ 812,108</u> | <u>\$ 683,312</u> | <u>\$5,020,430</u> |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 5 - 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, 2022 were as follows:

|                              | Vendors            | Miami-Dade<br>County | Total              |
|------------------------------|--------------------|----------------------|--------------------|
| General Fund                 | \$ 572,988         | \$2,351,322          | \$2,924,310        |
| CITT Fund                    | 572,342            | 81,155               | 653,497            |
| Non-major governmental funds | 11,694             | 930,191              | 941,885            |
| Stormwater Fund              | 304,778            | 124,264              | 429,042            |
|                              | <u>\$1,461,802</u> | <u>\$3,486,932</u>   | <u>\$4,948,734</u> |

**NOTE 6 - CAPITAL ASSETS**

Capital asset activities for the fiscal year ended September 30, 2022 was as follows:

|                                             | Balance<br>October 1,<br>2021 | Additions             | Deletions   | Transfers          | Balance<br>September 30,<br>2022 |
|---------------------------------------------|-------------------------------|-----------------------|-------------|--------------------|----------------------------------|
| Governmental activities:                    |                               |                       |             |                    |                                  |
| Capital assets not being depreciated:       |                               |                       |             |                    |                                  |
| Land                                        | \$ 31,890,609                 | \$ -                  | \$ -        | \$ -               | \$ 31,890,609                    |
| Construction in progress                    | 3,398,818                     | 12,182                | -           | (3,411,000)        | -                                |
| Total capital assets not being depreciated  | <u>35,289,427</u>             | <u>12,182</u>         | <u>-</u>    | <u>(3,411,000)</u> | <u>31,890,609</u>                |
| Capital assets being depreciated:           |                               |                       |             |                    |                                  |
| Building                                    | 1,948,884                     | -                     | -           | -                  | 1,948,884                        |
| Building - right to use                     | 2,923,902 *                   | -                     | -           | -                  | 2,923,902                        |
| Infrastructure                              | 58,818,137                    | -                     | -           | -                  | 58,818,137                       |
| Improvements                                | 14,320,441                    | 48,843                | -           | 3,314,965          | 17,684,249                       |
| Computer hardware and software              | 647,147                       | 16,816                | -           | -                  | 663,963                          |
| Furniture and equipment                     | 860,428                       | -                     | -           | 96,035             | 956,463                          |
| Total capital assets being depreciated      | <u>79,518,939</u>             | <u>65,659</u>         | <u>-</u>    | <u>3,411,000</u>   | <u>82,995,598</u>                |
| Less accumulated depreciation for:          |                               |                       |             |                    |                                  |
| Building                                    | (1,242,226)                   | (97,588)              | -           | -                  | (1,339,814)                      |
| Building - right to use                     | -                             | (365,488)             | -           | -                  | (365,488)                        |
| Infrastructure                              | (41,800,602)                  | (1,106,345)           | -           | -                  | (42,906,947)                     |
| Improvements                                | (12,823,449)                  | (753,537)             | -           | -                  | (13,576,986)                     |
| Computer hardware and software              | (589,139)                     | (32,526)              | -           | -                  | (621,665)                        |
| Furniture and equipment                     | (763,534)                     | (54,009)              | -           | -                  | (817,543)                        |
| Total accumulated depreciation              | <u>(57,218,950)</u>           | <u>(2,409,493)</u>    | <u>-</u>    | <u>-</u>           | <u>(59,628,443)</u>              |
| Total capital assets being depreciated, net | <u>22,299,989</u>             | <u>(2,343,834)</u>    | <u>-</u>    | <u>3,411,000</u>   | <u>23,367,155</u>                |
| Governmental activities capital assets, net | <u>\$ 57,589,416</u>          | <u>\$ (2,331,652)</u> | <u>\$ -</u> | <u>\$ -</u>        | <u>\$ 55,257,764</u>             |

\* Beginning balances restated, refer to Note 2

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Capital asset activities for the fiscal year ended September 30, 2022 was as follows:

|                                              | Balance<br>October 1, |              |           |                | Balance<br>September<br>30,<br>2022 |
|----------------------------------------------|-----------------------|--------------|-----------|----------------|-------------------------------------|
|                                              | 2021                  | Additions    | Deletions | Transfers      |                                     |
| Business-type activities:                    |                       |              |           |                |                                     |
| Capital assets not being depreciated:        |                       |              |           |                |                                     |
| Construction in progress                     | \$ 839,419            | \$ 2,938,973 | \$ -      | \$ (1,698,706) | \$ 2,079,686                        |
| Total capital assets not being depreciated   | 839,419               | 2,938,973    | -         | (1,698,706)    | 2,079,686                           |
| Capital assets being depreciated:            |                       |              |           |                |                                     |
| Furniture and equipment                      | 2,367                 | -            | -         | -              | 2,367                               |
| Computer hardware and software               | 1,308                 | -            | -         | -              | 1,308                               |
| Infrastructure                               | 10,418,148            | -            | -         | 1,698,706      | 12,116,854                          |
| Total capital assets being depreciated       | 10,421,823            | -            | -         | 1,698,706      | 12,120,529                          |
| Less accumulated depreciation for:           |                       |              |           |                |                                     |
| Furniture and equipment                      | (2,367)               | -            | -         | -              | (2,367)                             |
| Computer hardware and software               | (1,126)               | (182)        | -         | -              | (1,308)                             |
| Infrastructure                               | (4,223,304)           | (217,486)    | -         | -              | (4,440,790)                         |
| Total accumulated depreciation               | (4,226,797)           | (217,668)    | -         | -              | (4,444,465)                         |
| Total capital assets being depreciated, net  | 6,195,026             | (217,668)    | -         | 1,698,706      | 7,676,064                           |
| Business-type activities capital assets, net | \$ 7,034,445          | \$ 2,721,305 | \$ -      | \$ -           | \$ 9,755,750                        |

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

|                                                      |                     |
|------------------------------------------------------|---------------------|
| General government                                   | \$ 413,904          |
| Public safety                                        | 7,117               |
| Community development                                | 1,142,988           |
| Culture and recreation                               | 845,484             |
| Total depreciation expense - governmental activities | <u>\$ 2,409,493</u> |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 - 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. The bonds contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment and contain a subjective acceleration clause that allows for the acceleration of payment of the entire principal amount to become immediately due if it determined that a material adverse event occurs. For the year ended September 30, 2022, the public service taxes pledged amounted to \$3,431,857 and the debt service was \$321,009. The pledged revenues provided a coverage ratio of 10.7.

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

During the fiscal year ended September 30, 2021, the County refunded the Public Service Tax Refunding Bonds (UMSA), Series 2011 with the Public Service Tax Refunding Bonds (UMSA), Series 2021. The refunding resulted in a reduction of principal and, as a result, the County adjusted the Town's payment schedule. At this pertains to interlocal debt, the change to the Town's pro-rata share of the principal reduction was recorded in the year of refunding. The Series 2021 refunding resulted in an economic gain of approximately \$167,000.

Debt service requirements to maturity for the fiscal year ending September 30, 2022 are summarized as follows:

| <u>September 30,</u> | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>        |
|----------------------|-------------------|-------------------|---------------------|
| 2023                 | \$ 275,315        | \$ 45,766         | \$ 321,081          |
| 2024                 | 289,460           | 32,001            | 321,461             |
| 2025                 | 110,905           | 17,528            | 128,433             |
| 2026                 | 116,850           | 11,982            | 128,832             |
| 2027                 | 122,795           | 6,140             | 128,935             |
| Totals               | <u>\$ 915,325</u> | <u>\$ 113,417</u> | <u>\$ 1,028,742</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 2015A Note and 2015B Note refunding resulted in an economic gain of approximately \$336,000 and \$540,000, respectively. During the fiscal year ended September 30, 2021, the 2015B Note was refunded through the issuance of the Taxable Capital Improvement Revenue Note Series 2020.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Notes Payable (Continued)

The remaining promissory note (the 2015A Note) is secured by the Town's share of the Local Government Half-Cent Sales Tax. There is no prepayment penalty associated with the new promissory note. The Taxable Sales Tax Revenue refunding note, Series 2015A is secured by a pledge of the Town's share of the Local Government Half-Cent Sales Tax. For the fiscal year ended September 30, 2022, the Town's share of the Local Government Half-Cent Sales Tax available for this pledge was \$4,549,156 and debt service was \$451,154. The pledged revenues provided a coverage ratio of 10.1. The note contains 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.

On October 15, 2020, the Town issued a 15 year Taxable Capital Improvement Revenue Note, Series 2020 (the 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 Taxable Sales Tax Revenue Refunding Note, Series 2015A (the 2015A Note). Simultaneous with this issuance, the Town retired its Taxable Sales Tax Revenue Refunding Note, Series 2015B (the 2015B Note). The refunding resulted in an economic loss of approximately \$18,800. 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 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", 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. The note is 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 half-cent sales tax revenues. Annual debt service totals \$228,557 at an interest rate of 2.38% with the first payment due during fiscal year 2022. The loan contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately. For the year ended September 30, 2022, the revenues pledged amounted to \$4,549,156 and debt service was \$228,558. The pledged revenue provided a coverage ratio of 19.90.

Debt service requirements to maturity for the fiscal year ending September 30, 2022 are summarized as follows:

| September 30, | Principal    | Interest   | Total        |
|---------------|--------------|------------|--------------|
| 2023          | 537,500      | 142,212    | 679,712      |
| 2024          | 550,829      | 128,883    | 679,712      |
| 2025          | 564,488      | 115,224    | 679,712      |
| 2026          | 578,486      | 101,226    | 679,712      |
| 2027          | 592,832      | 86,881     | 679,713      |
| 2028-2032     | 2,271,250    | 225,001    | 2,496,251    |
| 2033-2036     | 862,318      | 51,911     | 914,229      |
| Totals        | \$ 5,957,703 | \$ 851,338 | \$ 6,809,041 |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Stormwater Utility Revenue Bonds

The Town is required to pay the County its pro rata share for the Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued prior to the Town's incorporation. 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. On September 9, 2020, the Miami-Dade County Stormwater Utility Revenue Bonds, Series 2020, refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 2013. The refunding resulted in a reduction of principal and, as a result, the County adjusted the Town's required payment schedule. As this pertains to Interlocal debt, the change to the Town's pro-rata share of the principal reduction was recorded in the year of refunding. The Series 2020 refunding resulted in an economic gain of approximately \$333,900. The principal payment for the fiscal year ended September 30, 2022 was \$107,899 and the balance of the remaining principal payments range from \$113,377 to \$151,849 through September 2029.

All of the Town's stormwater fees have been pledged as security for the bond payments. For the year ended September 30, 2022 the stormwater fees pledged amounted to \$1,025,416 and the debt service was \$159,435. The pledged revenues provided a coverage ratio of 6.4.

Debt service requirements to maturity for the fiscal year ending September 30, 2022 are summarized as follows:

| September 30, | Principal  | Interest   | Total        |
|---------------|------------|------------|--------------|
| 2023          | \$ 113,377 | \$ 46,141  | \$ 159,518   |
| 2024          | 118,982    | 40,472     | 159,454      |
| 2025          | 124,970    | 34,523     | 159,492      |
| 2026          | 131,212    | 28,274     | 159,486      |
| 2027          | 137,709    | 21,714     | 159,422      |
| 2028-2029     | 296,564    | 22,421     | 318,985      |
| Totals        | \$ 922,813 | \$ 193,544 | \$ 1,116,357 |

Capital Improvements Revenue Bonds, Series 2020

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 premium on the bonds payable totaled \$1,860,384 and will be amortized throughout the term of the bonds. 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. For the fiscal year ended September 30, 2022, pledged revenues amounted to \$12,166,749 and debt service was \$517,400, resulting in a coverage ratio of 23.5. As of September 30, 2022, the principal balance outstanding was \$12,935,000.

In the event of default, any Holder of Bonds issued or any trustee or receiver acting for such Bondholders either may enforce any and all rights under the Laws of the State, or granted and contained in the bond resolution, and may enforce and compel the performance of all duties required by the resolution or by any applicable statutes to be performed by the Town. However, no Holder, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Capital Improvements Revenue Bonds, Series 2020 (Continued)

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25)% of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for the Holders of Bonds issued pursuant to the bond resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Town Clerk.

Debt service requirements to maturity for the fiscal year ending September 30, 2022 are summarized as follows:

| September 30, | Principal     | Interest      | Total         |
|---------------|---------------|---------------|---------------|
| 2023          | \$ -          | \$ 517,400    | \$ 517,400    |
| 2024          | -             | 517,400       | 517,400       |
| 2025          | -             | 517,400       | 517,400       |
| 2026          | -             | 517,400       | 517,400       |
| 2027          | -             | 517,400       | 517,400       |
| 2028-2032     | 995,000       | 2,497,500     | 3,492,500     |
| 2033-2037     | 1,645,000     | 2,246,900     | 3,891,900     |
| 2038-2042     | 3,035,000     | 1,764,900     | 4,799,900     |
| 2043-2047     | 3,710,000     | 1,093,000     | 4,803,000     |
| 2048-2051     | 3,550,000     | 291,000       | 3,841,000     |
| Totals        | \$ 12,935,000 | \$ 10,480,300 | \$ 23,415,300 |

Office 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. 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 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. Rent expense for this lease was \$620,517 for the year ended September 30, 2022, including \$30,952 for the CPI adjustment that was not included in the retroactive initial measurement.

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The Town has used the Town's effective interest based on the borrowing rate of the Capital Improvement Revenue Bonds, Series 2020. The borrowing rate of this liability was 2.38% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of September 30, 2022.

Annual requirements to amortize this lease liability and related interest are as follows:

| September 30, | Principal    | Interest   | Total        |
|---------------|--------------|------------|--------------|
| 2023          | \$ 538,477   | \$ 51,088  | \$ 589,565   |
| 2024          | 551,434      | 38,131     | 589,565      |
| 2025          | 564,702      | 24,863     | 589,565      |
| 2026          | 578,289      | 11,276     | 589,565      |
| 2027          | 159,387      | 683        | 160,070      |
| Totals        | \$ 2,392,289 | \$ 126,041 | \$ 2,518,330 |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2022:

|                                  | Beginning            | Additions           | Reductions            | Ending               | Due Within<br>One Year |
|----------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities:         |                      |                     |                       |                      |                        |
| Bonds payable                    | \$ 12,935,000        | \$ -                | \$ -                  | \$ 12,935,000        | \$ -                   |
| Premium on bonds payable         | 1,767,115            | -                   | (101,018)             | 1,666,097            | 101,018                |
| Notes payable                    | 6,482,197            | -                   | (524,495)             | 5,957,702            | 537,500                |
| Lease liability                  | 2,923,902 *          | -                   | (531,613)             | 2,392,289            | 538,477                |
| Net pension liability            | 1,750,196            | 2,730,624           | -                     | 4,480,820            | 1,355                  |
| Compensated absences             | 384,938              | 190,152             | (180,232)             | 394,858              | 112,097                |
| QNIP Bonds                       | 1,195,970 **         | -                   | (280,645)             | 915,325              | 275,315                |
| Total governmental activities    | <u>\$ 27,439,318</u> | <u>\$ 2,920,776</u> | <u>\$ (1,618,003)</u> | <u>\$ 28,742,091</u> | <u>\$ 1,565,762</u>    |
| Business-type activities:        |                      |                     |                       |                      |                        |
| Stormwater utility revenue bonds | \$ 1,030,713 **      | \$ -                | \$ (107,900)          | \$ 922,813           | \$ 113,377             |
| Total business-type activities   | <u>\$ 1,030,713</u>  | <u>\$ -</u>         | <u>\$ (107,900)</u>   | <u>\$ 922,813</u>    | <u>\$ 113,377</u>      |

\* Beginning balances restated, refer to Note 2

\*\* Beginning balances restated, refer to Note 13

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

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances as of September 30, 2022, were as follows:

|                              | Receivable          | Payable             |
|------------------------------|---------------------|---------------------|
| General Fund                 | \$ 2,000,548        | \$ -                |
| ARPA Fund                    | -                   | 882,999             |
| Non-major Governmental Funds | -                   | 145,311             |
| Stormwater Fund              | -                   | 972,238             |
|                              | <u>\$ 2,000,548</u> | <u>\$ 2,000,548</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, 2022 was as follows:

|                              | Transfers In*       | Transfers Out*      |
|------------------------------|---------------------|---------------------|
| General Fund                 | \$ 187,344          | \$ 12,182           |
| CITT Fund                    | -                   | 1,917,040           |
| ARPA Fund                    | -                   | 882,999             |
| Non-major Governmental Funds | 396,634             | 138,790             |
| Stormwater Fund              | 2,367,033           | -                   |
|                              | <u>\$ 2,951,011</u> | <u>\$ 2,951,011</u> |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

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

- \$1,917,040 was transferred from the CITT Fund (a major governmental fund) to fund the Town's portion of costs related to several projects. \$2,470 was transferred to the Transportation Fund (a non-major governmental fund) to provide the Town's grant match for a transportation master plan update, \$13,178 was transferred to the Sidewalks Fund (a non-major governmental fund) to provide for the design costs of a sidewalk around Lincoln City park, \$368,804 was transferred to the Transit Fund (a non-major governmental fund) for the Town's grant match for a grant providing on demand transit services, and \$1,532,588 was transferred to the Stormwater Fund (a proprietary fund) for costs related to eligible roadway and drainage improvement projects.
- \$138,790 of gas taxes was transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund for sidewalk repair projects.
- \$12,182 was transferred from the General Fund to the Capital Projects (Parks) Fund (a non-major governmental fund) to cover the cost of park infrastructure improvements that were not eligible for funding with park impact fees.
- \$882,999 was transferred from the ARPA Fund (a major governmental fund) to fund projects that meet the eligibility criteria of the ARPA grant funding. \$834,445 was transferred to the Stormwater Fund (a proprietary fund) for various stormwater/drainage projects eligible for ARPA funding, and \$48,554 was transferred to the General Fund to provide for ARPA eligible expenditures paid through that fund.

**NOTE 9 - 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.

**Florida Retirement System Overview**

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

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 9 - 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, 2022**

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

**Florida Retirement System Overview (Continued)**

Benefits Provided (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> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Regular Class members initially enrolled before July 1, 2011</b>                                                                                                                                                             |                |
| 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           |
| <b>Regular Class members initially enrolled on or after July 1, 2011</b>                                                                                                                                                        |                |
| 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           |
| <b>Special Risk Class</b>                                                                                                                                                                                                       |                |
| Service from December 1, 1970 through September 30, 1974                                                                                                                                                                        | 2.00           |
| Service on or after October 1, 1974                                                                                                                                                                                             | 3.00           |
| <b>Elected Officers</b>                                                                                                                                                                                                         |                |
| 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           |
| <b>Senior Management Service Class</b>                                                                                                                                                                                          | 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, 2022**

**NOTE 9 - 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, 2021 through June 30, 2022 were as follows:

| <u>Class</u>                                                  | <u>Percent of Gross Salary</u> |                 |
|---------------------------------------------------------------|--------------------------------|-----------------|
|                                                               | <u>Employee</u>                | <u>Employer</u> |
| FRS, Regular                                                  | 3.00                           | 10.82           |
| FRS, Elected County Officers                                  | 3.00                           | 51.42           |
| FRS, Senior Management Service                                | 3.00                           | 29.01           |
| FRS, Special Risk Regular                                     | 3.00                           | 25.89           |
| DROP - Applicable to members from<br>all of the above classes | N/A                            | 18.34           |

\*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 \$580,100 for the fiscal year ended September 30, 2022.

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

At September 30, 2022, the Town reported a liability of \$3,618,137 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportionate share of the net pension liability was based on the Town's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating member. At June 30, 2022, the Town's proportionate share was 0.0097%, which was an increase from its proportionate share of 0.0099% measured at June 30, 2021, which was a decrease from its proportionate share of 0.002 percent measured at June 30, 2021.

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$545,523 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and<br>actual experience                                                               | \$ 171,841                                | \$ -                                     |
| Change of assumptions                                                                                               | 445,589                                   | -                                        |
| Net difference between projected and actual<br>earnings on FRS pension plan investments                             | 238,905                                   | -                                        |
| Changes in proportion and differences between<br>Town FRS contributions and proportionate<br>share of contributions | 236,958                                   | 151,407                                  |
| Town FRS contributions subsequent to<br>measurement date                                                            | 117,336                                   | -                                        |
| <b>Total</b>                                                                                                        | <b>\$ 1,210,629</b>                       | <b>\$ 151,407</b>                        |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 9 - 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)

The deferred outflows of resources related to pensions, totaling \$117,336, 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future years as follows:

| <b>Fiscal Year Ending<br/>September 30</b> | <b>Deferred<br/>outflows/(inflows), net</b> |
|--------------------------------------------|---------------------------------------------|
| 2022                                       | \$ 237,557                                  |
| 2023                                       | 91,646                                      |
| 2024                                       | (52,771)                                    |
| 2025                                       | 637,801                                     |
| 2026                                       | 27,653                                      |
| <b>Total</b>                               | <b>\$ 941,886</b>                           |

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2022, 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, 2022 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, 2022**

**NOTE 9 - 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:

| <b>Asset Class</b>     | <b>Target<br/>Allocation <sup>1</sup></b> | <b>Annual<br/>Arithmetic<br/>Return</b> | <b>Compound<br/>Annual<br/>(Geometric)<br/>Return</b> | <b>Standard<br/>Deviation</b> |
|------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------------------|-------------------------------|
| Cash                   | 1.0%                                      | 2.6%                                    | 2.6%                                                  | 1.1%                          |
| Fixed income           | 19.8%                                     | 4.4%                                    | 4.4%                                                  | 3.2%                          |
| Global equity          | 54.0%                                     | 8.8%                                    | 7.3%                                                  | 17.8%                         |
| Real estate            | 10.3%                                     | 7.4%                                    | 6.3%                                                  | 15.7%                         |
| Private equity         | 11.1%                                     | 12.0%                                   | 8.9%                                                  | 26.3%                         |
| Strategic investments  | 3.8%                                      | 6.2%                                    | 5.9%                                                  | 7.8%                          |
|                        | <u>100%</u>                               |                                         |                                                       |                               |
| Assumed inflation-Mean |                                           |                                         | 2.4%                                                  | 1.3%                          |

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

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

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70 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 (5.70 percent) or one percentage point higher (7.70 percent) than the current rate:

|                                                            | <b>1%<br/>Decrease<br/>5.70%</b> | <b>Current<br/>Discount Rate<br/>6.70%</b> | <b>1%<br/>Increase<br/>7.70%</b> |
|------------------------------------------------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Town's proportionate share of<br>the net pension liability | \$ 6,257,318                     | \$ 3,618,137                               | \$ 1,411,466                     |

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, 2022**

**NOTE 9 - 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, 2022, and pension expense / adjustment for the fiscal year ended September 30, 2022 was allocated as follows:

| FRS PENSION              |                                     |                                 |                                 |  |
|--------------------------|-------------------------------------|---------------------------------|---------------------------------|--|
| NET PENSION<br>LIABILITY | DEFERRED<br>OUTFLOW OF<br>RESOURCES | DEFERRED INFLOW<br>OF RESOURCES | PENSION EXPENSE<br>/ ADJUSTMENT |  |
| \$ 3,618,137             | \$ 1,210,629                        | \$ 151,407                      | \$ 545,523                      |  |

**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, 2022 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, 2022, the HIS contribution for the period July 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022 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 \$50,833 for the fiscal year ended September 30, 2022.

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

At September 30, 2022, the Town reported a net pension liability of \$862,683 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, 2022 and was recalculated and projected to the measurement date of June 30, 2022 using a standard actuarial roll-forward technique. The Town's proportionate share of the net pension liability was based on the Town's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the Town's proportionate share was 0.0081 percent, which was a decrease from its proportionate share of 0.001 percent measured at June 30, 2021.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 9 - 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, 2022, the Town recognized pension expense of \$55,611 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:

| Description                                                                                                   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                                            | \$ 26,184                         | \$ 3,796                         |
| Change of assumptions                                                                                         | 49,450                            | 133,457                          |
| Net difference between projected and actual earnings on HIS pension plan investments                          | 1,249                             | -                                |
| Changes in proportion and differences between Town HIS contributions and proportionate share of contributions | 46,374                            | 20,747                           |
| Town HIS contributions subsequent to measurement date                                                         | 14,369                            | -                                |
| <b>Total</b>                                                                                                  | <b>\$ 137,626</b>                 | <b>\$ 158,000</b>                |

The deferred outflows of resources related to pensions, totaling \$14,369, 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future years as follows:

| Fiscal Year Ending<br>September 30 | Deferred<br>outflows/(inflows), net |
|------------------------------------|-------------------------------------|
| 2023                               | \$ (5,223)                          |
| 2024                               | (2,339)                             |
| 2025                               | (147)                               |
| 2026                               | (2,874)                             |
| 2027                               | (15,709)                            |
| Thereafter                         | (8,451)                             |
| <b>Total</b>                       | <b>\$ (34,743)</b>                  |

Actuarial Assumptions

The HIS pension as of July 1, 2022 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 | 3.54%                              |

The actuarial assumptions that determined total pension liability as of June 30, 2022 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, 2022**

**NOTE 9 - 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 2.16 to 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following presents the Town's proportionate share of the net pension liability calculated using a discount rate of 3.54 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current rate:

|                                                            | 1%<br>Decrease<br>2.54% | Current<br>Discount Rate<br>3.54% | 1%<br>Increase<br>4.54% |
|------------------------------------------------------------|-------------------------|-----------------------------------|-------------------------|
| Town's proportionate share of<br>the net pension liability | \$ 986,980              | \$ 862,683                        | \$ 759,830              |

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, 2022, and pension expense/adjustment for the fiscal year ended September 30, 2022 was as follows:

| HIS PLAN                 |                                  |                                 |                                 |
|--------------------------|----------------------------------|---------------------------------|---------------------------------|
| Net Pension<br>Liability | Deferred Outflow<br>Of Resources | Deferred Inflow Of<br>Resources | Pension Expense /<br>Adjustment |
| \$ 862,683               | \$ 137,626                       | \$ 158,000                      | \$ 55,611                       |

The proportionate share of the Town's proportionate share of the net pension liability, deferred outflow of resources, deferred inflow of resources, and pension expense for all plans is summarized as follows:

|                                | FRS          | HIS        | Total        |
|--------------------------------|--------------|------------|--------------|
| Net pension liability          | \$ 3,618,137 | \$ 862,683 | \$ 4,480,820 |
| Deferred outflows of resources | 1,210,629    | 137,626    | 1,348,255    |
| Deferred inflows of resources  | 151,407      | 158,000    | 309,407      |
| Pension expense/expenditure    | 545,523      | 55,611     | 601,134      |

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 10 - 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.

**NOTE 11 - 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 \$1.17 per bill and also deducts the Town's pro-rata share of debt service on the Series 2020 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 2022, approximately \$10,175,809 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.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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 - RESTATEMENT**

Adjustments to Net Position of Government-Wide and Fund Financial Statements

Net position of the governmental and business type activities, as of October 1, 2021, were restated to correct the adjustments noted below:

Governmental Activities:

|                                                 |                             |
|-------------------------------------------------|-----------------------------|
| Net position – beginning as previously reported | \$ 54,780,215               |
| Correction of long-term debt                    | <u>131,405</u>              |
| Net position – beginning as restated            | <u><u>\$ 54,911,620</u></u> |

Adjustments to the long-term debt for the governmental activities resulted from Miami-Dade County's refunding of the QNIP Bonds (Interlocal debt) in 2021.

Business Type Activities:

|                                                 |                            |
|-------------------------------------------------|----------------------------|
| Net position – beginning as previously reported | \$ 5,463,375               |
| Correction of long-term debt                    | <u>296,506</u>             |
| Net position – beginning as restated            | <u><u>\$ 5,759,881</u></u> |

Adjustments to the long-term debt for the business type activities resulted from Miami-Dade County's refunding of the Stormwater Utility Revenue Bonds (Interlocal debt) in 2020.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF CUTLER BAY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                                                          | Budgeted Amounts  |                   |                      | Variance with<br>Final Budget<br>Positive/(Negative) |
|--------------------------------------------------------------------------|-------------------|-------------------|----------------------|------------------------------------------------------|
|                                                                          | <u>Original</u>   | <u>Final</u>      | <u>Actual</u>        |                                                      |
| Revenues:                                                                |                   |                   |                      |                                                      |
| Property taxes                                                           | \$ 7,849,026      | \$ 7,889,026      | \$ 7,981,928         | \$ 92,902                                            |
| Franchise fees                                                           | 2,480,000         | 2,630,000         | 2,928,299            | 298,299                                              |
| Utility taxes                                                            | 3,450,000         | 3,595,000         | 3,431,857            | (163,143)                                            |
| Charges for services                                                     | 340,500           | 352,500           | 351,831              | (669)                                                |
| Intergovernmental                                                        | 6,226,122         | 7,201,122         | 7,678,921            | 477,799                                              |
| Licenses and permits                                                     | 869,000           | 1,124,000         | 1,680,289            | 556,289                                              |
| Fines and forfeitures                                                    | 80,000            | 128,000           | 198,536              | 70,536                                               |
| Interest                                                                 | 50,000            | 20,000            | 56,205               | 36,205                                               |
| Rental income                                                            | 40,000            | 40,000            | 45,443               | 5,443                                                |
| Miscellaneous                                                            | 500               | 27,500            | 49,915               | 22,415                                               |
| Total revenues                                                           | <u>21,385,148</u> | <u>23,007,148</u> | <u>24,403,224</u>    | <u>1,396,076</u>                                     |
| Expenditures:                                                            |                   |                   |                      |                                                      |
| General government                                                       | 4,213,288         | 4,785,288         | 4,497,390            | 287,898                                              |
| Legislative                                                              | 224,468           | 224,468           | 154,575              | 69,893                                               |
| Town clerk                                                               | 475,769           | 535,769           | 437,804              | 97,965                                               |
| Finance                                                                  | 538,312           | 538,312           | 543,389              | (5,077)                                              |
| Town attorney                                                            | 500,000           | 500,000           | 397,929              | 102,071                                              |
| Community development                                                    | 1,517,162         | 1,704,162         | 1,633,294            | 70,868                                               |
| Public works                                                             | 1,077,182         | 1,157,182         | 1,002,042            | 155,140                                              |
| Parks and recreation                                                     | 2,262,797         | 2,632,797         | 2,277,852            | 354,945                                              |
| Police services                                                          | <u>10,618,265</u> | <u>10,418,265</u> | <u>10,204,217</u>    | <u>214,048</u>                                       |
| Total expenditures                                                       | <u>21,427,243</u> | <u>22,496,243</u> | <u>21,148,492</u>    | <u>1,347,751</u>                                     |
| Excess (deficiency) of<br>revenues over expenditures                     | <u>(42,095)</u>   | <u>510,905</u>    | <u>3,254,732</u>     | <u>2,743,827</u>                                     |
| Other financing sources (uses):                                          |                   |                   |                      |                                                      |
| Issuance of debt                                                         | -                 | -                 | -                    | -                                                    |
| Transfers in                                                             | 150,000           | 150,000           | 187,344              | 37,344                                               |
| Transfers out                                                            | <u>-</u>          | <u>(15,000)</u>   | <u>(12,182)</u>      | <u>2,818</u>                                         |
| Total other financing sources (uses)                                     | <u>150,000</u>    | <u>135,000</u>    | <u>175,162</u>       | <u>40,162</u>                                        |
| Revenues over (under) expenditures and<br>other financing sources (uses) | 107,905           | 645,905           | 3,429,894            | 2,783,989                                            |
| Fund balance appropriated                                                | <u>(107,905)</u>  | <u>(645,905)</u>  | <u>-</u>             | <u>645,905</u>                                       |
| Net change in fund balance                                               | <u>\$ -</u>       | <u>\$ -</u>       | <u>3,429,894</u>     | <u>\$ 3,429,894</u>                                  |
| Fund balance - beginning                                                 |                   |                   | <u>19,380,460</u>    |                                                      |
| Fund balance - ending                                                    |                   |                   | <u>\$ 22,810,354</u> |                                                      |

See notes to budgetary comparison schedule

**TOWN OF CUTLER BAY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ARPA FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                        | <u>Budgeted Amounts</u> |               | <u>Actual</u>  | <u>Variance with</u> |
|----------------------------------------|-------------------------|---------------|----------------|----------------------|
|                                        | <u>Original</u>         | <u>Final</u>  | <u>Amounts</u> | <u>Final Budget</u>  |
|                                        |                         |               |                | <u>Positive</u>      |
|                                        |                         |               |                | <u>(Negative)</u>    |
| Revenues:                              |                         |               |                |                      |
| Intergovernmental                      | \$ -                    | \$ 21,896,320 | \$ 882,999     | \$ (21,013,321)      |
| Interest                               | -                       | -             | 33,609         | 33,609               |
| Total revenues                         | -                       | 21,896,320    | 916,608        | (20,979,712)         |
| Expenditures:                          |                         |               |                |                      |
| Current:                               |                         |               |                |                      |
| General government                     | -                       | 1,300,000     | -              | 1,300,000            |
| Total expenditures                     | -                       | 1,300,000     | -              | 1,300,000            |
| Excess (deficiency) of                 |                         |               |                |                      |
| revenues over expenditures             | -                       | 20,596,320    | 916,608        | (19,679,712)         |
| Other financing sources (uses) :       |                         |               |                |                      |
| Transfers in                           |                         |               |                |                      |
| Transfers out                          | -                       | (20,596,320)  | (882,999)      | 19,713,321           |
| Total other financing sources (uses)   | -                       | (20,596,320)  | (882,999)      | 19,713,321           |
| Revenues over (under) expenditures and |                         |               |                |                      |
| other financing sources (uses)         | -                       | -             | 33,609         | 33,609               |
| Fund balance appropriated              | -                       | -             | -              | -                    |
| Net change in fund balance             | \$ -                    | \$ -          | 33,609         | \$ 33,609            |
| Fund balance, beginning                |                         |               | -              |                      |
| Fund balance, ending                   |                         |               | \$ 33,609      |                      |

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, 2022**

|                                        | <u>Budgeted Amounts</u> |                    | <u>Actual</u>       | <u>Variance with</u> |
|----------------------------------------|-------------------------|--------------------|---------------------|----------------------|
|                                        | <u>Original</u>         | <u>Final</u>       | <u>Amounts</u>      | <u>Final Budget</u>  |
|                                        |                         |                    |                     | <u>Positive</u>      |
|                                        |                         |                    |                     | <u>(Negative)</u>    |
| Revenues:                              |                         |                    |                     |                      |
| Intergovernmental                      | \$ 1,850,000            | \$ 1,850,000       | \$ 2,530,029        | \$ 680,029           |
| Interest                               | <u>10,000</u>           | <u>10,000</u>      | <u>14,588</u>       | <u>4,588</u>         |
| Total revenues                         | <u>1,860,000</u>        | <u>1,860,000</u>   | <u>2,544,617</u>    | <u>680,029</u>       |
| Expenditures:                          |                         |                    |                     |                      |
| Current:                               |                         |                    |                     |                      |
| General government                     | <u>1,099,856</u>        | <u>1,099,856</u>   | <u>724,893</u>      | <u>374,963</u>       |
| Total expenditures                     | <u>1,099,856</u>        | <u>1,099,856</u>   | <u>724,893</u>      | <u>374,963</u>       |
| Excess (deficiency) of                 |                         |                    |                     |                      |
| revenues over expenditures             | <u>760,144</u>          | <u>760,144</u>     | <u>1,819,724</u>    | <u>1,059,580</u>     |
| Other financing sources (uses) :       |                         |                    |                     |                      |
| Transfers out                          | <u>(2,967,374)</u>      | <u>(3,147,374)</u> | <u>(1,917,040)</u>  | <u>1,230,334</u>     |
| Total other financing sources (uses)   | <u>(2,967,374)</u>      | <u>(3,147,374)</u> | <u>(1,917,040)</u>  | <u>1,230,334</u>     |
| Revenues over (under) expenditures and |                         |                    |                     |                      |
| other financing sources (uses)         | <u>(2,207,230)</u>      | <u>(2,387,230)</u> | <u>(97,316)</u>     | <u>2,289,914</u>     |
| Fund balance appropriated              | <u>2,207,230</u>        | <u>2,387,230</u>   | <u>-</u>            | <u>(2,387,230)</u>   |
| Net change in fund balance             | <u>\$ -</u>             | <u>\$ -</u>        | <u>(97,316)</u>     | <u>\$ (97,316)</u>   |
| Fund balance, beginning                |                         |                    | <u>5,587,084</u>    |                      |
| Fund balance, ending                   |                         |                    | <u>\$ 5,489,768</u> |                      |

See notes to budgetary comparison schedule

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 November 2021, the Town Council passed a budget amendment by resolution (#21-91) to:

1. In the ARPA Fund, reflect receipt of the first tranche of funding from the Federal government with an increase of grant revenues of \$10,948,160 with a corresponding increase to expenditures, professional fees (\$100,000), other contractual services (\$1,200,000) and transfers out (\$9,648,160).

In October 2022, the Town Council passed a budget amendment by resolution (#22-72) to:

1. In the General Fund, the net increase in total revenues was \$1,622,000 with a corresponding decrease to appropriation of prior year fund balance. The revenue changes reflected increases to ad valorem revenues (\$40,000), utility taxes (\$30,000 for electricity, \$75,000 for water, and \$40,000 for gas), electric franchise fees (\$150,000), 1<sup>st</sup> local option gas taxes (\$25,000), communications services taxes (\$75,000), local government half-cent sales tax (\$900,000), building permits (\$100,000), zoning fees (\$33,000), zoning fees-planning (\$100,000), other licenses, fees and permits (\$22,000), burglar alarm fees (\$37,000), CITT administrative fees (\$110,000), advertising (\$11,000), lobbyist registration fees (\$16,000), and violation of local ordinances (\$48,000), offset by decreases for state revenue sharing (\$97,200), motor fuel rebate (\$37,800), lien search fees (\$25,000), and interest income (\$30,000).
2. In the General Fund, the net increase in total expenditures was \$1,084,000 with a corresponding increase to appropriation of prior year fund balance.

The budget amendment increased expenditures in (a) the Town Clerk department by \$60,000 (other contractual services), (b) the General Government department by \$572,000 (\$180,000 for professional services, \$200,000 for other contractual services, \$75,000 for other contractual services – Brownfield, \$30,000 for rentals, \$5,000 for insurance, \$15,000 for repairs and maintenance, \$35,000 for other current charges, \$5,000 for office supplies, \$20,000 for operating supplies, and \$7,000 for capital outlay (machinery and equipment), (c) the Community Development department by \$187,000 (\$180,000 for other contractual services, \$3,000 for operating supplies, and \$4,000 for capital outlay (machinery and equipment), (d) the Public Works department by \$80,000 (\$75,000 other contractual services and \$5,000 for rentals), (e) the Parks department by \$370,000 (\$230,000 for other contractual services, \$70,000 for utilities, \$40,000 for repairs and maintenance, and \$30,000 for operating supplies), and (f) Transfers Out (\$15,000) to other funds for project matching.

The budget amendment decreased expenditures in the Law enforcement department by \$200,000 for decreased professional services.

**TOWN OF CUTLER BAY, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

3. In the Special Revenue - Transportation Fund, transfers in were decreased \$97,000 with a corresponding decrease to professional fees.
4. In the Special Revenue – ARPA Fund, the second, and final, tranche of grant funds (\$10,948,160) were received and reflected as an increase of grant revenues and an increase in transfers out.
5. In the Special Revenue – Lighting Fund, transfers in were increased approximately \$27,500 with a corresponding increase to other contractual services.
6. In the Special Revenue – Transit Fund, transfers in were increased \$180,000 with a corresponding increase in contractual services.
7. In the Special Revenue - CITT Fund, transfers out were increased \$180,000 with a corresponding increase to appropriation of prior year fund balance.
8. In the Capital Projects (Parks) Fund, transfers in were increased \$15,000 with a corresponding increase in infrastructure expenditures for the Franjo Park project.
9. In the Stormwater Fund, a proprietary fund, transfers in were increased \$97,000 with a corresponding increase to contractual services for the SW 82<sup>nd</sup> Avenue project.

**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, 2022

|                                                                                                    | <u>2022</u>  | <u>2021</u> | <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                                                 | 0.0097%      | 0.0099%     | 0.0089%      | 0.0095%      | 0.0099%      | 0.0093%      | 0.0086%      | 0.0090%      | 0.0079%     |
| Town's proportionate share of the FRS net pension liability                                        | \$ 3,618,137 | \$ 749,337  | \$ 3,858,186 | \$ 3,275,922 | \$ 2,988,680 | \$ 2,756,704 | \$ 2,173,623 | \$ 1,161,135 | \$ 479,192  |
| Town's covered payroll                                                                             | 2,970,660    | 2,888,756   | 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 | 121.80%      | 25.94%      | 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                     | 82.89%       | 96.40%      | 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, 2022

|                                                                         | <u>2022</u>      | <u>2021</u>      | <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                                 | \$ 580,100       | \$ 522,281       | \$ 434,654       | \$ 401,481       | \$ 322,591       | \$ 291,685       | \$ 263,864       | \$ 257,764       | \$ 221,937       |
| FRS contribution in relation to the contractually required contribution | <u>(580,100)</u> | <u>(522,281)</u> | <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)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Town's covered payroll                                                  | 3,062,244        | 2,908,256        | 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                     | 18.94%           | 17.96%           | 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, 2022**

|                                                                                                    | <u>2022</u> | <u>2021</u>  | <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                                                 | 0.0081%     | 0.0082%      | 0.0077%     | 0.0079%     | 0.0080%     | 0.0079%     | 0.0076%     | 0.0075%     | 0.0073%     |
| Town's proportionate share of the HIS net pension liability                                        | \$ 862,683  | \$ 1,000,859 | \$ 936,057  | \$ 878,997  | \$ 848,850  | \$ 846,350  | \$ 885,811  | \$ 762,143  | \$ 683,152  |
| Town's covered payroll                                                                             | 2,970,660   | 2,888,756    | 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 | 29.04%      | 34.65%       | 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                     | 4.81%       | 3.56%        | 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, 2022**

|                                                                         | <u>2022</u>     | <u>2021</u>     | <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                                 | \$ 50,833       | \$ 48,277       | \$ 45,480       | \$ 43,388       | \$ 43,474       | \$ 42,547       | \$ 40,708       | \$ 31,082       | \$ 26,611       |
| HIS contribution in relation to the contractually required contribution | <u>(50,833)</u> | <u>(48,277)</u> | <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>     | <u>\$ -</u>     | <u>\$ -</u>     |
| Town's covered payroll                                                  | 3,062,244       | 2,908,256       | 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%           | 1.66%           | 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.

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## COMBINING FINANCIAL STATEMENTS

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## NON-MAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

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

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

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

**JPA – Franjo Road Fund** – This fund was established to account for revenues derived from Miami-Dade County, pursuant to a Joint Participation Agreement, and other sources to be used specifically for roadway improvements to Franjo Road within the Town.

**Transit Fund** – This fund was established to account for revenues derived from grants and other sources to be used specifically for transit related projects within the Town.

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

### Capital Projects Funds

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

**Capital Projects (Parks) Fund** – This fund was established to account for revenues derived from grants, impact fees and other sources to be used on various park improvement projects within the Town.

**TOWN OF CUTLER BAY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

|                                     | Special Revenue Funds |                     |                |                           |                      |                |               | Capital Projects              | Total Nonmajor Governmental Funds |
|-------------------------------------|-----------------------|---------------------|----------------|---------------------------|----------------------|----------------|---------------|-------------------------------|-----------------------------------|
|                                     | Special Revenue Fund  | Transportation Fund | Sidewalks Fund | The Children's Trust Fund | JPA-Franjo Road Fund | Transit Fund   | DJJ Fund      | Capital Projects (Parks) Fund |                                   |
| <u>ASSETS</u>                       |                       |                     |                |                           |                      |                |               |                               |                                   |
| Restricted cash                     | \$ 1,459,643          | \$ -                | \$ -           | \$ -                      | \$ -                 | \$ -           | \$ -          | \$ -                          | \$ 1,459,643                      |
| Accounts receivables, net           | 20,303                | -                   | -              | 91,073                    | 52,938               | 930,191        | 11,847        | -                             | 1,106,352                         |
| Prepays                             | -                     | -                   | -              | 1,146                     | -                    | -              | -             | -                             | 1,146                             |
| Total assets                        | <u>1,479,946</u>      | <u>-</u>            | <u>-</u>       | <u>92,219</u>             | <u>52,938</u>        | <u>930,191</u> | <u>11,847</u> | <u>-</u>                      | <u>2,567,141</u>                  |
| <u>LIABILITIES</u>                  |                       |                     |                |                           |                      |                |               |                               |                                   |
| Accounts payable                    | -                     | -                   | -              | 8,389                     | -                    | 930,191        | 3,304         | -                             | 941,884                           |
| Due to other funds                  | -                     | -                   | -              | 83,830                    | 52,938               | -              | 8,543         | -                             | 145,311                           |
| Total liabilities                   | <u>-</u>              | <u>-</u>            | <u>-</u>       | <u>92,219</u>             | <u>52,938</u>        | <u>930,191</u> | <u>11,847</u> | <u>-</u>                      | <u>1,087,195</u>                  |
| <u>FUND BALANCES</u>                |                       |                     |                |                           |                      |                |               |                               |                                   |
| Nonspendable                        | -                     | -                   | -              | 1,146                     | -                    | -              | -             | -                             | 1,146                             |
| Restricted                          | 1,479,946             | -                   | -              | -                         | -                    | -              | -             | -                             | 1,479,946                         |
| Unassigned                          | -                     | -                   | -              | (1,146)                   | -                    | -              | -             | -                             | (1,146)                           |
| Total fund balances                 | <u>1,479,946</u>      | <u>-</u>            | <u>-</u>       | <u>-</u>                  | <u>-</u>             | <u>-</u>       | <u>-</u>      | <u>-</u>                      | <u>1,479,946</u>                  |
| Total liabilities and fund balances | \$ 1,479,946          | \$ -                | \$ -           | \$ 92,219                 | \$ 52,938            | \$ 930,191     | \$ 11,847     | \$ -                          | \$ 2,567,141                      |

**TOWN OF CUTLER BAY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                                   | Special Revenue Funds |                     |                |                           |                      |              |           | Capital Projects              | Total Nonmajor Governmental Funds |
|---------------------------------------------------|-----------------------|---------------------|----------------|---------------------------|----------------------|--------------|-----------|-------------------------------|-----------------------------------|
|                                                   | Special Revenue Fund  | Transportation Fund | Sidewalks Fund | The Children's Trust Fund | JPA-Franjo Road Fund | Transit Fund | DJJ Fund  | Capital Projects (Parks) Fund |                                   |
| Revenues:                                         |                       |                     |                |                           |                      |              |           |                               |                                   |
| Intergovernmental                                 | \$ 210,826            | \$ 9,880            | \$ -           | \$ 255,272                | \$ 73,938            | \$ 192,331   | \$ 28,279 | \$ -                          | \$ 770,526                        |
| Impact fees                                       | 32,757                | -                   | -              | -                         | -                    | -            | -         | -                             | 32,757                            |
| Interest                                          | 3,496                 | -                   | -              | -                         | -                    | -            | -         | -                             | 3,496                             |
| Total revenues                                    | 247,079               | 9,880               | -              | 255,272                   | 73,938               | 192,331      | 28,279    | -                             | 806,779                           |
| Expenditures:                                     |                       |                     |                |                           |                      |              |           |                               |                                   |
| Current:                                          |                       |                     |                |                           |                      |              |           |                               |                                   |
| General government                                | -                     | 12,350              | 13,178         | -                         | 73,938               | 561,135      | -         | -                             | 660,601                           |
| Parks and recreation                              | -                     | -                   | -              | 255,272                   | -                    | -            | 28,279    | -                             | 283,551                           |
| Capital outlay:                                   |                       |                     |                |                           |                      |              |           |                               |                                   |
| Parks and recreation                              | -                     | -                   | -              | -                         | -                    | -            | -         | 12,182                        | 12,182                            |
| Total expenditures                                | -                     | 12,350              | 13,178         | 255,272                   | 73,938               | 561,135      | 28,279    | 12,182                        | 956,334                           |
| Excess (deficiency) of revenues over expenditures | 247,079               | (2,470)             | (13,178)       | -                         | -                    | (368,804)    | -         | (12,182)                      | (149,555)                         |
| Other financing sources:                          |                       |                     |                |                           |                      |              |           |                               |                                   |
| Transfers in                                      | -                     | 2,470               | 13,178         | -                         | -                    | 368,804      | -         | 12,182                        | 396,634                           |
| Transfers out                                     | (138,790)             | -                   | -              | -                         | -                    | -            | -         | -                             | (138,790)                         |
| Total other financing sources (uses)              | (138,790)             | 2,470               | 13,178         | -                         | -                    | 368,804      | -         | 12,182                        | 257,844                           |
| Net change in fund balance                        | 108,289               | -                   | -              | -                         | -                    | -            | -         | -                             | 108,289                           |
| Fund balances, beginning                          | 1,371,657             | -                   | -              | -                         | -                    | -            | -         | -                             | 1,371,657                         |
| Fund balances, ending                             | \$ 1,479,946          | \$ -                | \$ -           | \$ -                      | \$ -                 | \$ -         | \$ -      | \$ -                          | \$ 1,479,946                      |

**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, 2022**

|                                                         | <u>Budgeted Amounts</u> |                  | <u>Actual</u>              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------|-------------------------|------------------|----------------------------|---------------------------------------------------------|
|                                                         | <u>Original</u>         | <u>Final</u>     | <u>Amounts</u>             |                                                         |
| Revenues:                                               |                         |                  |                            |                                                         |
| Intergovernmental                                       | \$ 193,435              | \$ 193,435       | \$ 210,826                 | \$ 17,391                                               |
| Impact fees                                             | 46,000                  | 46,000           | 32,757                     | (13,243)                                                |
| Interest                                                | 2,500                   | 2,500            | 3,496                      | 996                                                     |
| Total revenues                                          | <u>241,935</u>          | <u>241,935</u>   | <u>247,079</u>             | <u>5,144</u>                                            |
| Other financing uses:                                   |                         |                  |                            |                                                         |
| Transfers out                                           | <u>(195,000)</u>        | <u>(195,000)</u> | <u>(138,790)</u>           | <u>56,210</u>                                           |
| Total other financing use                               | <u>(195,000)</u>        | <u>(195,000)</u> | <u>(138,790)</u>           | <u>56,210</u>                                           |
| Revenues over (under) other financing<br>sources (uses) | 46,935                  | 46,935           | 108,289                    | 61,354                                                  |
| Fund balance appropriated                               | <u>(46,935)</u>         | <u>(46,935)</u>  | <u>-</u>                   | <u>46,935</u>                                           |
| Net change in fund balance                              | <u>\$ -</u>             | <u>\$ -</u>      | <u>108,289</u>             | <u>\$ 108,289</u>                                       |
| Fund balance, beginning                                 |                         |                  | <u>1,371,657</u>           |                                                         |
| Fund balance, ending                                    |                         |                  | <u><u>\$ 1,479,946</u></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, 2022**

|                                                                             | <u>Budgeted Amounts</u> |              | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> |
|-----------------------------------------------------------------------------|-------------------------|--------------|----------------|----------------------------------------------------------------|
|                                                                             | <u>Original</u>         | <u>Final</u> | <u>Amounts</u> |                                                                |
| Revenues:                                                                   |                         |              |                |                                                                |
| Intergovernmental                                                           | \$ -                    | \$ -         | \$ 9,880       | \$ 9,880                                                       |
| Total revenues                                                              | -                       | -            | 9,880          | 9,880                                                          |
| Expenditures:                                                               |                         |              |                |                                                                |
| Current                                                                     |                         |              |                |                                                                |
| General government                                                          | 117,000                 | 20,000       | 12,350         | 7,650                                                          |
| Total expenditures                                                          | 117,000                 | 20,000       | 12,350         | 7,650                                                          |
| Deficiency of revenues under expenditures<br>before other financing sources | (117,000)               | (20,000)     | (2,470)        | 17,530                                                         |
| Other financing sources:                                                    |                         |              |                |                                                                |
| Transfers in                                                                | 117,000                 | 20,000       | 2,470          | (17,530)                                                       |
| Total other financing sources                                               | 117,000                 | 20,000       | 2,470          | (17,530)                                                       |
| Revenues over (under) expenditures and<br>other financing sources (uses)    | -                       | -            | -              | -                                                              |
| Net change in fund balance                                                  | \$ -                    | \$ -         | -              | \$ -                                                           |
| Fund balance, beginning                                                     |                         |              | -              |                                                                |
| Fund balance, ending                                                        |                         |              | \$ -           |                                                                |

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - SIDEWALKS FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                           | <u>Budgeted Amounts</u> |              | <u>Actual</u>  | <u>Variance with</u> |
|-------------------------------------------|-------------------------|--------------|----------------|----------------------|
|                                           | <u>Original</u>         | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u>  |
|                                           |                         |              |                | <u>Positive</u>      |
|                                           |                         |              |                | <u>(Negative)</u>    |
| Revenues:                                 |                         |              |                |                      |
| Intergovernmental                         | \$ -                    | \$ -         | \$ -           | \$ -                 |
| Total revenues                            | -                       | -            | -              | -                    |
| Expenditures:                             |                         |              |                |                      |
| Current:                                  |                         |              |                |                      |
| General government                        | 45,000                  | 45,000       | 13,178         | 31,822               |
| Total expenditures                        | 45,000                  | 45,000       | 13,178         | 31,822               |
| Deficiency of revenues under expenditures |                         |              |                |                      |
| before other financing sources            | (45,000)                | (45,000)     | (13,178)       | 31,822               |
| Other financing sources:                  |                         |              |                |                      |
| Transfers in                              | 45,000                  | 45,000       | 13,178         | (31,822)             |
| Total other financing sources             | 45,000                  | 45,000       | 13,178         | (31,822)             |
| Revenues over (under) expenditures and    |                         |              |                |                      |
| other financing sources (uses)            | -                       | -            | -              | -                    |
| Net change in fund balance                | \$ -                    | \$ -         | -              | \$ -                 |
| Fund balance, beginning                   |                         |              | -              |                      |
| Fund balance, ending                      |                         |              | \$ -           |                      |

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - THE CHILDREN'S TRUST FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                    | <u>Budgeted Amounts</u> |                | <u>Actual</u>  | Variance with                          |
|------------------------------------|-------------------------|----------------|----------------|----------------------------------------|
|                                    | <u>Original</u>         | <u>Final</u>   | <u>Amounts</u> | Final Budget<br>Positive<br>(Negative) |
| Revenues:                          |                         |                |                |                                        |
| Intergovernmental                  | \$ 321,336              | \$ 321,336     | \$ 255,272     | \$ (66,064)                            |
| Total revenues                     | <u>321,336</u>          | <u>321,336</u> | <u>255,272</u> | <u>(66,064)</u>                        |
| Expenditures:                      |                         |                |                |                                        |
| Current:                           |                         |                |                |                                        |
| Parks and recreation               | <u>321,336</u>          | <u>321,336</u> | <u>255,272</u> | <u>66,064</u>                          |
| Capital Outlay:                    |                         |                |                |                                        |
| Parks and recreation               | <u>-</u>                | <u>-</u>       | <u>-</u>       | <u>-</u>                               |
| Total expenditures                 | <u>321,336</u>          | <u>321,336</u> | <u>255,272</u> | <u>66,064</u>                          |
| Revenues over (under) expenditures | -                       | -              | -              | -                                      |
| Net change in fund balance         | <u>\$ -</u>             | <u>\$ -</u>    | <u>-</u>       | <u>\$ -</u>                            |
| Fund balance, beginning            |                         |                | <u>-</u>       |                                        |
| Fund balance, ending               |                         |                | <u>\$ -</u>    |                                        |

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - JPA-FRANJO ROAD FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                    | <u>Budgeted Amounts</u> |                     | <u>Actual</u>  | <u>Variance with</u> |
|------------------------------------|-------------------------|---------------------|----------------|----------------------|
|                                    | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u> | <u>Final Budget</u>  |
|                                    |                         |                     |                | <u>Positive</u>      |
|                                    |                         |                     |                | <u>(Negative)</u>    |
| Revenues:                          |                         |                     |                |                      |
| Intergovernmental                  | \$ 2,454,752            | \$ 2,454,752        | \$ 73,938      | \$ (2,380,814)       |
| Total revenues                     | <u>2,454,752</u>        | <u>2,454,752</u>    | <u>73,938</u>  | <u>(2,380,814)</u>   |
| Expenditures:                      |                         |                     |                |                      |
| Current:                           |                         |                     |                |                      |
| General Government                 | <u>2,912,626</u>        | <u>2,912,626</u>    | <u>73,938</u>  | <u>2,838,688</u>     |
| Total expenditures                 | <u>2,912,626</u>        | <u>2,912,626</u>    | <u>73,938</u>  | <u>2,838,688</u>     |
| Revenues over (under) expenditures | (457,874)               | (457,874)           | -              | 457,874              |
| Net change in fund balance         | <u>\$ (457,874)</u>     | <u>\$ (457,874)</u> | <u>-</u>       | <u>\$ 457,874</u>    |
| Fund balance, beginning            |                         |                     | -              |                      |
| Fund balance, ending               |                         |                     | <u>\$ -</u>    |                      |

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - TRANSIT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                           | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with</u> |
|-------------------------------------------|-------------------------|------------------|------------------|----------------------|
|                                           | <u>Original</u>         | <u>Final</u>     | <u>Amounts</u>   | <u>Final Budget</u>  |
|                                           |                         |                  |                  | <u>Positive</u>      |
|                                           |                         |                  |                  | <u>(Negative)</u>    |
| Revenues:                                 |                         |                  |                  |                      |
| Intergovernmental                         | \$ 192,500              | \$ 192,500       | \$ 192,331       | \$ (169)             |
| Total revenues                            | <u>192,500</u>          | <u>192,500</u>   | <u>192,331</u>   | <u>(169)</u>         |
| Expenditures:                             |                         |                  |                  |                      |
| Current:                                  |                         |                  |                  |                      |
| General government                        | <u>385,000</u>          | <u>565,000</u>   | <u>561,135</u>   | <u>3,865</u>         |
| Total expenditures                        | <u>385,000</u>          | <u>565,000</u>   | <u>561,135</u>   | <u>3,865</u>         |
| Deficiency of revenues under expenditures |                         |                  |                  |                      |
| before other financing sources            | <u>(192,500)</u>        | <u>(372,500)</u> | <u>(368,804)</u> | <u>3,696</u>         |
| Other financing sources:                  |                         |                  |                  |                      |
| Transfers in                              | <u>192,500</u>          | <u>372,500</u>   | <u>368,804</u>   | <u>(3,696)</u>       |
| Total other financing sources             | <u>192,500</u>          | <u>372,500</u>   | <u>368,804</u>   | <u>(3,696)</u>       |
| Revenues over (under) expenditures and    |                         |                  |                  |                      |
| other financing sources (uses)            | -                       | -                | -                | -                    |
| Net change in fund balance                | <u>\$ -</u>             | <u>\$ -</u>      | <u>-</u>         | <u>\$ -</u>          |
| Fund balance, beginning                   |                         |                  | <u>-</u>         |                      |
| Fund balance, ending                      |                         |                  | <u>\$ -</u>      |                      |

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - DJJ FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                    | <u>Budgeted Amounts</u> |               | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------------|---------------|----------------|---------------------------------------------------------|
|                                    | <u>Original</u>         | <u>Final</u>  | <u>Amounts</u> |                                                         |
| Revenues:                          |                         |               |                |                                                         |
| Intergovernmental                  | \$ 61,500               | \$ 61,500     | \$ 28,279      | \$ (33,221)                                             |
| Total revenues                     | <u>61,500</u>           | <u>61,500</u> | <u>28,279</u>  | <u>(33,221)</u>                                         |
| Expenditures:                      |                         |               |                |                                                         |
| Current:                           |                         |               |                |                                                         |
| Parks and recreation               | <u>61,500</u>           | <u>61,500</u> | <u>28,279</u>  | <u>33,221</u>                                           |
| Total expenditures                 | <u>61,500</u>           | <u>61,500</u> | <u>28,279</u>  | <u>33,221</u>                                           |
| Revenues over (under) expenditures | -                       | -             | -              | -                                                       |
| Net change in fund balance         | <u>\$ -</u>             | <u>\$ -</u>   | <u>-</u>       | <u>\$ -</u>                                             |
| Fund balance, beginning            |                         |               | <u>-</u>       |                                                         |
| Fund balance, ending               |                         |               | <u>\$ -</u>    |                                                         |

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET VS ACTUAL - CAPITAL PROJECTS (PARKS) FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

|                                                                             | Budgeted Amounts |              | Actual         | Variance with                          |
|-----------------------------------------------------------------------------|------------------|--------------|----------------|----------------------------------------|
|                                                                             | <u>Original</u>  | <u>Final</u> | <u>Amounts</u> | Final Budget<br>Positive<br>(Negative) |
| Revenues:                                                                   |                  |              |                |                                        |
| Intergovernmental                                                           | \$ -             | \$ -         | \$ -           | \$ -                                   |
| Total revenues                                                              | -                | -            | -              | -                                      |
| Expenditures:                                                               |                  |              |                |                                        |
| Capital outlay:                                                             |                  |              |                |                                        |
| Parks and recreation                                                        | -                | 15,000       | 12,182         | 2,818                                  |
| Total expenditures                                                          | -                | 15,000       | 12,182         | 2,818                                  |
| Deficiency of revenues under expenditures<br>before other financing sources | -                | (15,000)     | (12,182)       | 2,818                                  |
| Other financing sources:                                                    |                  |              |                |                                        |
| Transfers in                                                                | -                | 15,000       | 12,182         | (2,818)                                |
| Total other financing sources                                               | -                | 15,000       | 12,182         | (2,818)                                |
| Revenues over (under) expenditures and<br>other financing sources (uses)    | -                | -            | -              | -                                      |
| Net change in fund balance                                                  | \$ -             | \$ -         | -              | \$ -                                   |
| Fund balance, beginning                                                     |                  |              | -              |                                        |
| Fund balance, ending                                                        |                  |              | \$ -           |                                        |

**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, 2022**

|                                                          | <u>Budgeted Amounts</u> |                    | <u>Actual</u>       | <u>Variance with</u> |
|----------------------------------------------------------|-------------------------|--------------------|---------------------|----------------------|
|                                                          | <u>Original</u>         | <u>Final</u>       | <u>Amounts</u>      | <u>Final Budget</u>  |
|                                                          |                         |                    |                     | <u>Positive</u>      |
|                                                          |                         |                    |                     | <u>(Negative)</u>    |
| Operating revenues:                                      |                         |                    |                     |                      |
| Charges for services                                     | \$ 1,025,000            | \$ 1,025,000       | \$ 1,025,416        | \$ 416               |
| Total operating revenues                                 | <u>1,025,000</u>        | <u>1,025,000</u>   | <u>1,025,416</u>    | <u>416</u>           |
| Operating expenses:                                      |                         |                    |                     |                      |
| Operations and maintenance                               | 1,520,753               | 1,617,753          | 1,155,138           | 462,615              |
| Depreciation                                             | <u>275,000</u>          | <u>275,000</u>     | <u>217,668</u>      | <u>57,332</u>        |
| Total operating expenses                                 | <u>1,795,753</u>        | <u>1,892,753</u>   | <u>1,372,806</u>    | <u>519,947</u>       |
| Operating income (loss)                                  | <u>(770,753)</u>        | <u>(867,753)</u>   | <u>(347,390)</u>    | <u>520,363</u>       |
| Non-operating revenues (expenses):                       |                         |                    |                     |                      |
| Interest income                                          | -                       | -                  | -                   | -                    |
| Interest expense                                         | <u>-</u>                | <u>-</u>           | <u>(51,536)</u>     | <u>(51,536)</u>      |
| Total non-operating revenues (expenses)                  | <u>-</u>                | <u>-</u>           | <u>(51,536)</u>     | <u>(51,536)</u>      |
| Income (loss) before capital contributions and transfers | <u>(770,753)</u>        | <u>(867,753)</u>   | <u>(398,926)</u>    | <u>468,827</u>       |
| Capital grants and contributions                         | 800,000                 | 800,000            | 615,421             | (184,579)            |
| Transfers in                                             | <u>2,200,000</u>        | <u>2,297,000</u>   | <u>2,367,033</u>    | <u>70,033</u>        |
| Total capital contributions and transfers                | <u>3,000,000</u>        | <u>3,097,000</u>   | <u>2,982,454</u>    | <u>(114,546)</u>     |
| Net position appropriated                                | <u>(2,229,247)</u>      | <u>(2,229,247)</u> | <u>-</u>            | <u>2,229,247</u>     |
| Changes in net position                                  | <u>\$ -</u>             | <u>\$ -</u>        | <u>2,583,528</u>    | <u>\$ 2,583,528</u>  |
| Net position - Beginning as previously stated            |                         |                    | <u>5,463,375</u>    |                      |
| Restatement (Note 13)                                    |                         |                    | <u>296,506</u>      |                      |
| Net position - Beginning as restated                     |                         |                    | <u>5,759,881</u>    |                      |
| Net position - Ending                                    |                         |                    | <u>\$ 8,343,409</u> |                      |

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## STATISTICAL SECTION

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## STATISTICAL SECTION

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

| <u>Contents</u>                                                                                                                                                                                                           | <u>Page</u>  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Financial Trends</b>                                                                                                                                                                                                   |              |
| <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>                                                                | <b>81-85</b> |
| <b>Revenue Capacity</b>                                                                                                                                                                                                   |              |
| <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>                                                                                  | <b>86-90</b> |
| <b>Debt Capacity</b>                                                                                                                                                                                                      |              |
| <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>                    | <b>91-92</b> |
| <b>Demographic and Economic Information</b>                                                                                                                                                                               |              |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>                                                   | <b>93-94</b> |
| <b>Operating Information</b>                                                                                                                                                                                              |              |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i> | <b>95-97</b> |

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

|                                             | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                             | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
| Governmental activities:                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 35,405,031        | \$ 32,556,771        | \$ 31,256,699        | \$ 31,594,819        | \$ 30,309,365        | \$ 29,728,390        | \$ 27,912,310        | \$ 37,248,971        | \$ 32,153,827        | \$ 33,783,639        |
| Restricted                                  | 5,423,140            | 5,359,233            | 5,250,912            | 4,899,680            | 5,274,302            | 4,546,311            | 5,407,236            | 8,651,089            | 6,958,741            | 7,089,371            |
| Unrestricted                                | 19,647,398           | 21,592,128           | 19,504,090           | 16,861,145           | 14,795,314           | 14,720,275           | 14,935,831           | 6,833,034            | 15,667,647           | 16,943,443           |
| Total governmental activities net position  | <u>\$ 60,475,569</u> | <u>\$ 59,508,132</u> | <u>\$ 56,011,701</u> | <u>\$ 53,355,644</u> | <u>\$ 50,378,981</u> | <u>\$ 48,994,976</u> | <u>\$ 48,255,377</u> | <u>\$ 52,733,094</u> | <u>\$ 54,780,215</u> | <u>\$ 57,816,453</u> |
| Business-type activities:                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 3,252,882         | \$ 3,233,375         | \$ 3,748,383         | \$ 3,804,419         | \$ 3,834,666         | \$ 4,105,252         | \$ 5,150,203         | \$ 5,224,347         | \$ 5,765,513         | \$ 8,832,937         |
| Restricted                                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unrestricted                                | 1,000,073            | 1,102,740            | 1,168,704            | 1,109,730            | 1,021,056            | 794,095              | 373,613              | 135,568              | (302,138)            | (489,528)            |
| Total business-type activities net position | <u>\$ 4,252,955</u>  | <u>\$ 4,336,115</u>  | <u>\$ 4,917,087</u>  | <u>\$ 4,914,149</u>  | <u>\$ 4,855,722</u>  | <u>\$ 4,899,347</u>  | <u>\$ 5,523,816</u>  | <u>\$ 5,359,915</u>  | <u>\$ 5,463,375</u>  | <u>\$ 8,343,409</u>  |
| Primary government:                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 38,657,913        | \$ 35,790,146        | \$ 35,005,082        | \$ 35,399,238        | \$ 34,144,031        | \$ 33,833,642        | \$ 33,062,513        | \$ 42,473,318        | \$ 37,919,340        | \$ 42,616,576        |
| Restricted                                  | 5,423,140            | 5,359,233            | 5,250,912            | 4,899,680            | 5,274,302            | 4,546,311            | 5,407,236            | 8,651,089            | 6,958,741            | 7,089,371            |
| Unrestricted                                | 20,647,471           | 22,694,868           | 20,672,794           | 17,970,875           | 15,816,370           | 15,514,370           | 15,309,444           | 6,968,602            | 15,365,509           | 16,453,915           |
| Total primary government net position       | <u>\$ 64,728,524</u> | <u>\$ 63,844,247</u> | <u>\$ 60,928,788</u> | <u>\$ 58,269,793</u> | <u>\$ 55,234,703</u> | <u>\$ 53,894,323</u> | <u>\$ 53,779,193</u> | <u>\$ 58,093,009</u> | <u>\$ 60,243,590</u> | <u>\$ 66,159,862</u> |

**TOWN OF CUTLER BAY, FLORIDA**

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

|                                                  | Fiscal Year            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|--------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                  | 2013                   | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   | 2020                   | 2021                   | 2022                   |
| <b>EXPENSES</b>                                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                         |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                               | \$ 8,791,886           | \$ 10,559,285          | \$ 10,446,141          | \$ 9,441,001           | \$ 8,297,990           | \$ 7,705,651           | \$ 6,788,772           | \$ 7,301,727           | \$ 7,002,525           | \$ 6,749,041           |
| Public safety                                    | 7,935,541              | 8,040,961              | 8,834,295              | 8,993,764              | 9,790,469              | 9,442,229              | 10,047,839             | 10,320,605             | 10,078,672             | 10,211,334             |
| Community development                            | 3,100,748              | 2,576,918              | 2,538,437              | 2,427,984              | 2,535,174              | 2,732,777              | 2,656,304              | 2,563,408              | 2,502,571              | 2,768,709              |
| Parks and recreation                             | 3,045,599              | 3,186,576              | 3,282,201              | 3,364,464              | 3,533,963              | 3,685,932              | 3,706,960              | 3,238,385              | 3,222,287              | 3,428,887              |
| Interest on long-term debt                       | 693,494                | 685,863                | 618,922                | 464,240                | 424,647                | 392,443                | 336,879                | 291,505                | 627,088                | 701,573                |
| Total governmental activities                    | <u>23,567,268</u>      | <u>25,049,603</u>      | <u>25,719,995</u>      | <u>24,691,452</u>      | <u>24,582,243</u>      | <u>23,959,032</u>      | <u>23,536,754</u>      | <u>23,715,630</u>      | <u>23,433,143</u>      | <u>23,859,544</u>      |
| Business-type activities:                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Stormwater                                       | 765,001                | 881,372                | 1,028,082              | 1,014,553              | 1,031,549              | 1,130,815              | 1,043,563              | 1,221,901              | 1,188,962              | 1,372,806              |
| Interest on long-term debt                       | 107,847                | 55,157                 | 69,563                 | 72,139                 | 69,923                 | 65,825                 | 61,583                 | 57,197                 | 52,658                 | 51,536                 |
| Total business-type activities                   | <u>872,848</u>         | <u>936,529</u>         | <u>1,097,645</u>       | <u>1,086,692</u>       | <u>1,101,472</u>       | <u>1,196,640</u>       | <u>1,105,146</u>       | <u>1,279,098</u>       | <u>1,241,620</u>       | <u>1,424,342</u>       |
| Total primary government expenses                | <u>\$ 24,440,116</u>   | <u>\$ 25,986,132</u>   | <u>\$ 26,817,640</u>   | <u>\$ 25,778,144</u>   | <u>\$ 25,683,715</u>   | <u>\$ 25,155,672</u>   | <u>\$ 24,641,900</u>   | <u>\$ 24,994,728</u>   | <u>\$ 24,674,763</u>   | <u>\$ 25,283,886</u>   |
| <b>PROGRAM REVENUES</b>                          |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                         |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                               | 747,983                | 714,016                | 655,583                | 724,140                | 554,355                | 707,244                | 860,706                | 425,779                | 198,992                | 300,257                |
| Public safety                                    | 635,494                | 604,101                | 692,474                | 672,027                | 381,480                | 391,919                | 317,643                | 274,933                | 286,915                | 320,043                |
| Community development                            | 2,310,194              | 1,379,074              | 1,094,979              | 1,037,220              | 1,029,705              | 1,339,332              | 1,198,225              | 1,002,412              | 1,247,021              | 1,680,288              |
| Parks and recreation                             | 787,381                | 216,547                | 182,384                | 151,233                | 123,292                | 140,923                | 155,033                | 50,279                 | 82,324                 | 104,188                |
| Operating grants and contributions               | 4,127,545              | 5,838,648              | 5,503,496              | 3,807,943              | 3,434,440              | 2,409,808              | 2,975,129              | 2,631,573              | 3,645,229              | 4,040,374              |
| Capital grants and contributions                 | 197,882                | 612,014                | 260,810                | 303,553                | 299,123                | 541,792                | 384,533                | 734,046                | 474,292                | 241,406                |
| Total governmental activities program revenues   | <u>8,806,479</u>       | <u>9,364,400</u>       | <u>8,389,726</u>       | <u>6,696,116</u>       | <u>5,822,395</u>       | <u>5,531,018</u>       | <u>5,891,269</u>       | <u>5,119,022</u>       | <u>5,934,773</u>       | <u>6,686,556</u>       |
| Business-type activities:                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Stormwater                                       | 1,007,439              | 967,654                | 1,028,456              | 1,011,803              | 1,040,448              | 1,037,701              | 1,028,455              | 1,011,443              | 1,017,995              | 1,025,416              |
| Operating grants and contributions               | -                      | 49,400                 | -                      | -                      | -                      | -                      | -                      | -                      | -                      | 15,421                 |
| Capital grants and contributions                 | -                      | -                      | 629,504                | 70,597                 | -                      | 158,629                | 380,371                | 17,141                 | 200,000                | 600,000                |
| Total business-type activities program revenues  | <u>1,007,439</u>       | <u>1,017,054</u>       | <u>1,657,960</u>       | <u>1,082,400</u>       | <u>1,040,448</u>       | <u>1,196,330</u>       | <u>1,408,826</u>       | <u>1,028,584</u>       | <u>1,217,995</u>       | <u>1,640,837</u>       |
| Total primary government revenues                | <u>\$ 9,813,918</u>    | <u>\$ 10,381,454</u>   | <u>\$ 10,047,686</u>   | <u>\$ 7,778,516</u>    | <u>\$ 6,862,843</u>    | <u>\$ 6,727,348</u>    | <u>\$ 7,300,095</u>    | <u>\$ 6,147,606</u>    | <u>\$ 7,152,768</u>    | <u>\$ 8,327,393</u>    |
| Net revenue (expense):                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                          | (14,760,789)           | (15,685,203)           | (17,330,269)           | (17,995,336)           | (18,759,848)           | (18,428,014)           | (17,645,485)           | (18,596,608)           | (17,498,370)           | (17,172,988)           |
| Business-type activities                         | <u>134,591</u>         | <u>80,525</u>          | <u>560,315</u>         | <u>(4,292)</u>         | <u>(61,024)</u>        | <u>(310)</u>           | <u>303,680</u>         | <u>(250,514)</u>       | <u>(23,625)</u>        | <u>216,495</u>         |
| Total primary government net revenues (expenses) | <u>\$ (14,626,198)</u> | <u>\$ (15,604,678)</u> | <u>\$ (16,769,954)</u> | <u>\$ (17,999,628)</u> | <u>\$ (18,820,872)</u> | <u>\$ (18,428,324)</u> | <u>\$ (17,341,805)</u> | <u>\$ (18,847,122)</u> | <u>\$ (17,521,995)</u> | <u>\$ (16,956,493)</u> |

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

|                                                            | Fiscal Year          |                      |                       |                       |                       |                      |                      |                      |                      |                      |
|------------------------------------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                            | 2013                 | 2014                 | 2015                  | 2016                  | 2017                  | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
| <b>General revenues and Other Changes in Net Position:</b> |                      |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities:                                   |                      |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Property taxes                                             | \$ 4,113,511         | \$ 4,423,111         | \$ 4,384,908          | \$ 4,638,277          | \$ 5,077,377          | \$ 5,412,467         | \$ 5,852,830         | \$ 6,170,581         | \$ 6,897,920         | \$ 7,981,928         |
| Utility taxes                                              | 2,640,920            | 2,920,053            | 2,921,455             | 3,026,608             | 3,137,950             | 3,202,656            | 3,224,375            | 3,424,120            | 3,651,893            | 3,860,621            |
| Franchise fees based on gross receipts                     | 1,531,087            | 1,240,721            | 1,252,984             | 1,319,529             | 1,080,786             | 1,452,706            | 1,340,786            | 1,804,006            | 2,498,625            | 2,928,299            |
| Unrestricted intergovernmental revenue                     | 5,815,863            | 6,063,408            | 6,247,502             | 6,281,535             | 6,390,738             | 7,102,045            | 6,510,769            | 5,848,630            | 6,527,188            | 7,536,192            |
| Unrestricted interest earnings                             | 70,392               | 70,473               | 54,002                | 73,330                | 70,576                | 149,147              | 200,047              | 138,138              | 41,773               | 107,899              |
| Miscellaneous revenues                                     | -                    | -                    | 105,167               | -                     | 25,758                | 537,185              | 94,020               | 24,432               | 55,088               | 29,915               |
| Gains (losses) on disposal of capital assets               | -                    | -                    | -                     | -                     | -                     | -                    | -                    | 5,750,705            | -                    | -                    |
| Total governmental activities                              | <u>14,171,773</u>    | <u>14,717,766</u>    | <u>14,966,018</u>     | <u>15,339,279</u>     | <u>15,783,185</u>     | <u>17,856,206</u>    | <u>17,222,827</u>    | <u>23,160,612</u>    | <u>19,672,487</u>    | <u>22,444,854</u>    |
| Business-type activities:                                  |                      |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Interest earnings                                          | 2,646                | 2,637                | 2,226                 | 1,354                 | 2,597                 | 5,057                | 3,848                | 326                  | 89                   | -                    |
| Miscellaneous revenues                                     | -                    | -                    | 18,430                | -                     | -                     | -                    | -                    | -                    | -                    | -                    |
| Total business-type activities                             | <u>2,646</u>         | <u>2,637</u>         | <u>20,656</u>         | <u>1,354</u>          | <u>2,597</u>          | <u>5,057</u>         | <u>3,848</u>         | <u>326</u>           | <u>89</u>            | <u>-</u>             |
| Total primary government                                   | <u>\$ 14,174,419</u> | <u>\$ 14,720,403</u> | <u>\$ 14,986,674</u>  | <u>\$ 15,340,633</u>  | <u>\$ 15,785,782</u>  | <u>\$ 17,861,263</u> | <u>\$ 17,226,675</u> | <u>\$ 23,160,938</u> | <u>\$ 19,672,576</u> | <u>\$ 22,444,854</u> |
| <b>Transfers</b>                                           |                      |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities                                    | \$ -                 | \$ -                 | \$ -                  | \$ -                  | \$ -                  | \$ (38,878)          | \$ (316,941)         | \$ (86,287)          | \$ (126,996)         | \$ (2,367,033)       |
| Business-type activities                                   | -                    | -                    | -                     | -                     | -                     | 38,878               | 316,941              | 86,287               | 126,996              | 2,367,033            |
| Total primary government                                   | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| <b>Change in Net Position</b>                              |                      |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities                                    | \$ (589,016)         | \$ (967,437)         | \$ (2,364,251)        | \$ (2,656,057)        | \$ (2,976,663)        | \$ (610,686)         | \$ (739,599)         | \$ 4,477,717         | \$ 2,047,121         | \$ 2,904,833         |
| Business-type activities                                   | 137,237              | 83,162               | 580,971               | (2,938)               | (58,427)              | 43,625               | 624,469              | (163,901)            | 103,460              | 2,583,528            |
| Total primary government                                   | <u>\$ (451,779)</u>  | <u>\$ (884,275)</u>  | <u>\$ (1,783,280)</u> | <u>\$ (2,658,995)</u> | <u>\$ (3,035,090)</u> | <u>\$ (567,061)</u>  | <u>\$ (115,130)</u>  | <u>\$ 4,313,816</u>  | <u>\$ 2,150,581</u>  | <u>\$ 5,488,361</u>  |

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

|                                    | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
| General Fund                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ 401,549           | \$ 433,700           | \$ 362,970           | \$ 456,977           | \$ 426,781           | \$ 432,821           | \$ 390,662           | \$ 493,083           | \$ 468,869           | \$ 137,155           |
| Restricted                         | 2,542                | 2,548                | 49,907               | 58,012               | 63,190               | 68,851               | 74,111               | 3,078,313            | 81,635               | 86,048               |
| Assigned                           | 5,395,000            | 5,060,700            | 2,000,000            | 2,000,000            | 2,000,000            | 1,000,000            | 1,000,000            | -                    | -                    | -                    |
| Unassigned                         | 14,047,222           | 16,301,450           | 18,519,846           | 18,014,568           | 16,260,846           | 17,093,506           | 16,670,523           | 10,154,003           | 18,829,956           | 22,587,151           |
| Total general fund                 | <u>\$ 19,846,313</u> | <u>\$ 21,798,398</u> | <u>\$ 20,932,723</u> | <u>\$ 20,529,557</u> | <u>\$ 18,750,817</u> | <u>\$ 18,595,178</u> | <u>\$ 18,135,296</u> | <u>\$ 13,725,399</u> | <u>\$ 19,380,460</u> | <u>\$ 22,810,354</u> |
| All other governmental funds       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 958               | \$ 969               | \$ 1,012             | \$ 1,073             | \$ 1,146             |
| Restricted                         | 5,420,598            | 5,356,686            | 5,201,005            | 4,841,668            | 5,211,112            | 4,477,460            | 5,333,125            | 5,572,776            | 6,958,741            | 7,003,323            |
| Assigned                           | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unassigned                         | -                    | -                    | -                    | -                    | -                    | (958)                | (969)                | (1,012)              | (1,073)              | (1,146)              |
| Total all other governmental funds | <u>\$ 5,420,598</u>  | <u>\$ 5,356,686</u>  | <u>\$ 5,201,005</u>  | <u>\$ 4,841,668</u>  | <u>\$ 5,211,112</u>  | <u>\$ 4,477,460</u>  | <u>\$ 5,333,125</u>  | <u>\$ 5,572,776</u>  | <u>\$ 6,958,741</u>  | <u>\$ 7,003,323</u>  |

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

|                                                         | Fiscal Year         |                     |                       |                     |                       |                     |                   |                       |                     |                     |
|---------------------------------------------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-------------------|-----------------------|---------------------|---------------------|
|                                                         | 2013                | 2014                | 2015                  | 2016                | 2017                  | 2018                | 2019              | 2020                  | 2021                | 2022                |
| <b>REVENUES</b>                                         |                     |                     |                       |                     |                       |                     |                   |                       |                     |                     |
| Property taxes                                          | \$ 4,113,511        | \$ 4,423,111        | \$ 4,384,908          | \$ 4,638,277        | \$ 5,077,377          | \$ 5,412,467        | \$ 5,852,830      | \$ 6,170,581          | \$ 6,897,920        | \$ 7,981,928        |
| Licenses and permits                                    | 2,195,599           | 1,379,074           | 1,094,979             | 1,037,219           | 1,029,704             | 1,339,332           | 1,198,224         | 1,002,412             | 1,247,021           | 1,680,289           |
| Utility taxes                                           | 2,640,920           | 2,920,053           | 2,921,455             | 3,026,608           | 3,137,950             | 3,202,656           | 3,224,375         | 3,424,120             | 3,651,893           | 3,431,857           |
| Franchise fees                                          | 1,531,087           | 1,240,721           | 1,252,984             | 1,319,529           | 1,080,786             | 1,452,706           | 1,340,786         | 1,804,006             | 2,498,625           | 2,928,299           |
| Intergovernmental revenue                               | 10,141,289          | 12,108,477          | 11,963,293            | 10,348,390          | 10,045,463            | 9,824,188           | 9,822,973         | 9,188,594             | 10,506,561          | 11,862,475          |
| Charges for services                                    | 472,880             | 462,867             | 444,105               | 413,625             | 372,035               | 380,943             | 383,500           | 326,071               | 364,495             | 351,831             |
| Interest and other                                      | 1,882,515           | 1,515,307           | 1,294,020             | 1,251,747           | 862,265               | 1,594,869           | 1,288,502         | 618,998               | 387,722             | 434,549             |
| Total revenues                                          | <u>22,977,801</u>   | <u>24,049,610</u>   | <u>23,355,744</u>     | <u>22,035,395</u>   | <u>21,605,580</u>     | <u>23,207,161</u>   | <u>23,111,190</u> | <u>22,534,782</u>     | <u>25,554,237</u>   | <u>28,671,228</u>   |
| <b>EXPENDITURES</b>                                     |                     |                     |                       |                     |                       |                     |                   |                       |                     |                     |
| Current:                                                |                     |                     |                       |                     |                       |                     |                   |                       |                     |                     |
| General government                                      | 8,016,148           | 9,819,200           | 9,700,760             | 8,356,818           | 7,084,965             | 6,852,224           | 5,743,761         | 6,567,746             | 7,073,413           | 6,266,815           |
| Public safety                                           | 7,918,949           | 8,030,573           | 8,824,873             | 8,981,112           | 9,782,445             | 9,434,650           | 10,038,756        | 10,310,449            | 10,070,627          | 10,204,217          |
| Community development                                   | 1,780,152           | 1,282,914           | 1,300,320             | 1,222,815           | 1,343,494             | 1,490,476           | 1,360,530         | 1,302,025             | 1,409,942           | 1,600,826           |
| Parks and recreation                                    | 1,647,765           | 1,816,070           | 1,903,493             | 1,995,324           | 2,151,812             | 2,274,376           | 2,193,182         | 1,871,880             | 2,099,639           | 2,541,382           |
| Capital outlay                                          | 582,433             | 314,439             | 557,810               | 290,044             | 699,565               | 1,280,826           | 1,111,277         | 4,701,587             | 10,713,761          | 77,841              |
| Debt service:                                           |                     |                     |                       |                     |                       |                     |                   |                       |                     |                     |
| Principal                                               | 204,180             | 212,380             | 1,470,921             | 1,487,545           | 1,527,948             | 1,570,168           | 1,614,081         | 1,572,184             | 4,182,138           | 1,336,752           |
| Interest                                                | 692,556             | 685,863             | 618,922               | 464,240             | 424,647               | 381,534             | 336,879           | 292,870               | 487,079             | 801,886             |
| Total expenditures                                      | <u>20,842,183</u>   | <u>22,161,439</u>   | <u>24,377,099</u>     | <u>22,797,898</u>   | <u>23,014,876</u>     | <u>23,284,254</u>   | <u>22,398,466</u> | <u>26,618,741</u>     | <u>36,036,599</u>   | <u>22,829,719</u>   |
| Excess (deficiency) of revenues over expenditures       | 2,135,618           | 1,888,171           | (1,021,355)           | (762,503)           | (1,409,296)           | (77,093)            | 712,724           | (4,083,959)           | (10,482,362)        | 5,841,509           |
| Other financing sources (uses):                         |                     |                     |                       |                     |                       |                     |                   |                       |                     |                     |
| Capital lease proceeds                                  | -                   | -                   | -                     | -                   | -                     | -                   | -                 | -                     | -                   | -                   |
| Transfers                                               | -                   | -                   | -                     | -                   | -                     | (38,878)            | (316,941)         | (86,287)              | (126,996)           | (2,367,033)         |
| Debt proceeds                                           | -                   | -                   | 12,306,539            | -                   | -                     | -                   | -                 | -                     | 17,650,384          | -                   |
| Debt service - principal refunded                       | -                   | -                   | (12,306,539)          | -                   | -                     | -                   | -                 | -                     | -                   | -                   |
| <b>Net change in fund balances</b>                      | <u>\$ 2,135,618</u> | <u>\$ 1,888,171</u> | <u>\$ (1,021,355)</u> | <u>\$ (762,503)</u> | <u>\$ (1,409,296)</u> | <u>\$ (115,971)</u> | <u>\$ 395,783</u> | <u>\$ (4,170,246)</u> | <u>\$ 7,041,026</u> | <u>\$ 3,474,476</u> |
| Debt service as a percentage of noncapital expenditures | <u>4.4%</u>         | <u>4.1%</u>         | <u>8.8%</u>           | <u>8.7%</u>         | <u>8.8%</u>           | <u>8.9%</u>         | <u>9.2%</u>       | <u>8.5%</u>           | <u>18.4%</u>        | <u>9.4%</u>         |

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

| Fiscal Year | Property Taxes<br>General Purpose | Utility Tax  | Intergovernmental | Franchise Fees | Licenses and<br>Permits | Charges for<br>Services | Interest and<br>Other | Total         |
|-------------|-----------------------------------|--------------|-------------------|----------------|-------------------------|-------------------------|-----------------------|---------------|
| 2013        | \$ 4,113,511                      | \$ 2,640,920 | \$ 10,141,289     | \$ 1,531,087   | \$ 2,195,599            | \$ 472,880              | \$ 1,882,515          | \$ 22,977,801 |
| 2014        | 4,423,111                         | 2,920,053    | 12,108,477        | 1,240,721      | 1,379,074               | 462,867                 | 1,515,307             | 24,049,610    |
| 2015        | 4,384,908                         | 2,921,455    | 11,963,293        | 1,252,984      | 1,094,979               | 444,105                 | 1,294,020             | 23,355,744    |
| 2016        | 4,638,277                         | 3,026,608    | 10,348,390        | 1,319,529      | 1,037,219               | 413,625                 | 1,251,747             | 22,035,395    |
| 2017        | 5,077,377                         | 3,137,950    | 10,045,463        | 1,080,786      | 1,029,704               | 372,035                 | 862,265               | 21,605,580    |
| 2018        | 5,412,467                         | 3,202,656    | 9,824,188         | 1,452,706      | 1,339,332               | 380,943                 | 1,594,869             | 23,207,161    |
| 2019        | 5,852,830                         | 3,224,375    | 9,822,973         | 1,340,786      | 1,198,224               | 383,500                 | 1,288,502             | 23,111,190    |
| 2020        | 6,170,581                         | 3,424,120    | 9,188,594         | 1,804,006      | 1,002,412               | 326,071                 | 618,998               | 22,534,782    |
| 2021        | 6,897,920                         | 3,651,893    | 10,506,561        | 2,498,625      | 1,247,021               | 364,495                 | 387,722               | 25,554,237    |
| 2022        | 7,981,928                         | 3,431,857    | 11,862,475        | 2,928,299      | 1,680,289               | 351,831                 | 434,549               | 28,671,228    |

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

| Fiscal Year | Real Property        |                     | Personal Property | Net Assessed Value | Total Direct Tax Rate (1) | Estimated Actual Value | Net Assessed Value as a Percentage of Estimated Actual Value |
|-------------|----------------------|---------------------|-------------------|--------------------|---------------------------|------------------------|--------------------------------------------------------------|
|             | Residential Property | Commercial Property |                   |                    |                           |                        |                                                              |
| 2013        | \$ 1,207,112         | \$ 428,425          | \$ 65,435         | \$ 1,700,972       | 2.5702                    | \$ 2,490,028           | 68.31%                                                       |
| 2014        | 1,260,094            | 433,470             | 67,151            | 1,760,715          | 2.5702                    | 2,566,716              | 68.60%                                                       |
| 2015        | 1,415,618            | 423,658             | 66,336            | 1,905,612          | 2.3907                    | 2,971,427              | 64.13%                                                       |
| 2016        | 1,557,646            | 423,811             | 67,257            | 2,048,714          | 2.3907                    | 3,299,958              | 62.08%                                                       |
| 2017        | 1,670,080            | 459,523             | 67,986            | 2,197,589          | 2.3907                    | 3,604,247              | 60.97%                                                       |
| 2018        | 1,799,450            | 461,921             | 67,729            | 2,329,100          | 2.3907                    | 3,835,146              | 60.73%                                                       |
| 2019        | 1,934,770            | 481,599             | 69,024            | 2,485,393          | 2.4323                    | 4,061,828              | 61.19%                                                       |
| 2020        | 2,063,647            | 485,946             | 70,943            | 2,620,536          | 2.4323                    | 4,234,450              | 61.89%                                                       |
| 2021        | 2,178,411            | 480,289             | 76,215            | 2,734,915          | 2.6198                    | 4,344,592              | 62.95%                                                       |
| 2022        | 2,324,389            | 482,060             | 83,061            | 2,889,510          | 2.8332                    | 4,594,326              | 62.89%                                                       |

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

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

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

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

| Fiscal<br>Year | DIRECT RATES         |                       | OVERLAPPING RATES |              |        |                   |        |             | Total Direct and<br>Overlapping Rates |
|----------------|----------------------|-----------------------|-------------------|--------------|--------|-------------------|--------|-------------|---------------------------------------|
|                | Town of Cutler Bay   |                       | County            |              |        | Special Districts |        |             |                                       |
|                | Operating<br>Millage | Total<br>Town Millage | County-wide       | Debt Service | Fire   | Library           | School | State/Other |                                       |
| 2013           | 2.5702               | 2.5702                | 4.7035            | 0.2850       | 2.4627 | 0.1725            | 7.9980 | 0.9634      | 19.1553                               |
| 2014           | 2.5702               | 2.5702                | 4.7035            | 0.4220       | 2.4623 | 0.1725            | 7.9770 | 0.9455      | 19.2530                               |
| 2015           | 2.3907               | 2.3907                | 4.6669            | 0.4500       | 2.4321 | 0.2840            | 7.9740 | 0.9187      | 19.1164                               |
| 2016           | 2.3907               | 2.3907                | 4.6669            | 0.4500       | 2.4293 | 0.2840            | 7.6120 | 0.8871      | 18.7200                               |
| 2017           | 2.3907               | 2.3907                | 4.6669            | 0.4000       | 2.4282 | 0.2840            | 7.3220 | 0.8627      | 18.3545                               |
| 2018           | 2.3907               | 2.3907                | 4.6669            | 0.4000       | 2.4282 | 0.2840            | 6.9940 | 0.8093      | 17.9731                               |
| 2019           | 2.4323               | 2.4323                | 4.6669            | 0.4644       | 2.4207 | 0.2840            | 6.7330 | 0.7671      | 17.7684                               |
| 2020           | 2.4323               | 2.4323                | 4.6669            | 0.4780       | 2.4207 | 0.2840            | 7.1480 | 0.7795      | 18.2094                               |
| 2021           | 2.6198               | 2.6198                | 4.6669            | 0.4780       | 2.4207 | 0.2840            | 7.1290 | 0.7502      | 18.3486                               |
| 2022           | 2.8332               | 2.8332                | 4.6669            | 0.5075       | 2.4207 | 0.2840            | 7.0090 | 0.7892      | 18.5105                               |

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

Additional information:

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

Tax rate limits:

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

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

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

| 2022                                |                       |                                           | 2013                                |                       |                                           |
|-------------------------------------|-----------------------|-------------------------------------------|-------------------------------------|-----------------------|-------------------------------------------|
| Taxpayer                            | Assessed<br>Valuation | Percentage<br>Total Assessed<br>Valuation | Taxpayer                            | Assessed<br>Valuation | Percentage<br>Total Assessed<br>Valuation |
| SOUTHLAND MALL PROPERTIES LLC       | \$ 53,621             | 1.9%                                      | SOUTHLAND MALL PROPERTIES LLC       | \$ 79,508             | 4.7%                                      |
| FLORIDA POWER & LIGHT COMPANY       | 48,454                | 1.7%                                      | WRI TC S DADE SHOPPING CENTER LLC   | 27,500                | 1.6%                                      |
| SOUTH DADE SHOPPING LLC             | 42,422                | 1.5%                                      | FLORIDA POWER AND LIGHT             | 26,653                | 1.6%                                      |
| EQUITY ONE FL PORTFOLIO INC         | 24,333                | 0.8%                                      | EQUITY ONE INC                      | 19,531                | 1.1%                                      |
| OLD CUTLER PLAZA LLC                | 20,566                | 0.7%                                      | BILL USSERY MOTORS OF CUTLER BAY    | 16,122                | 0.9%                                      |
| BILL USSERY MOTORS OF CUTLER BAY    | 15,891                | 0.5%                                      | THE REALTY ASSOCIATES FUND IX LP    | 14,779                | 0.9%                                      |
| A & E PARTNERS HOLDING LLC          | 14,800                | 0.5%                                      | A&E PARTNERS HOLDING LLC            | 11,000                | 0.6%                                      |
| DESTINY BUILDINGS LLC               | 12,914                | 0.4%                                      | QUAIL ROOST INVESTORS JOINT VENTURE | 10,330                | 0.6%                                      |
| QUAIL ROOST INVESTORS JOINT VENTURE | 12,721                | 0.4%                                      | HEALTHSOUTH REHAB HOSP OF MIA LLC   | 10,172                | 0.6%                                      |
| ADVANCE BUSINESS ASSOCIATE LLP      | 12,680                | 0.4%                                      | SEARS ROEBUCK & CO                  | 9,269                 | 0.5%                                      |
|                                     |                       |                                           |                                     |                       |                                           |
|                                     | <u>\$ 258,402</u>     | <u>9.0%</u>                               |                                     | <u>\$ 224,864</u>     | <u>13.2%</u>                              |

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

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

| Fiscal Year | Total Taxes<br>Levied for<br>Fiscal Year | Collected Within the Fiscal Year<br>of Levy |                    | Collections in<br>Subsequent<br>Years | Total Collections to Date |                    |
|-------------|------------------------------------------|---------------------------------------------|--------------------|---------------------------------------|---------------------------|--------------------|
|             |                                          | Amount                                      | Percent of<br>Levy |                                       | Amount                    | Percent of<br>Levy |
| 2013        | \$ 4,371,838                             | \$ 4,065,237                                | 93.0%              | \$ 48,274                             | \$ 4,113,511              | 94.1%              |
| 2014        | 4,525,390                                | 4,320,764                                   | 95.5%              | 102,347                               | 4,423,111                 | 97.7%              |
| 2015        | 4,555,747                                | 4,242,833                                   | 93.1%              | 142,075                               | 4,384,908                 | 96.3%              |
| 2016        | 4,897,861                                | 4,599,179                                   | 93.9%              | 39,098                                | 4,638,277                 | 94.7%              |
| 2017        | 5,253,776                                | 5,046,736                                   | 96.1%              | 30,641                                | 5,077,377                 | 96.6%              |
| 2018        | 5,568,179                                | 5,353,508                                   | 96.1%              | 58,959                                | 5,412,467                 | 97.2%              |
| 2019        | 6,045,221                                | 5,819,172                                   | 96.3%              | 33,658                                | 5,852,830                 | 96.8%              |
| 2020        | 6,373,930                                | 6,136,688                                   | 96.3%              | 33,893                                | 6,170,581                 | 96.8%              |
| 2021        | 7,164,930                                | 6,891,592                                   | 96.2%              | 6,328                                 | 6,897,920                 | 96.3%              |
| 2022        | 8,186,560                                | 7,903,153                                   | 96.5%              | 78,775                                | 7,981,928                 | 97.5%              |

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

Discounts Allowed:

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

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

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

| Fiscal Year | Governmental Activities |               |            | Business-type Activities |               | Total Primary<br>Government | Percentage of<br>Personal Income (1) | Per Capita (1) |
|-------------|-------------------------|---------------|------------|--------------------------|---------------|-----------------------------|--------------------------------------|----------------|
|             | Interlocal Debt         | Notes Payable | Bonds      | Interlocal Debt          | Notes Payable |                             |                                      |                |
| 2013        | \$ 3,288,815            | \$ 15,303,122 | \$ -       | \$ 2,113,950             | \$ -          | \$ 20,705,887               | 1.238%                               | \$ 492.59      |
| 2014        | 3,076,435               | 15,303,122    | -          | 2,129,939                | -             | 20,509,496                  | 1.121%                               | \$ 477.59      |
| 2015        | 2,854,010               | 14,054,626    | -          | 2,019,830                | -             | 18,928,466                  | 0.953%                               | \$ 429.13      |
| 2016        | 2,622,565               | 12,798,526    | -          | 1,903,665                | -             | 17,324,756                  | 0.862%                               | \$ 385.84      |
| 2017        | 2,382,510               | 11,510,633    | -          | 1,785,218                | -             | 15,678,361                  | 0.705%                               | \$ 346.70      |
| 2018        | 2,133,640               | 10,189,335    | -          | 1,662,618                | -             | 13,985,593                  | 0.575%                               | \$ 308.24      |
| 2019        | 1,875,135               | 8,833,759     | -          | 1,535,865                | -             | 12,244,759                  | 0.480%                               | \$ 269.64      |
| 2020        | 1,606,585               | 7,530,125     | -          | 1,404,679                | -             | 10,541,389                  | 0.402%                               | \$ 232.13      |
| 2021        | 1,327,375               | 6,482,197     | 14,702,115 | 1,268,932                | -             | 23,780,619                  | 0.806%                               | \$ 522.90      |
| 2022        | 915,325                 | 5,957,703     | 14,601,097 | 922,813                  | -             | 22,396,938                  | n/a                                  | \$ 491.75      |

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

n/a All data necessary for computation not available.

**TOWN OF CUTLER BAY, FLORIDA**  
Direct and Overlapping Governmental Activities Debt  
Fiscal Year Ended September 30, 2022  
(amounts expressed in thousands, except as noted)

| Jurisdiction                      | Net Debt<br>Outstanding    | Estimated<br>Percentage<br>Applicable (1) | Amount<br>Applicable to<br>Cutler Bay |
|-----------------------------------|----------------------------|-------------------------------------------|---------------------------------------|
| Miami-Dade County Schools (2)     | \$ 891,958                 | 0.86%                                     | \$ 7,699                              |
| Miami-Dade County (3)             | <u>2,285,105</u>           | 0.86%                                     | <u>19,724</u>                         |
| Subtotal overlapping debt         | 3,177,063                  |                                           | 27,423                                |
| Town of Cutler Bay direct debt    | <u>21,474</u>              | 100.00%                                   | <u>21,474</u>                         |
| Total direct and overlapping debt | <u><u>\$ 3,198,537</u></u> |                                           | <u><u>\$ 48,897</u></u>               |

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total taxable assessed value, as reported by the Property Appraiser for current fiscal year's budget.

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

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

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

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Personal Income<br/>(in thousands) (2)</u> | <u>Per Capita<br/>Personal Income (3)</u> | <u>Unemployment<br/>Rate (4)</u> |
|--------------------|-----------------------|-----------------------------------------------|-------------------------------------------|----------------------------------|
| 2013               | 42,035                | \$ 1,672,951                                  | \$ 39,799                                 | 7.5%                             |
| 2014               | 42,944                | 1,830,016                                     | 42,614                                    | 6.4%                             |
| 2015               | 44,109                | 1,986,361                                     | 45,033                                    | 5.6%                             |
| 2016               | 44,901                | 2,010,487                                     | 44,776                                    | 5.3%                             |
| 2017               | 45,222                | 2,223,385                                     | 49,166                                    | 4.4%                             |
| 2018               | 45,373                | 2,431,267                                     | 53,584                                    | 3.4%                             |
| 2019               | 45,411                | 2,549,237                                     | 56,137                                    | 3.1%                             |
| 2020               | 45,411                | 2,620,805                                     | 57,713                                    | 9.5%                             |
| 2021               | 45,478                | 2,949,203                                     | 64,849                                    | 4.3%                             |
| 2022               | 45,545                | n/a                                           | n/a                                       | 2.6%                             |

(1) Population estimate based on data published by the University of Florida, Bureau of Economic and Business Research.

(2) Personal income is the Miami-Dade per capita personal income applied to the Cutler Bay population.

(3) Per Capita Personal Income is for Miami-Dade County from the Federal Reserve Bank of St. Louis, Economic Research Division

(4) Bureau of Labor Statistics, Unemployment Statistics, Miami-Fort Lauderdale-West Palm Beach, FL Metropolitan area (rate for September of year indicated).

n/a Data not available.

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

| 2022                          |              |                     | 2013                                          |              |                     |
|-------------------------------|--------------|---------------------|-----------------------------------------------|--------------|---------------------|
| Employer                      | Employees    | Percentage of Total | Employer                                      | Employees    | Percentage of Total |
| ALORICA                       | 605          | 22.8%               | ALORICA (FORMERLY PRC, INC)                   | 1,537        | 46.8%               |
| PUBLIX SUPERMARKETS           | 414          | 15.6%               | EAST RIDGE RETIREMENT VILLAGE                 | 267          | 8.1%                |
| MERCEDES BENZ OF CUTLER BAY   | 297          | 11.2%               | MACY'S                                        | 204          | 6.2%                |
| EAST RIDGE RETIREMENT VILLAGE | 279          | 10.5%               | PUBLIX SUPERMARKETS                           | 195          | 5.9%                |
| HEALTH SOUTH REHABILITATION   | 160          | 6.0%                | SEARS ROEBUCK & CO                            | 133          | 4.0%                |
| MACY'S                        | 125          | 4.7%                | HEALTH SOUTH REHABILITATION                   | 160          | 4.9%                |
| OLIVE GARDEN                  | 113          | 4.3%                | McDONALD'S                                    | 102          | 3.1%                |
| McDONALD'S                    | 110          | 4.1%                | BEST BUY                                      | 101          | 3.1%                |
| ROSS DEPARTMENT STORE         | 110          | 4.1%                | MERCEDES BENZ OF CUTLER BAY                   | 99           | 3.0%                |
| WINN DIXIE STORES             | 107          | 4.0%                | WINN DIXIE STORES                             | 91           | 2.8%                |
| BURLINGTON COAT FACTORY       | 91           | 3.4%                | OLIVE GARDEN                                  | 88           | 2.7%                |
| APPLEBEE'S                    | 68           | 2.6%                | JC PENNEY                                     | 88           | 2.7%                |
| PETERSON'S HARLEY-DAVIDSON    | 65           | 2.4%                | REGAL CINEMA INC (FORMERLY SOUTHLAND MALL 16) | 80           | 2.4%                |
| TOWN OF CUTLER BAY            | 63           | 2.4%                | APPLEBEE'S                                    | 79           | 2.4%                |
| DENNY'S                       | 50           | 1.9%                | TOWN OF CUTLER BAY                            | 61           | 1.9%                |
|                               | <u>2,657</u> | <u>100.0%</u>       |                                               | <u>3,285</u> | <u>100.0%</u>       |

Source: Town of Cutler Bay local business tax registrations

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

| Function                      | Fiscal Year |           |           |           |           |             |             |             |             |             |
|-------------------------------|-------------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|
|                               | 2013        | 2014      | 2015      | 2016      | 2017      | 2018        | 2019        | 2020        | 2021        | 2022        |
| Legislative                   | 5           | 5         | 5         | 5         | 5         | 5           | 5           | 5           | 5           | 5           |
| Clerk                         | 2           | 2.5       | 1         | 3         | 3         | 3           | 3           | 3           | 3           | 3           |
| General government            | 10          | 9.5       | 10.5      | 9.5       | 9.5       | 9.5         | 9           | 8.5         | 11          | 10          |
| Community Development         | 7           | 7         | 7.5       | 7.5       | 7.5       | 7.5         | 6.5         | 5.5         | 7           | 9           |
| Public Works                  | 6           | 6         | 6         | 6         | 6         | 6           | 6           | 6           | 6           | 6           |
| Parks                         | 17          | 17        | 19        | 20        | 18        | 17.5        | 18.5        | 18.0        | 17          | 18.5        |
| Public Safety:                |             |           |           |           |           |             |             |             |             |             |
| Police                        | n/a (1)     | n/a (1)   | n/a (1)   | n/a (1)   | n/a (1)   | n/a (1)     | n/a (1)     | n/a (1)     | n/a (1)     | n/a (1)     |
| Civilian administrative staff | 1           | 1         | 1         | 1         | 0         | 0           | 0           | 0           | 0           | 0           |
|                               | <u>48</u>   | <u>48</u> | <u>50</u> | <u>52</u> | <u>49</u> | <u>48.5</u> | <u>48.0</u> | <u>46.0</u> | <u>48.5</u> | <u>51.5</u> |

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

Source: Town of Cutler Bay Finance Department

# **TOWN OF CUTLER BAY, FLORIDA**

## Operating Indicators By Function

### Last Ten Fiscal Years

| Function/Program                          | Fiscal Year |        |        |        |        |        |        |        |        |        |
|-------------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                           | 2013        | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   |
| <b>Public Safety</b>                      |             |        |        |        |        |        |        |        |        |        |
| Police:                                   |             |        |        |        |        |        |        |        |        |        |
| Number of emergency calls for service     | 987         | 950    | 1,112  | 1,214  | 1,172  | 1,150  | 1,263  | 855    | 749    | 870    |
| Number of priority calls for service      | 747         | 692    | 804    | 947    | 973    | 871    | 826    | 826    | 719    | 761    |
| Number of non-emergency calls for service | 14,001      | 13,985 | 14,447 | 14,538 | 14,390 | 13,460 | 17,117 | 11,346 | 10,965 | 10,729 |
| Number of arrests                         | 1,149       | 1,272  | 1,061  | 906    | 677    | 553    | 499    | 226    | 193    | 206    |
| Number of sworn personnel                 | 50          | 52     | 51     | 53     | 55     | 55     | 55     | 55     | 55     | 55     |
| Building and Zoning:                      |             |        |        |        |        |        |        |        |        |        |
| Number of building permits issued         | 4,657       | 2,436  | 2,343  | 2,510  | 2,052  | 3,412  | 2,920  | 2,554  | 2,722  | 2,642  |
| Number of certificates of use issued      | 113         | 100    | 87     | 88     | 87     | 90     | 68     | 53     | 81     | 99     |
| Number of occupational licenses issued    | 839         | 890    | 888    | 893    | 968    | 982    | 986    | 932    | 929    | 982    |
| <b>Culture and Recreation</b>             |             |        |        |        |        |        |        |        |        |        |
| Number of parks                           | 8           | 9      | 9      | 9      | 10     | 10     | 10     | 10     | 11     | 11     |

Source: Various Town departments

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

| Function/Program                | Fiscal Year |         |         |         |         |         |         |         |         |         |
|---------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                 | 2013        | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    |
| <b>Culture and Recreation</b>   |             |         |         |         |         |         |         |         |         |         |
| Parks                           | 8           | 9       | 9       | 9       | 10      | 10      | 10      | 10      | 11      | 11      |
| Swimming pools                  | 1           | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Tennis courts                   | 5           | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Playgrounds                     | 5           | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Soccer/Football/Lacrosse fields | 5           | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Baseball fields                 | 6           | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       |
| Picnic shelters                 | 2           | 2       | 2       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Canoe/Kayak launch              | -           | -       | -       | -       | -       | -       | -       | -       | 1       | 1       |
| <b>Public Works</b>             |             |         |         |         |         |         |         |         |         |         |
| Streets (length in feet)        | 472,102     | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 | 472,102 |
| Sidewalks (area in square feet) | 267,325     | 267,325 | 267,325 | 267,325 | 267,325 | 285,667 | 295,522 | 295,522 | 323,377 | 323,377 |

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

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## COMPLIANCE SECTION

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CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Cutler Bay, (the Town), as of and for the year ended September 30, 2022, 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 29, 2023.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Miami, Florida  
June 29, 2023



CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the Town of Cutler Bay, Florida's (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs and state projects for the fiscal year ended September 30, 2022. The Town's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs and state projects for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program and State Project***

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); and Chapter 10.550, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs and state projects.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state project 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 or state project 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Miami, Florida  
June 29, 2023

**TOWN OF CUTLER BAY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| Federal Grantor/Pass-Through Entity/Program Title                  | Federal Assistance<br>Listing Number | Grant/Contract<br>Number | Total Federal<br>Expenditures |
|--------------------------------------------------------------------|--------------------------------------|--------------------------|-------------------------------|
| <b><i>Other Programs</i></b>                                       |                                      |                          |                               |
| <b><i>U.S. TREASURY DEPARTMENT</i></b>                             |                                      |                          |                               |
| <b>Passed through Florida Division of Emergency Management</b>     |                                      |                          |                               |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSFRF) | 21.027                               | Y5064                    | \$ 882,999                    |
| <b><i>Total U.S. Treasury Department</i></b>                       |                                      |                          | <b>882,999</b>                |
| <b><i>U.S. DEPARTMENT OF JUSTICE</i></b>                           |                                      |                          |                               |
| <b>Passed through Florida Department of Juvenile Justice</b>       |                                      |                          |                               |
| Juvenile Justice and Delinquency Prevention                        | 16.540                               | 10543                    | 28,279                        |
| <b>Total through Florida Department of Juvenile Justice</b>        |                                      |                          | <b>28,279</b>                 |
| <b>Passed through Florida Department of Law Enforcement</b>        |                                      |                          |                               |
| Edward Byrne Memorial Justice Assistance Grants Program            | 16.738                               | 2021-JAGC-DADE-10-5R-133 | 510                           |
| Edward Byrne Memorial Justice Assistance Grants Program            | 16.738                               | 2022-JAGD-DADE-2-4B-014  | 5,840                         |
| <b>Total through Florida Department of Law Enforcement</b>         |                                      |                          | <b>6,350</b>                  |
| <b><i>Total U.S. Department of Justice</i></b>                     |                                      |                          | <b>34,629</b>                 |
| <b><i>Total Other Programs</i></b>                                 |                                      |                          | <b>917,628</b>                |
| <b><i>Total Expenditures of Federal Awards</i></b>                 |                                      |                          | <b>\$ 917,628</b>             |

The accompanying notes are an integral part of this schedule

**TOWN OF CUTLER BAY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| State Grantor/Pass-Through Entity/Program Title                                   | CSFA Number | Grant/Contract Number | Total State Expenditures |
|-----------------------------------------------------------------------------------|-------------|-----------------------|--------------------------|
| <b><i>Florida Department of Environmental Protection</i></b>                      |             |                       |                          |
| Saga Bay 1.7 Sub-Basin Water Quality Improvement Project                          | 37.039      | NS074                 | \$ 600,000               |
| <b><i>Total Florida Department of Environmental Protection</i></b>                |             |                       | <u>600,000</u>           |
| <b><i>Florida Department of Transportation</i></b>                                |             |                       |                          |
| Public Transit Service Development Program                                        | 55.012      | G1296                 | <u>192,331</u>           |
| <b><i>Total Florida Department of Transportation</i></b>                          |             |                       | <u>192,331</u>           |
| <b><i>Total Expenditures of State Financial Assistance</i></b>                    |             |                       | <u>792,331</u>           |
| <b><i>Total Expenditures of Federal Awards and State Financial Assistance</i></b> |             |                       | <u>\$ 1,709,959</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, 2022**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the fiscal year ended September 30, 2022. 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, 2022**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:

*Unmodified opinion*

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 opinion*

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:

Federal Assistance

Listing Number

Federal Program or Cluster

21.027

COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSFRF)

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiencies identified?

\_\_\_\_\_ Yes      X   None reported

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

*Unmodified opinion*

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?

\_\_\_\_\_ Yes      X   No

Identification of major projects:

CSFA Number

State Project

37.039

Saga Bay 1.7 Sub-Basin Water Quality Improvement Project

55.012

Public Transit Service Development Program

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

Federal    \$    750,000

State       \$    750,000

Auditee qualified as low risk auditee for audit of federal awards programs?

\_\_\_\_\_ Yes      X   No

**TOWN OF CUTLER BAY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None.

**SECTION IV - STATE FINANCIAL ASSISTANCE 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, 2022, and have issued our report thereon dated June 29, 2023.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for each Major Federal Program and State Project 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 which are dated June 29, 2023, 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, State 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 29, 2023



## **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, 2021 to September 30, 2022. 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, 2021 to September 30, 2022.

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 29, 2023



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 for the period October 1, 2021 through September 30, 2022, and through the date hereof, 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*

Robert Daddario, Finance Director

STATE OF FLORIDA  
COUNTY OF Miami-Dade

SWORN TO AND SUBSCRIBED before me this 14 day of June, 2023.

*Debra Bernard*  
NOTARY PUBLIC

Print Name DEBRA BERNARD

Personally known ☒ or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires: 3/6/2024



DEBRA BERNARD  
Commission # GG 960122  
Expires March 6, 2024  
Bonded Thru Budget Notary Services



10720 Caribbean Boulevard, Suite 105 • Cutler Bay, FL 33189 • 305-234-4262 • [www.cutlerbay-fl.gov](http://www.cutlerbay-fl.gov)