

TOWN OF CUTLER BAY, FLORIDA



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2009

Town of Cutler Bay, Florida
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2009

Prepared by Robert Daddario, CPA, Finance Director

TOWN OF CUTLER BAY, FLORIDA

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INTRODUCTORY SECTION



Office of the Town Manager

Steven J. Alexander
Town Manager

March 8, 2010

To the Citizens of the Town of Cutler Bay:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Cutler Bay, Florida, for the fiscal year ended September 30, 2009, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the Town Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. Management of the Town believes it has established a strong internal control environment which enables it to produce financial statements free of material misstatement. While no system of internal control can provide absolute assurance that errors or irregularities do not occur, we believe the control environment established by the Town provides reasonable assurance that it can produce financial statements that are free of material misstatement.

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Alberni, Caballero & Company, L.L.P., to perform the independent audit of the Town's financial statements. The Independent Certified Public Accountant's report is included in the financial section of this Comprehensive Annual Financial Report. The independent auditor has issued an unqualified opinion that this report fairly represents the financial position of the Town in conformity with GAAP. The independent auditor found no deficiencies in internal control over financial reporting that would be considered material weaknesses, nor did it detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

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

PROFILE OF THE GOVERNMENT

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

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit proposed budgets to the Town Manager, who then makes any necessary revisions. The Town Manager then presents to the Town Council for their review, a budget estimate of the expenditures and revenues of all the Town's departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions of the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which was legally enacted prior to October 1st by the passage of an Ordinance (as mentioned below, the



Office of the Town Manager

Town's Charter was amended and included a provision to provide that budgets be approved by Resolution, effectively commencing with the fiscal year 2010 budget). The Town's budget is approved by the Council at the departmental level, therefore the Town Manager and Finance Director may amend the adopted budget for adjustments during the year within a department. The Town Council must approve all other budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations.

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

On December 19, 2007, pursuant to Section 6.2 of the Town Charter, the Town Council appointed a Charter Review Commission to draft such amendments to the Town Charter as it deemed appropriate and to submit such proposed amendments to the Town Council. The Charter Review Commission delivered its recommendations for amendments to the Town Charter to the Mayor and Town Council and fifteen of the nineteen proposed charter amendments were adopted by the electors of the Town on September 18, 2008. These changes were incorporated into the Town Charter in fiscal year 2009.

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 40,000 full-time residents. The western-most area of the Town, located along the South Dixie Highway (U.S.1) corridor, is commercial in nature with hotels, restaurants and office complexes.

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

Town administrators recognize the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. To this end, the Town is pursuing a growth management plan that smartly incorporates "mixed-use" residential and commercial development within the Town as is consistent with such growth plan. 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, has had a negative impact on the taxable base upon which property tax revenue of the Town is calculated.

Cutler Bay, like most communities across the state and nation, has been negatively impacted by the financial crisis and economic downturn gripping the United States. The south Florida real estate market has been especially hard hit. Property values have experienced significant declines and there has been increased foreclosure activity. These decreased property values, when factored on top of the property tax changes discussed in the preceding paragraph, have further reduced the Town's property tax revenues (all other factors remaining constant). Subsequently, many property owners have petitioned and been granted lower property valuations which have led to even lower property tax revenues.

The effects of the above noted changes have had a profound impact on the taxable property base within the Town. The 2009 certified tax roll issued by the County Property Appraiser in July 2009, used for ad valorem purposes for fiscal year 2010, reflected an approximate 20% decline in the taxable value of property within the Town versus the certified tax roll for 2008 (used for ad valorem purposes in fiscal year 2009). It may



Office of the Town Manager

take several years before building activity and growth return to the Town. In the interim, the Town continues to operate in an extremely lean and efficient manner and has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

Long-term Financial Planning and Major Initiatives

The Town is pursuing 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. During fiscal year 2008, the Town took possession of the local roadways and sidewalks within the Town from the County and completed a streets master plan to map out its plan to maintain and upgrade this infrastructure. In 2009, the Town finalized negotiations with the County on a "Joint Project Agreement" in which the County agreed to provide funding (approximately \$20 million) to the Town for specified road improvement projects within the Town's boundaries. The planning and engineering related to such projects commenced in fiscal year 2010. Additionally, in fiscal year 2010 the Town commenced a roadway improvement project, in response to requests from the local residents, which is estimated to cost \$683,000 and which is being funded by local option gas tax monies.

During fiscal year 2008, the Town created its own stormwater utility operation after assuming that function from the County in the final quarter of the fiscal year. The Town's operation of the stormwater utility within its Town boundaries will generate revenues which will enable the Town to perform the functions and services to maintain the utility within Cutler Bay. While the Town has assumed operating control of the stormwater utility within its boundaries effective July 2008, the assets and related accumulated depreciation of those assets are not yet reflected in the financial statements of the Town since the County has not yet been able to provide to the Town a comprehensive inventory/accounting of the actual assets that were transferred as part of this agreement. It is anticipated that such assets will be inventoried and recorded in the Town's financial statements in fiscal 2010.

During fiscal year 2007, the County transferred to the Town park lands and related assets within the Town's boundaries. Pursuant to the transfer agreement, the Town agreed to continue to operate such facilities as public parks in perpetuity. The Town's recreation infrastructure and facilities are aging and need renovation and/or replacement. During fiscal year 2009, the Town completed approximately \$1 million in park improvements, funded by various means, including grants and general fund sources, which were identified in its parks master plan. More improvements are budgeted for fiscal year 2010 which will be funded by a combination of sources, including grants, impact fees and other general fund sources.

In fiscal year 2010, the County transferred an additional parcel of land to the Town to be used as park land. This parcel, which encompasses approximately 49.3 acres, will be developed to provide both active and passive activities for Town residents. It is nestled near wetlands areas and it is anticipated that nature trails will be included as part of the park build out. The County has also agreed to provide funds to help the Town build the park infrastructure. In March 2010, the County remitted approximately \$3.3 million to the Town, from unspent impact fees, to start the development process. The County has also agreed to provide an additional \$5.3 million in development funding to the Town. The development of this park will occur in stages and final completion is not expected until after 2012. It is anticipated that a valuation of such land will be performed, and the corresponding amount recorded in the Town's financial statements, in fiscal 2010.

The Town has no separately issued debt instruments. Long-term debt at fiscal year-end 2009 and 2008 consists primarily of capital leases and compensated absences liabilities.

The Town is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999, 2002 and 2006 issued or authorized prior to the Town's incorporation. The payments for the fiscal year ended September 30, 2009 and 2008 were approximately \$380,400 and \$379,000, respectively. The payment for fiscal year 2010 is anticipated to approximate \$380,900.

As a condition of incorporation, the Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the right to receive and apply to debt service on the bonds all of the public service taxes, as defined, collected on behalf of the Town with respect to bonds outstanding at the time of the municipal incorporation. The Town's debt service obligations as to the bonds in each fiscal year shall be its pro rata share of such debt service obligation. The



Office of the Town Manager

Town's pro rata share will be equal to that percentage of the total debt service accruing on the bonds in such fiscal year calculated by multiplying such total debt service by a fraction the numerator of which will be the total amount of public service taxes collected within the boundaries of the unincorporated area comprising the boundaries of the Town during the fiscal year in which the Town incorporated and the denominator of which will be the total amount of public service taxes collected in the entire unincorporated area of the County. The balance of the public service taxes collected within the boundaries of the Town are remitted to the Town after the County satisfies the debt service requirements for the bonds.

The Town Council and Town Manager of the Town are fully charged with the security of the Town's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The Town's excess funds are invested primarily in interest bearing deposits in a qualified public depository. 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 2009, the Town earned \$202,000 in investment income, as compared to \$307,000 earned in fiscal year 2008. The decrease in investment income is directly related to the sharp decline in interest rates during fiscal year 2009. The low interest rate environment is expected to continue into fiscal year 2010.

The Town Council and Town management closely monitor the resources available to the Town and its use. At September 30, 2009, the Town has accumulated \$12.1 million of unreserved fund balance (representing 85% of general fund expenditures) which is available for future appropriation by the Town Council for specific purposes it deems appropriate. Of that \$12.1 million unreserved fund balance at September 30, 2009, the Town Council has designated \$3.69 million as reserved for contingencies and emergencies.

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 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, and the use of the Town's web site to disseminate budget documents and financial reports, including quarterly budget versus actual reports, to its citizens.



AWARDS AND ACKNOWLEDGEMENTS

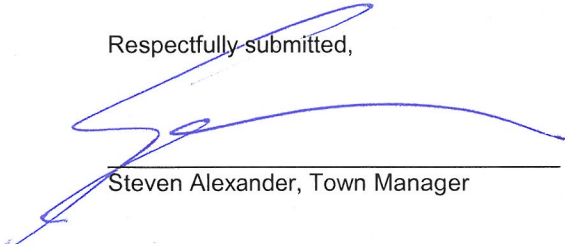
This year the Town has applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cutler Bay for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008. A Certificate of Achievement is valid for a period of one year only. We believe that our current report for the fiscal year ended September 30, 2009 conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.


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

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

Respectfully submitted,



Steven Alexander, Town Manager



Robert Daddario, Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Cutler Bay
Florida

For its Comprehensive Annual
Financial Report

for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

TOWN OF CUTLER BAY, FLORIDA

List of Elected Town Officials

September 30, 2009

Council-Manager Form of Government

TOWN COUNCIL

Paul Vrooman, Mayor

Edward MacDougall, Vice Mayor

Timothy Meerbott, Councilmember, Seat 1

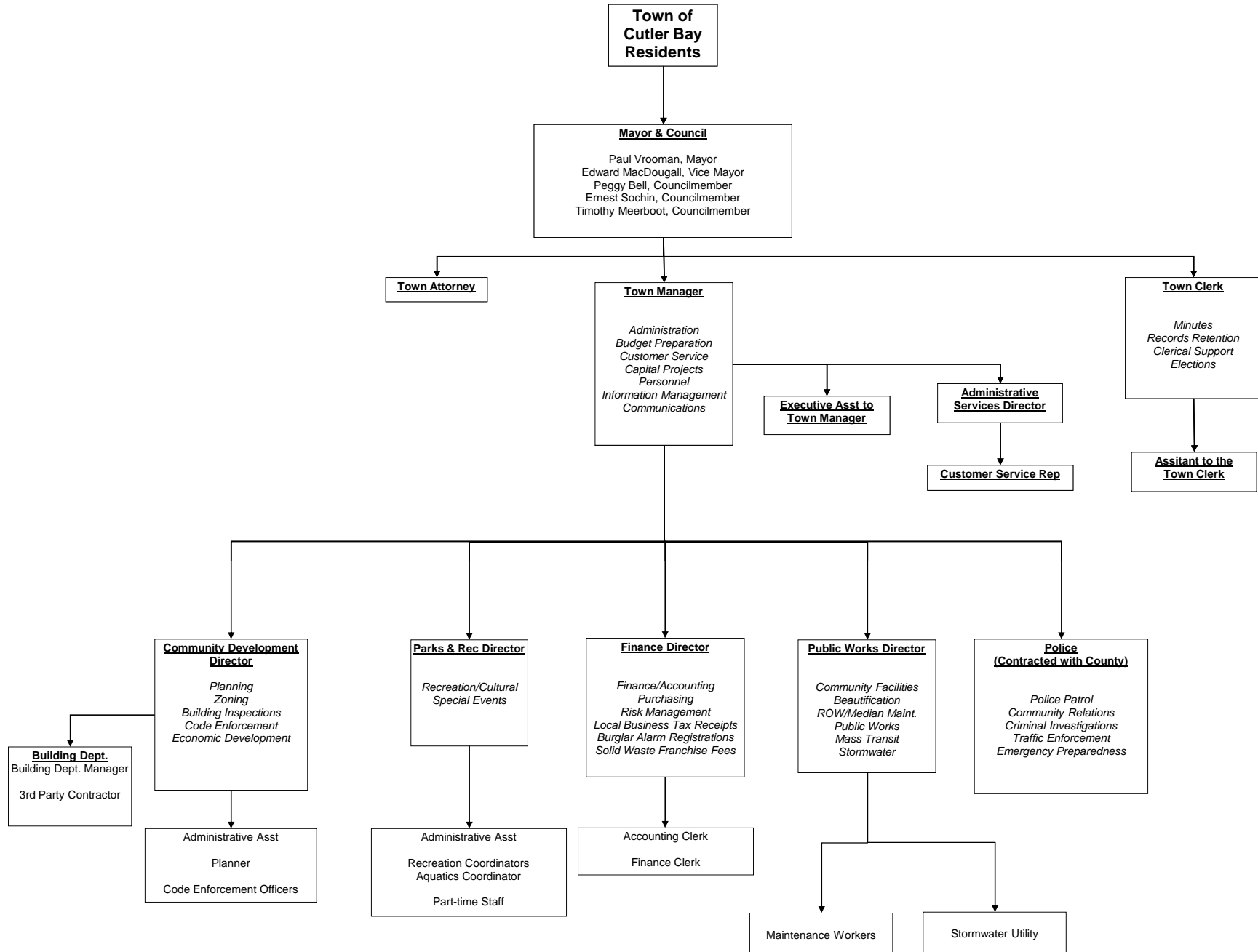
Ernest Sochin, Councilmember, Seat 2

Peggy Bell, Councilmember, Seat 3

Prepared by:

Finance Department and Administration

TOWN OF CUTLER BAY, FLORIDA
ORGANIZATIONAL CHART



INDEPENDENT AUDITORS' REPORT



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CORAL GABLES, FL 33146
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FAX: 305-662-4266
ACC-CPA.COM

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Town Council and Town Manager
Town of Cutler Bay, Florida

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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida as of September 30, 2009, and the respective changes in financial position, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 8, 2010 on our consideration of the Town's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor, Town Council and Town Manager
Town of Cutler Bay, Florida

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's, basic financial statements. The budgetary comparison schedules and combining non-major fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and combining non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alberni Caballero & Company, LLP

March 8, 2010
Coral Gables, Florida

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

Management's Discussion and Analysis

As management of the Town of Cutler Bay (the "Town"), we offer in conjunction with the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2009 with a comparative analysis with the prior fiscal period.

Financial Highlights

- The assets of the Town exceeded its liabilities at September 30, 2009 by \$55.4 million (net assets). Of this amount, approximately \$12.8 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$3.4 million from the total net assets balance at September 30, 2008. The increase results primarily from the Town's fiscal year 2009 operations
- As of September 30, 2009, the Town's governmental funds reported combined ending fund balances of \$14.3 million, an increase of \$3.3 million from the September 30, 2008 balances, due primarily to the Town's operations during the fiscal year.
- At September 30, 2009, unreserved fund balance for the General Fund was \$12.1 million, or 85% of total General Fund expenditures, versus \$8.7 million and 67%, respectively, at September 30, 2008. The increase in unreserved fund balance, both in gross dollar terms and as a percentage of General Fund expenditures, is a positive indicator of improved financial health of the Town.
- In the last quarter of fiscal 2008, Miami-Dade County (the "County") transferred the stormwater utility operation within the Town's boundaries to the Town. The Town is recording the activity of this operation (a business type activity) in an enterprise fund and, in fiscal 2008, recognized approximately \$152,000 in revenues against \$67,000 in expenses that resulted in an \$85,000 increase in net assets. In fiscal 2009, the stormwater utility operated for the entire fiscal year and generated approximately \$986,000 in revenues against \$585,000 in expenses that contributed \$401,000 towards the utility's \$637,000 increase in net assets. The other components of the fiscal 2009 increase in net assets include a capital contribution of approximately \$151,000 relating to stormwater infrastructure under construction, as well as \$85,000 in non-operating revenue items.
- Of the unreserved fund balance of the General Fund at September 30, 2009, \$3.69 million has been designated by management, and approved by Council, for contingencies and other operating emergencies.

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

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

Both of the government-wide financial statements of the Town are principally supported by taxes and intergovernmental revenues (governmental activities), and also reflect the transfer of infrastructure assets, in 2008 and earlier, to the Town from the County (park lands and related assets, and roadways and sidewalks), 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, Special Revenue Fund and the Capital Projects Fund. These funds are considered major funds. The Town also maintains several other special revenue funds, none of which meet the criteria of major funds. The totals of these funds are presented in the aforementioned governmental fund statements in a separate column entitled "Other Governmental Funds", with the detail provided in supplemental combining financial statements.

The Town of Cutler Bay adopts an annual appropriated budget for its General Fund, Special Revenue funds, and Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with their respective budgets.

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cutler Bay, assets exceeded liabilities by \$55.4 million and \$52.0 million, respectively, at September 30, 2009 and 2008, an increase of \$3.4 million during fiscal 2009.

The largest portion of the Town's assets at September 30, 2009 consists of capital assets, primarily roadways, sidewalks, park lands and related assets transferred to the Town by the County (a \$31.9 million capital contribution in fiscal 2008). Other significant assets at September 30, 2009 and 2008 include cash on hand and receivables due from the County and the State of Florida (the "State").

Receivables at September 30, 2009 and 2008 consist primarily of amounts due from the County (\$670,100 and \$717,200, respectively) as well as intergovernmental receivables due from the State (\$481,400 and \$432,400, respectively).

The receivables due from the County at September 30, 2009 and 2008 related primarily to property and utility taxes and stormwater fees due the Town at that date.

The increase in intergovernmental receivables at September 30, 2009 over the comparable 2008 balance primarily reflects the fact that, at the end of the fiscal 2009 period, there was more outstanding from the State for communications services tax.

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 15,078	\$ 12,398	\$ 558	\$ 85	\$ 15,636	\$ 12,483	25.3%
Capital assets	40,592	41,131	258	-	40,850	41,131	-0.7%
Total assets	55,670	53,529	816	85	56,486	53,614	5.4%
Long-term debt	145	146	15	-	160	146	9.6%
Other liabilities	879	1,474	79	-	958	1,474	-35.0%
Total liabilities	1,024	1,620	94	-	1,118	1,620	-31.0%
Net assets							
Invested in capital assets, net of related debt	40,475	40,987	236	-	40,711	40,987	-0.7%
Restricted	1,888	2,031	-	-	1,888	2,031	-7.0%
Unrestricted	12,283	8,891	486	85	12,769	8,976	42.3%
Total net assets	\$ 54,646	\$ 51,909	\$ 722	\$ 85	\$ 55,368	\$ 51,994	6.5%

The balance of unrestricted net assets (approximately \$12.8 million and \$9.0 million, respectively at September 30, 2009 and 2008) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2009 and 2008, the Town of Cutler Bay is able to report positive balances in all three categories of net assets.

Governmental activities. Governmental activities increased net assets by \$2.7 million and \$36.5 million, respectively, for the year ended September 30, 2009 and 2008, representing the results of the Town's operations for the applicable fiscal periods, as well as infrastructure assets transferred from the County to the Town during fiscal 2008.

Business-type activities. Business-type activities increased net assets by approximately \$637,000 and \$85,000, respectively, for the year ended September 30, 2009 and 2008, representing the results of the Town's operations of the stormwater utility which commenced in the fourth quarter of fiscal year 2008.

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

Town of Cutler Bay
Changes in Net Assets
For The Fiscal Year Ended
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	September 30,		September 30,		September 30,		
	2009	2008	2009	2008	2009	2008	
Revenues							
Program revenues:							
Charges for services	\$ 1,399	\$ 1,412	\$ 986	\$ 151	\$ 2,385	\$ 1,563	52.6%
Operating grants and contributions	385	249	-	-	385	249	54.6%
Capital grants and contributions	715	32,574	151	-	866	32,574	-97.3%
General revenues:							
Taxes and franchise fees	16,040	15,582	-	-	16,040	15,582	2.9%
Other	217	364	4	1	221	365	-39.5%
Total revenues	18,756	50,181	1,141	152	19,897	50,333	-60.5%
Expenses							
General government	3,566	3,437	585	67	4,151	3,504	18.5%
Public safety	7,890	6,871	-	-	7,890	6,871	14.8%
Parks and recreation	1,577	1,438	-	-	1,577	1,438	9.7%
Community development	2,898	1,958	-	-	2,898	1,958	48.0%
Interest on long-term debt	6	7	-	-	6	7	-14.3%
Total expenses	15,937	13,711	585	67	16,522	13,778	19.9%
Change in net assets before transfers	2,819	36,470	556	85	3,375	36,555	-90.8%
Transfers	(81)	-	81	-	-	-	N/A
Increase in net assets	2,737	36,470	637	85	3,375	36,555	-90.8%
Net assets, beginning	51,909	15,439	85	-	51,994	15,439	236.8%
Net assets, ending	<u>\$ 54,646</u>	<u>\$ 51,909</u>	<u>\$ 722</u>	<u>\$ 85</u>	<u>\$ 55,368</u>	<u>\$ 51,994</u>	6.5%

Governmental activities:

- Taxes and franchise fees (\$16 million and \$15.6 million, respectively, for fiscal 2009 and fiscal 2008) comprised 85% and 31%, respectively, of total revenues of \$18.8 million and \$50.2 million for fiscal 2009 and fiscal 2008, respectively, with property taxes representing the largest single tax source (\$6.6 million in fiscal 2009 and \$6.7 million in fiscal 2008). The increase in these revenues in fiscal 2009 over fiscal 2008 amounts result primarily from increases in utility taxes, franchise fees and intergovernmental revenues, offset to some extent by a decrease in property tax revenues and investment income.
- Operating and capital grants and contributions (\$385,000 and \$715,000 at September 30, 2009 and \$249,000 and \$32.6 million at September 30, 2008, respectively) account for 6% and 65% of total revenues at September 30, 2009 and 2008, respectively. \$31.9 million of the fiscal 2008 capital grants and contributions represents roadways and sidewalks transferred to the Town by the County. The remaining amounts in both the fiscal 2009 and fiscal 2008 periods are comprised primarily of local option gas tax receipts, impact fees and capital project grant funds received by the Town. Use of these funds is restricted to certain prescribed uses.
- Charges for services account for 7% and 3% of total revenues at September 30, 2009 and 2008, respectively. These amounts consist primarily of building and zoning fees, park service fees and public safety fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses.

Business-type activities:

- Charges for services for stormwater fees, which represent 86% and 99% of total revenues at September 30, 2009 and 2008, 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.

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, unreserved 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, 2009 and 2008, the Town's governmental funds reported combined ending fund balances of \$14.3 million and \$11 million, respectively. The increase in the balance results primarily from normal operating activities in fiscal 2009 reflecting increases in utility taxes, franchise fees, intergovernmental revenues, and charges for services, offset to some extent by decreases in property tax revenues, license and permit fees, fines, and interest income. Approximately 85% and 79% of this amount, or \$12.1 million and \$8.7 million, respectively, constitutes unreserved fund balance at September 30, 2009 and 2008, respectively, which is available for spending at the Town's discretion. Of the unreserved fund balance at September 30, 2009, \$3.69 million has been designated by management, and approved by Council, for contingencies and other operating emergencies. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenses or reserved for special revenue or capital project fund purposes.

The General Fund is the primary operating fund of the Town of Cutler Bay. At September 30, 2009 and 2008, unreserved fund balance of the General Fund was \$12.1 million and \$8.7 million, respectively. As a measure of the fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance of the General Fund at September 30, 2009 represents 85% of total General Fund expenditures (67% at September 30, 2008), while total fund balance of the General Fund represents 87% of that same total fund expenditure amount (69% at September 30, 2008). This trend is positive and reflects a healthy financial condition for the Town.

The fund balance of the Town of Cutler Bay's General Fund increased by \$3.4 million and \$4.3 million during fiscal 2009 and fiscal 2008, respectively. The increase primarily reflects the results of the Town's operating activity for the fiscal year, including increased revenues generated from utility taxes, franchise fees, intergovernmental revenues and charges for services. These revenue increases were offset to some extent by increased expenditures during 2009 for public safety, community development, and parks.

The Special Revenue Fund was established to account for revenues whose expenditure is restricted to certain prescribed uses. During fiscal 2009 and fiscal 2008, the Town received, and recorded as special revenues, local option gas taxes, whose expenditure is limited to certain prescribed transportation related items, and parks and law enforcement impact fees, whose expenditure are limited to certain prescribed parks and public safety uses, respectively.

The fund balance of the Town of Cutler Bay's Special Revenue Fund increased by \$258,000 and \$260,700, respectively, during fiscal 2009 and fiscal 2008, reflecting the net operating results for the respective fiscal periods.

The Capital Projects Fund was established to account for the revenues derived from grants and other sources specifically earmarked for major capital type projects within the Town. The Capital Projects Fund was a major fund in fiscal 2009, but a non-major fund in fiscal 2008. The fund balance of the Town of Cutler Bay's Capital Projects Fund decreased by \$401,000 in fiscal 2009 resulting from the use of funds accumulated in prior years for Park projects continuing or starting in fiscal 2009. In fiscal 2008, fund balance in this fund increased by \$416,000 reflecting revenues received during that year in advance of major development activity.

Proprietary funds. The Town's proprietary fund was created to account for the Town's stormwater operations, which commenced in July 2008. Operations during fiscal year 2009, the first full year of operation, generated an increase in net assets of approximately \$637,000, whereas operations for the last quarter of fiscal 2008 generated an increase in net assets of approximately \$85,000. The fiscal year 2009 increase in net assets resulted from operating activity (\$401,000), a capital contribution (\$151,000) relating to stormwater infrastructure under construction and non-operating activities (\$85,000).

Fiscal 2009 was the first full year the Town operated the stormwater system within the Town's boundaries. As such, the Town began on its own maintenance program to keep the stormwater drainage assets and canals functioning properly and clear of debris. Also, the Town commenced stormwater drainage projects to enhance the system taken over from the County. The cost of these new drainage assets are being accumulated in construction in progress until such time as they are completed and placed in service.

Of the total net assets at September 30, 2009 of \$722,000, \$236,000 are classified as invested in capital assets, net of related debt, and \$486,000 are classified as unrestricted. At September 30, 2008, total net assets of \$85,000 were classified as unrestricted.

General Fund Budget Highlights

During fiscal 2009 and fiscal 2008, the actual "excess of revenues over expenditures" exceeded the corresponding budgetary amounts by \$5.4 million and \$4.6 million, respectively. For fiscal 2009, the results were achieved as actual revenues exceeded budgeted amounts by \$2.3 million while actual expenditures were \$3.1 million less than budgeted. In fiscal 2008, actual revenues exceeded budgeted amounts by \$2.4 million while actual expenditures were \$2.2 million less than budgeted. The favorable results in both fiscal periods result from close monitoring of operations by Town personnel.

In the fiscal 2009 period, contributing to the favorable revenue variance was better than expected collections of utility taxes and franchise fees as well as better than expected collections from State shared revenue sources and licensing activity. Given the economic climate in which the Town operated under while preparing its fiscal 2009 budget, management conservatively estimated various revenue streams as a precautionary measure. In virtually all material revenue categories, actual revenues generated exceeded budget. Similarly, the Town had favorable expenditure budget variances with all departments. This resulted from a conscious effort by management for fiscal restraint in the difficult economic times in which the Town was operating, as well as deferring expenditures for some planned projects to future fiscal years.

There were two supplemental appropriations during fiscal 2009. In January 2009, the Town Council passed a fiscal 2009 budget amendment ordinance to appropriate \$60,000 to be used for the construction of a new walking path at one of the Town's parks. In November 2009, the Town Council passed a budget amendment ordinance to increase the fiscal 2009 budget amount for town attorney professional services by \$37,000 and to decrease the law enforcement professional services budget amount by a corresponding amount.

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, 2009 and 2008, amounts to approximately \$40.6 million and \$258,000 and \$41.1 million and \$-, 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 other than buildings which were necessary for the Town to operate, and infrastructure assets transferred to the Town by the County.

In July 2008, Miami Dade County transferred effective operating control of the stormwater utility function within the Town's boundaries to the Town. However, the County has not yet been able to provide to the Town a comprehensive inventory/accounting of the actual assets that were transferred as part of this agreement. As a result, while the Town has assumed operating control of the stormwater utility within its boundaries effective July 2008, the assets and related accumulated depreciation of those assets are not yet reflected in the financial statements of the Town. It is anticipated that such assets will be inventoried and recorded in the Town's financial statements in fiscal 2010.

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

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Government	\$ 237	\$ 147	\$ -	\$ -	\$ 237	\$ 147
Community Development	138	154	-	-	138	154
Public safety	137	166	-	-	137	166
Parks	9,723	8,966	-	-	9,723	8,966
Public Works	30,357	31,698	258	-	30,615	31,698
	<u>\$ 40,592</u>	<u>\$ 41,131</u>	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 40,850</u>	<u>\$ 41,131</u>

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

Long-term debt. At September 30, 2009 and 2008, the Town's capital lease obligations were approximately \$117,000 and \$143,300, respectively, for governmental activities and \$21,600 and \$-, respectively, for business type activities. The capital leases were entered into for the acquisition of vehicles, furniture and telecom equipment which are included in capital assets. Additional information regarding the Town's long-term debt can be found in footnotes I. and VI. in the accompanying notes to financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Miami-Dade County area at September 30, 2009 is 10.7%, which is a substantial increase from a rate of 5.3% a year ago, and above the national unemployment rate.
- Inflationary trends in the region compare unfavorably to national indices.
- In setting its fiscal 2010 budget, the Town adopted an increase in its mil rate versus the amount that was in effect for fiscal 2009. The mil rate adopted, however, was less than the statutorily computed "roll-back" rate.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, began impacting the Town in fiscal 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.
- Cutler Bay, like most communities across the state and nation, has been negatively impacted by the financial crisis and economic downturn gripping the United States. The south Florida real estate market has been especially hard hit. Property values have experienced significant declines and there has been increased foreclosure activity. For its fiscal 2010 tax year, the taxable value of property in Town decreased almost 20% from the fiscal 2009 tax base level, as certified by the County Property Appraiser. It is anticipated that further declines in the taxable property base could be experienced for fiscal 2011.
- These decreased property values, when factored on top of the property tax changes discussed above, will further reduce the Town's property tax revenues (all other factors remaining constant). Further, it may take several years before building activity and growth return to the Town. In the interim, the Town continues to operate in a lean and efficient manner and has been extremely successful in obtaining grants and other funding sources to proceed with planned projects within the Town.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 11,732,906	\$ -	\$ 11,732,906
Restricted cash and cash equivalents	1,887,878	-	1,887,878
Accounts receivable - net	1,733,498	3,635	1,737,133
Prepays	271,536	-	271,536
Other assets	6,702	-	6,702
Internal balances	(554,702)	554,702	-
Capital assets:			
Land	6,062,776	-	6,062,776
Construction in progress	639,211	231,796	871,007
Building	1,238,279	-	1,238,279
Computer hardware and software	334,012	-	334,012
Furniture and equipment	804,545	29,383	833,928
Infrastructure	57,205,800	-	57,205,800
Improvements other than building	<u>2,456,839</u>	<u>-</u>	<u>2,456,839</u>
Total capital assets	68,741,462	261,179	69,002,641
Less accumulated depreciation	<u>(28,149,464)</u>	<u>(3,673)</u>	<u>(28,153,137)</u>
Total capital assets - net	<u>40,591,998</u>	<u>257,506</u>	<u>40,849,504</u>
Total assets	<u>55,669,816</u>	<u>815,843</u>	<u>56,485,659</u>
<u>LIABILITIES</u>			
Accounts payable	765,623	71,936	837,559
Other liabilities	39,514	-	39,514
OPEB liability	9,000	-	9,000
Noncurrent liabilities:			
The amount due in one year	64,232	6,930	71,162
The amount due in over one year	<u>145,319</u>	<u>14,653</u>	<u>159,972</u>
Total liabilities	<u>1,023,688</u>	<u>93,519</u>	<u>1,117,207</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	40,474,906	235,923	40,710,829
Restricted for:			
Capital projects	941,715	-	941,715
Public safety	209,330	-	209,330
Parks and recreation	736,833	-	736,833
Unrestricted	<u>12,283,344</u>	<u>486,401</u>	<u>12,769,745</u>
Total net assets	<u>\$ 54,646,128</u>	<u>\$ 722,324</u>	<u>\$ 55,368,452</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>		<u>Business- Type Activities</u>
<u>Functions/programs</u>							
Governmental activities:							
General government	\$ 3,565,748	\$ 139,451	\$ 43,997	\$ 196,359	\$ (3,185,941)	\$ -	\$ (3,185,941)
Public safety	7,890,206	395,610	24,786	-	(7,469,810)	-	(7,469,810)
Community development	2,898,067	723,271	181,273	-	(1,993,523)	-	(1,993,523)
Parks and recreation	1,576,740	140,853	134,396	518,972	(782,519)	-	(782,519)
Interest on long-term debt	6,087	-	-	-	(6,087)	-	(6,087)
Total governmental activities	<u>15,936,848</u>	<u>1,399,185</u>	<u>384,452</u>	<u>715,331</u>	<u>(13,437,880)</u>	<u>-</u>	<u>(13,437,880)</u>
Business-type activities:							
Stormwater	<u>584,976</u>	<u>986,119</u>	<u>-</u>	<u>150,456</u>	<u>-</u>	<u>551,599</u>	<u>551,599</u>
Total business-type activities	<u>584,976</u>	<u>986,119</u>	<u>-</u>	<u>150,456</u>	<u>-</u>	<u>551,599</u>	<u>551,599</u>
Total	<u>\$ 16,521,824</u>	<u>\$ 2,385,304</u>	<u>\$ 384,452</u>	<u>\$ 865,787</u>	<u>(13,437,880)</u>	<u>551,599</u>	<u>(12,886,281)</u>
General revenues:							
Property taxes					6,599,152	-	6,599,152
Utility taxes					2,186,688	-	2,186,688
Franchise fees on gross receipts					1,791,088	-	1,791,088
Intergovernmental (unrestricted)					5,463,037	-	5,463,037
Investment income					197,380	4,820	202,200
Miscellaneous					<u>19,194</u>	<u>-</u>	<u>19,194</u>
Change in net assets before transfers					<u>2,818,659</u>	<u>556,419</u>	<u>3,375,078</u>
Transfers					<u>(81,338)</u>	<u>81,338</u>	<u>-</u>
Change in net assets					<u>2,737,321</u>	<u>637,757</u>	<u>3,375,078</u>
Net assets, Beginning					<u>51,908,807</u>	<u>84,567</u>	<u>51,993,374</u>
Net assets, Ending					<u>\$ 54,646,128</u>	<u>\$ 722,324</u>	<u>\$ 55,368,452</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Major Funds			Other	Total
	General	Special Revenue Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 13,617,978	\$ -	\$ -	\$ -	\$ 13,617,978
Restricted cash and cash equivalents	2,806	-	-	-	2,806
Accounts receivable - net	1,165,908	-	521,777	45,813	1,733,498
Prepays	271,536	-	-	-	271,536
Other assets	6,702	-	-	-	6,702
Due from other funds	<u>552,314</u>	<u>1,872,602</u>	<u>-</u>	<u>-</u>	<u>2,424,916</u>
Total assets	<u>\$ 15,617,244</u>	<u>\$ 1,872,602</u>	<u>\$ 521,777</u>	<u>\$ 45,813</u>	<u>\$ 18,057,436</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Accounts payable	\$ 765,623	\$ -	\$ -	\$ -	\$ 765,623
Deferred revenues	39,514	-	-	-	39,514
Due to other funds	<u>2,427,304</u>	<u>-</u>	<u>506,501</u>	<u>45,813</u>	<u>2,979,618</u>
Total liabilities	<u>3,232,441</u>	<u>-</u>	<u>506,501</u>	<u>45,813</u>	<u>3,784,755</u>
<u>FUND BALANCES</u>					
Reserved for					
Prepays	271,536	-	-	-	271,536
Capital projects	-	926,439	15,276	-	941,715
Parks and recreation	-	736,833	-	-	736,833
Public safety	-	209,330	-	-	209,330
Unreserved					
Designated for					
Contingencies and emergencies	3,690,000	-	-	-	3,690,000
Undesignated	<u>8,423,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,423,267</u>
Total fund balances	<u>12,384,803</u>	<u>1,872,602</u>	<u>15,276</u>	<u>-</u>	<u>14,272,681</u>
Total liabilities and fund balances	<u>\$ 15,617,244</u>	<u>\$ 1,872,602</u>	<u>\$ 521,777</u>	<u>\$ 45,813</u>	<u>\$ 18,057,436</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

Fund balances - total government funds (Page 12) \$ 14,272,681

Amounts reported for governmental activities in the statement of net assets 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	68,741,462
Less accumulated depreciation	(28,149,464)

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

OPEB Liability	(9,000)
Capital leases	(117,092)
Compensated absences	<u>(92,459)</u>

Net assets of governmental activities (Page 10) \$ 54,646,128

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Special Revenue Fund	Capital Projects Fund		
Revenues:					
Property taxes	\$ 6,599,152	\$ -	\$ -	\$ -	\$ 6,599,152
Franchise fees	1,791,088	-	-	-	1,791,088
Utility taxes	2,186,688	-	-	-	2,186,688
Charges for services	376,087	-	-	-	376,087
Intergovernmental	5,644,907	196,359	518,972	156,275	6,516,513
Licenses and permits	723,271	-	-	-	723,271
Impact fees	-	46,307	-	-	46,307
Fines and forfeitures	299,827	-	-	-	299,827
Interest	167,731	26,417	3,232	-	197,380
Miscellaneous	19,194	-	-	-	19,194
Total revenues	<u>17,807,945</u>	<u>269,083</u>	<u>522,204</u>	<u>156,275</u>	<u>18,755,507</u>
Expenditures:					
Current:					
General government	3,371,713	-	-	43,997	3,415,710
Public safety	7,837,236	-	-	-	7,837,236
Community development	1,404,141	-	-	44,323	1,448,464
Parks and recreation	1,207,029	-	-	85,684	1,292,713
Debt service:					
Principal retirement	77,956	-	-	-	77,956
Interest	6,087	-	-	-	6,087
Capital outlay:					
General government	229,896	-	-	-	229,896
Public safety	24,216	-	-	-	24,216
Community development	54,280	-	-	-	54,280
Parks and recreation	87,643	-	967,991	-	1,055,634
Total expenditures	<u>14,300,197</u>	<u>-</u>	<u>967,991</u>	<u>174,004</u>	<u>15,442,192</u>
Excess of revenues over expenditures and other financing sources	<u>3,507,748</u>	<u>269,083</u>	<u>(445,787)</u>	<u>(17,729)</u>	<u>3,313,315</u>
Other financing sources (uses) :					
Transfers	(133,099)	(11,000)	45,032	17,729	(81,338)
Proceeds from capital leases	51,734	-	-	-	51,734
Total other financing sources (uses)	<u>(81,365)</u>	<u>(11,000)</u>	<u>45,032</u>	<u>17,729</u>	<u>(29,604)</u>
Net change in fund balances	3,426,383	258,083	(400,755)	-	3,283,711
Fund balances - Beginning	<u>8,958,420</u>	<u>1,614,519</u>	<u>416,031</u>	<u>-</u>	<u>10,988,970</u>
Fund balances - Ending	<u>\$ 12,384,803</u>	<u>\$ 1,872,602</u>	<u>\$ 15,276</u>	<u>\$ -</u>	<u>\$ 14,272,681</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2009

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 14)	\$	3,283,711
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays	1,364,026	
Less current year depreciation	<u>(1,879,133)</u>	(515,107)
<p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.</p>		
Capital outlay which did not meet the threshold for capitalization	<u>(23,487)</u>	(23,487)
<p>The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Proceeds from capital leases	(51,734)	
Principal payments on capital leases	<u>77,956</u>	26,222
<p>Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
OPEB liability	(9,000)	
Compensated absences	<u>(25,018)</u>	<u>(34,018)</u>
Change in net assets of governmental activities (Page 11)	\$	<u>2,737,321</u>

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	<u>Stormwater</u>
<u>ASSETS</u>	
Current assets:	
Receivables	\$ 3,635
Due from other funds	<u>554,702</u>
Total current assets	<u>558,337</u>
Non-current assets:	
Capital assets	261,179
Less accumulated depreciation	<u>(3,673)</u>
Total non-current assets	<u>257,506</u>
 Total assets	 <u>815,843</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 71,936
Current portion of capital lease	<u>6,930</u>
	<u>78,866</u>
Non-current liabilities:	
Capital lease	<u>14,653</u>
 Total liabilities	 <u>93,519</u>
Net assets:	
Invested in capital assets, net of related debt	235,923
Unrestricted	<u>486,401</u>
 Total net assets	 <u>\$ 722,324</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Stormwater</u>
Operating revenues:	
Charges for services	\$ 986,119
Total revenues	<u>986,119</u>
Operating expenses:	
Operations and maintenance	581,303
Depreciation	<u>3,673</u>
Total operating expenses	<u>584,976</u>
Operating income	<u>401,143</u>
Non-operating revenues:	
Interest income	4,820
Transfers	<u>81,338</u>
Total non-operating revenues	<u>86,158</u>
Capital contributions	<u>150,456</u>
Changes in net assets	637,757
Net assets - Beginning	<u>84,567</u>
Net assets - Ending	<u>\$ 722,324</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Stormwater</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 982,484
Cash paid to suppliers	<u>(509,367)</u>
Net cash provided by operating activities	<u>473,117</u>
Cash Flows From Non-Capital Financing Activities	
Transfers from other funds	81,338
Loans to other funds	<u>(470,135)</u>
Net cash used in non-capital financing activities	<u>(388,797)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(231,796)
Capital contributions	150,456
Principal payments on capital lease	<u>(7,800)</u>
Net cash used in non-capital financing activities	<u>(89,140)</u>
Cash Flows From Investing Activities	
Interest income	<u>4,820</u>
Net cash provided by investing activities	<u>4,820</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents- Beginning	<u>-</u>
Cash and Cash Equivalents- Ending	<u>\$ -</u>
Reconciliation Of Operating Income to Net Cash Provided By Operating Activities:	
Operating income	\$ <u>401,143</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,673
Change in operating assets and liabilities:	
Receivables	(3,635)
Accounts payable	<u>71,936</u>
Net cash provided by operating activities	<u>\$ 473,117</u>
Schedule of non-cash capital and related financing activities:	
Capital assets purchased through capital lease	<u>\$ 29,383</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a. Financial Reporting Entity

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

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. 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 assets and the statement of activities) report information on all of the non-fiduciary 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 utility fund. The Town has no fiduciary activities.

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.

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 and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, utility taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The **general fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **special revenue fund** accounts for revenues and expenditures restricted to specific purposes/uses.

The **capital projects fund** was established to account for the revenues derived from grants and other sources specifically earmarked for major capital type projects within the Town.

The Town reports the following major proprietary fund:

The **stormwater fund** accounts for stormwater fees assessed on property owners. Funds are dedicated to the ongoing renewal and replacement costs of the Town's stormwater drainage system.

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 nonoperating 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 stormwater fund are charges to customers for services.

Operating expenses of the enterprise funds include costs 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

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.

d. Assets, liabilities and net assets

1. Deposits

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

All other receivables due from external sources are considered to be fully collectible and as such, an allowance for doubtful accounts has not been established.

4. Restricted Assets

Proceeds from impact fees and local option gas taxes are classified as restricted in the Special Revenue Fund since these resources are specifically earmarked for law enforcement, transportation and recreational purposes only.

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 October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

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

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

6. Capital Assets

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

In July 2008, Miami Dade County transferred effective operating control of the stormwater utility function within the Town's boundaries to the Town. However, the County has not yet been able to provide to the Town a comprehensive inventory/accounting of the actual assets that were transferred as part of this agreement. As a result, while the Town has assumed operating control of the stormwater utility within its boundaries effective July 2008, the assets and related accumulated depreciation of those assets are not yet reflected in the financial statements of the Town. It is anticipated that such assets will be inventoried and recorded in the Town's financial statements in fiscal 2010.

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

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

	<u>Years</u>
Buildings	20
Roadways and sidewalks	40-50
Improvements other than buildings	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. The Town's sick leave policy does not meet the criteria for accrual under current accounting standards. In the governmental funds, a liability is recorded only when they matured, for example, as a result of employee resignations or retirements. Compensated absences of governmental funds are typically liquidated from the general fund. The Town Manager, by contract, receives 160 hours of vacation leave per year. For employees other than the Town Manager, the vacation policy of the Town provides for employees to earn 80 hours of vacation leave during each of the first four years of service. From five through nine years of service, 120 hours are earned each year and for ten or more years of service, 160 hours are earned each year. Unused vacation leave, for all employees, including the Town Manager, may be carried over to the following year and accumulated up to a maximum of 280 hours. Employees who terminate employment under terms of voluntary separation are paid for all unused accumulated vacation leave at their final rate of pay.

Employees earn 96 hours of sick leave each year with a maximum accumulation of 1,040 hours. Unused sick leave is not paid to employees upon separation from Town service.

8. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets.

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. Deferred Revenue

Deferred revenues include amounts collected before revenue recognition criteria are met and receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available. The deferred items consist primarily of license revenues.

11. Fund Balance/Net Assets

In the fund financial statements, the governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The description of each reserve indicates the purpose for which each is intended. Designations of fund balance represent tentative management plans that are subject to change.

Unreserved, undesignated fund balance is the portion of fund balance available for any lawful use.

In the government-wide financial statements, net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described.

- Net assets invested in capital assets, net of related debt, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets.
- Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors.
- Unrestricted net assets are net assets that do not meet the definitions of the classifications previously described.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Tax	Transportation and roads
Various Grant Programs	Grant Program Expenditures
Police Forfeitures	Law Enforcement

For the year ended September 30, 2009, the Town complied, in all material respects, with these revenue restrictions.

III. DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The Town does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218.415. In accordance with Section 218.415 of the Florida Statutes, the Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities and in the Local Government Surplus Trust Funds administered by the State Board of Administration (SBA).

As of September 30, 2009, the Town had no investments.

IV. RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2009 were as follows:

	Due from Miami-Dade County	State Revenue Sharing	<u>Grants</u>	<u>Others</u>	<u>Totals</u>
General fund	\$641,855	\$454,236	\$ 55,458	\$14,359	\$1,165,908
Capital Projects Fund	-	-	521,777	-	521,777
Non-major governmental funds	-	-	45,813	-	45,813
Stormwater fund	-	-	-	3,635	3,635
	<u>\$641,855</u>	<u>\$454,236</u>	<u>\$623,048</u>	<u>\$17,994</u>	<u>\$1,737,133</u>

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

Payables

The Town's payables at September 30, 2009 were as follows:

	<u>Vendors</u>
General fund	<u>\$765,623</u>
Stormwater fund	<u>\$ 71,936</u>

V. CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2009 was as follows:

	Balance <u>October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>September 30, 2009</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 6,062,776	\$ -	\$ -	\$ 6,062,776
Construction in progress	<u>-</u>	<u>639,211</u>	<u>-</u>	<u>639,211</u>
Total capital assets not being depreciated	<u>6,062,776</u>	<u>639,211</u>	<u>-</u>	<u>6,701,987</u>
Capital assets being depreciated:				
Building	1,238,279	-	-	1,238,279
Roads and sidewalks	57,205,800	-	-	57,205,800
Improvements other than buildings	1,967,753	489,086	-	2,456,839
Computer hardware and software	300,560	33,452	-	334,012
Furniture and equipment	<u>625,755</u>	<u>178,790</u>	<u>-</u>	<u>804,545</u>
Total capital assets being depreciated	<u>61,338,147</u>	<u>701,328</u>	<u>-</u>	<u>62,039,475</u>
Less accumulated depreciation for:				
Building	(64,494)	(61,914)	-	(126,408)
Roads and sidewalks	(25,645,642)	(1,326,023)	-	(26,971,665)
Improvements other than buildings	(252,206)	(219,097)	-	(471,303)
Computer hardware and software	(135,686)	(102,497)	-	(238,183)
Furniture and equipment	<u>(172,303)</u>	<u>(169,602)</u>	<u>-</u>	<u>(341,905)</u>
Total accumulated depreciation	<u>(26,270,331)</u>	<u>(1,879,133)</u>	<u>-</u>	<u>(28,149,464)</u>
Total capital assets being depreciated, net	<u>35,067,816</u>	<u>(1,177,805)</u>	<u>-</u>	<u>33,890,011</u>
Governmental activities capital assets, net	<u>\$ 41,130,592</u>	<u>\$ (538,594)</u>	<u>\$ -</u>	<u>\$ 40,591,998</u>

	Balance <u>October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>September 30, 2009</u>
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 231,796	\$ -	\$ 231,796
Total capital assets not being depreciated	<u>-</u>	<u>231,796</u>	<u>-</u>	<u>231,796</u>
Capital assets being depreciated:				
Property under capital lease - vehicles	<u>-</u>	<u>29,383</u>	<u>-</u>	<u>29,383</u>
Total capital assets being depreciated	<u>-</u>	<u>29,383</u>	<u>-</u>	<u>29,383</u>
Less accumulated depreciation for:				
Property under capital lease - vehicles	<u>-</u>	<u>(3,673)</u>	<u>-</u>	<u>(3,673)</u>
Total accumulated depreciation	<u>-</u>	<u>(3,673)</u>	<u>-</u>	<u>(3,673)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>25,710</u>	<u>-</u>	<u>25,710</u>
Business-Type activities capital assets, net	<u>\$ -</u>	<u>\$ 257,506</u>	<u>\$ -</u>	<u>\$ 257,506</u>

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

General government	\$110,117
Public Safety	52,405
Community development	1,436,166
Culture and Recreation	<u>280,445</u>
Total depreciation expense – governmental activities	<u>\$1,879,133</u>

VI. LONG-TERM DEBT

The Town has entered into several lease agreements for the purchase of furniture, equipment and vehicles totaling approximately \$347,762.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been capitalized and a liability has been recorded at the net present value of the future minimum lease payments, as of the inception date.

The value of assets acquired through capital leases and accumulated depreciation are as follows:

	Governmental <u>Activities</u>	Business Type <u>Activities</u>
Furniture and equipment	\$103,363	\$ -
Vehicles	<u>215,016</u>	<u>29,383</u>
	\$318,379	\$29,383
Less accumulated depreciation	<u>(189,212)</u>	<u>(3,673)</u>
	<u>\$129,167</u>	<u>\$25,710</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 are as follows:

Year ending September 30,	Governmental <u>Activities</u>	Business Type <u>Activities</u>
2010	\$64,372	\$7,800
2011	46,686	7,800
2012	<u>13,720</u>	<u>7,800</u>
Total	124,778	23,400
Less amount representing interest	<u>(7,686)</u>	<u>(1,817)</u>
	<u>\$117,092</u>	<u>\$21,583</u>

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2009:

	Balance October 1,			Balance September 30,	Due Within
	<u>2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>2009</u>	<u>One year</u>
<u>Governmental activities:</u>					
Compensated absences	\$67,442	\$84,911	\$59,894	\$92,459	\$4,623
Capital leases	<u>143,314</u>	<u>51,734</u>	<u>77,956</u>	<u>117,092</u>	<u>59,609</u>
	<u>\$210,756</u>	<u>\$136,645</u>	<u>\$137,850</u>	<u>\$209,551</u>	<u>\$64,232</u>
<u>Business type activities:</u>					
Capital leases	\$ -	<u>\$29,383</u>	<u>\$7,800</u>	<u>\$21,583</u>	<u>\$6,930</u>

VII. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2009, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$552,314	\$2,427,304
Special Revenue Fund	1,872,602	-
Capital Projects Fund	-	506,501
Non-major governmental funds	-	45,813
Proprietary Fund	<u>554,702</u>	<u>-</u>
	<u>\$2,979,618</u>	<u>\$2,979,618</u>

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

Interfund transfer activity for the year ended September 30, 2009 was as follows:

	<u>Transfers In*</u>	<u>Transfers Out*</u>
General Fund	\$11,000	\$144,099
Special Revenue Fund	-	11,000
Capital Projects Fund	45,032	-
Non-major governmental funds	17,729	-
Proprietary Fund	<u>81,338</u>	<u>-</u>
	<u>\$155,099</u>	<u>\$155,099</u>

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

- \$17,729 was transferred from the General Fund to the Special Revenue Fund – MPO Grant for the Town’s match portion of the local MPO grant through September 30, 2009.
- \$11,000 was transferred from the Special Revenue Fund to the General Fund to adjust for forfeiture funds held in the General Fund.
- \$45,032 was transferred from the General Fund to the Capital Projects Fund to pay for certain improvements at one of the Town’s park facilities not covered by grant funds.
- \$81,338 was transferred from the General Fund to the Stormwater (Proprietary) Fund for the Town’s match portion of grant funds for the construction of stormwater drainage assets through September 30, 2009.

VIII. FLORIDA RETIREMENT SYSTEM

The Town elected to participate in the Florida Retirement System (FRS) effective February 1, 2007. The FRS is a cost sharing, multiple employer, public retirement system controlled by the State Legislature and administered by the State of Florida Board of Administration, Division of Retirement. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. Amendments to the law can only be made by an act of the Florida Legislature.

The most recent actuarial report was prepared as of July 1, 2008. Section 121.031(3) of the Florida Statutes requires that an actuarial review of the FRS be performed biannually. The conclusions of the review are included in the annual report of the FRS.

The Florida Retirement System issues a financial report that includes the financial statements and other statistically relevant financial information. That report may be obtained from the State of Florida, Division of Retirement, 2639 N. Monroe Street, Tallahassee, Florida 32399 or by calling (850) 488-2879.

Once an agency elects to participate in the FRS, membership is compulsory for all full-time and part-time employees working in a regularly established position, as defined. Contributions are currently funded entirely by employer contributions based on contribution rates, which vary by defined membership class, set by the State Legislature each year. The contribution rates are applied to the employees' eligible wages to calculate the required monthly contribution.

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

FRS Pension Plan

In general, the FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. For other than special risk classes, which do not currently apply to the Town, employees are eligible for normal retirement after six years of service and attaining age 62. The member becomes vested after thirty years of service regardless of age. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year from the member's retirement date to his/her normal retirement age. Benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Average final compensation is the average of the 5 highest fiscal years of earnings. The system also provides for death and disability benefits.

FRS Investment Plan

The FRS Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code and was enacted as an optional retirement plan during the 2000 legislative session. Its formal name, as set out in Part II of Chapter 121, Florida Statutes, is the "Public Employee Optional Retirement Program".

Contribution amounts for employees participating in the FRS Investment Plan are calculated in the same manner as those participating in the FRS Pension Plan, as discussed previously. However, the FRS Investment Plan participants direct the investment of the funds contributed on their behalf among the investment funds available through the plan. For the FRS Investment Plan, vesting in all contributions and earnings thereon occurs after completion of 1 year of service. There is no "normal retirement age" for the FRS Investment Plan. Rather, when employment ends with all FRS employers, an employee/FRS Investment Plan participant can take the value of the account with him/her. The retirement benefit will depend on the account balance and the type of payout chosen.

As part of its participation in FRS, the Town elected to purchase "past service credit" for eligible employees and elected officials, which would provide FRS participation for eligible employees from his/her hire date through February 1, 2007 (the date of the Town's enrollment in FRS). The Town utilized appropriated budgeted funds to satisfy this obligation in fiscal 2008.

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

<u>September 30,</u>	<u>Required Contribution</u>
2009	\$215,066
2008	\$214,563
2007	\$92,414

IX. RISK MANAGEMENT

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

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

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

X. COMMITMENTS AND CONTINGENCIES

Grants

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

Lawsuits

As of September 30, 2009, the Town was not involved in any lawsuits.

Operating Lease

The Town executed operating lease agreements, for office space and copiers for the period November 1, 2006 through October 31, 2012. The minimum lease payments under the lease agreements are as follows:

<u>Year ending September 30,</u>	
2010	\$ 225,521
2011	235,631
2012	33,304
2013	<u>3,635</u>
Total	<u>\$498,091</u>

Agreement with Miami-Dade County for Local Police Patrol Services

On August 8, 2006, the Town executed an agreement with Miami-Dade County for local police patrol services. Services to the Town under the contract commenced on August 28, 2006. The County provides a quarterly reconciliation to the Town whereby these monthly budgeted amounts are compared with actual costs incurred and the resulting difference is billed or credited to the Town. Payments for the services provided by the County for subsequent fiscal years shall be based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. For fiscal year 2009, approximately \$7,693,199 was paid by the Town for such services. The agreement expires on August 20, 2014.

Quality Neighborhood Improvement Program (QNIP)

The Town is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999, 2002 and 2006, issued or authorized prior to the Town's incorporation. The payment for the period ended September 30, 2009 was \$380,362. The estimated payment for the fiscal year ended September 30, 2010 is approximately \$380,900.

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

Agreement with Miami-Dade For the Billing of Stormwater Charges

On June 20, 2008, the Town executed an agreement with Miami-Dade County for the County to administer, bill and collect the stormwater utility service charges for the Town. The County bills the Town \$0.87 per bill and also deducts the Town's pro-rata share of debt service on 1999 and 2004 Stormwater Bonds issued by the County. For the fiscal year ended September 30, 2009 the Town paid \$240,921 to the County in fees and debt service based on this agreement. The agreement expires on June 20, 2018 and may be extended for an additional ten (10) year period. However, either party can terminate the agreement by providing the other party a six month notice in writing.

XI. POST-EMPLOYMENT HEALTH CARE BENEFITS

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

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

An actuarial valuation was performed as of September 30, 2009 to determine the net OPEB obligation. The plan is not funded. The valuation used the projected unit cost method, with linear pro-rata to assumed benefit commencement.

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

Annual required contribution	\$ 9,000
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost (expense)	9,000
Contributions made	<u>0</u>
Increase in net OPEB obligation	9,000
Net OPEB obligation – beginning of year	<u>0</u>
Net OPEB obligation – end of year	<u>\$ 9,000</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2009	\$9,000	\$ 0	\$9,000

Funded Status and Funding Progress. As of September 30, 2009, the most recent actuarial valuation date, the plan was 0% funded. The unfunded actuarial accrued liability (UAAL) is \$21,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1.2 million and the ratio of the UAAL to the covered payroll was 1.8 percent.

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

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

In the September 30, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5% initially, gradually decreasing over time. By 2030 the rate of increase is 5.4%, and by 2050 4.9%. The rates included a 3.2% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over thirty years.

Schedule of Funding Progress for the Town

	Actuarial	Actuarial	Unfunded			UAAL as a
	Value of	Accrued	AAL	Funded	Covered	Percentage
	Assets	Liability	(UAAL)	Ratio	Payroll	of Covered
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b - a)</u>	<u>(a / b)</u>	<u>(c)</u>	<u>((b - a) / c)</u>
September 30, 2009	-	\$ 21,000	\$ 21,000	0.0%	\$1,200,000	1.8%

XII. SUBSEQUENT EVENTS

Subsequent to year end the County transferred approximately 49.3 acres of park land to the Town and provided \$3,300,000 of impact fees to fund the construction of park infrastructure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CUTLER BAY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Revenues:				
Property taxes	\$ 6,538,046	\$ 6,538,046	\$ 6,599,152	\$ 61,106
Franchise fees	1,410,607	1,410,607	1,791,088	380,481
Utility taxes	1,910,000	1,910,000	2,186,688	276,688
Charges for services	178,635	178,635	376,087	197,452
Intergovernmental	4,838,855	4,838,855	5,644,907	806,052
Licenses and permits	105,000	105,000	723,271	618,271
Fines and forfeitures	300,000	300,000	299,827	(173)
Interest	190,000	190,000	167,731	(22,269)
Miscellaneous	28,000	28,000	19,194	(8,806)
Total revenues	<u>15,499,143</u>	<u>15,499,143</u>	<u>17,807,945</u>	<u>2,308,802</u>
Expenditures:				
Current:				
General government	2,258,603	2,258,603	1,567,442	691,161
Legislative	162,443	162,443	128,118	34,325
Town clerk	231,919	231,919	168,598	63,321
Finance	656,202	656,202	444,491	211,711
Town attorney	450,000	487,000	485,462	1,538
Community development	1,671,814	1,671,814	1,460,680	211,134
Public works	1,432,504	1,432,504	889,282	543,222
Culture and recreation	1,541,462	1,601,462	1,294,672	306,790
Police services	<u>8,900,296</u>	<u>8,863,296</u>	<u>7,861,452</u>	<u>1,001,844</u>
Total expenditures	<u>17,305,243</u>	<u>17,365,243</u>	<u>14,300,197</u>	<u>3,065,046</u>
(Deficiency) Excess of revenues under expenditures before other financing sources (uses)	<u>(1,806,100)</u>	<u>(1,866,100)</u>	<u>3,507,748</u>	<u>5,373,848</u>
Other financing sources (uses):				
Appropriation of prior year fund balance	3,480,180	3,480,180	-	(3,480,180)
Contingency reserve	(750,000)	(690,000)	-	690,000
Energy and insurance reserve	(10,195)	(10,195)	-	10,195
Grant match reserve	(325,000)	(325,000)	-	325,000
Reserve for prior year encumbrances	(37,000)	(37,000)	-	37,000
Reserve for wage adjustments	(37,000)	(37,000)	-	37,000
Tax equalization and revenue reserve	(504,680)	(504,680)	-	504,680
Transfers in	1,110,495	1,110,495	-	(1,110,495)
Transfers out	(1,120,700)	(1,120,700)	(133,099)	987,601
Proceeds from capital leases	-	-	51,734	51,734
Total other financing sources	<u>1,806,100</u>	<u>1,866,100</u>	<u>(81,365)</u>	<u>(1,947,465)</u>
Net change in fund balance	-	-	3,426,383	<u>3,426,383</u>
Fund balances - Beginning	-	-	8,958,420	
Fund balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,384,803</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 664,817	\$ 664,817	\$ 196,359	\$ (468,458)
Licenses, permits and fines	628,368	628,368	-	(628,368)
Impact fees	108,074	108,074	46,307	(61,767)
Interest	<u>50,000</u>	<u>50,000</u>	<u>26,417</u>	<u>(23,583)</u>
Total revenues	<u>1,451,259</u>	<u>1,451,259</u>	<u>269,083</u>	<u>(1,182,176)</u>
Other financing uses:				
Appropriation of prior year fund balance	437,930	437,930	-	(437,930)
Reserve for future police impact fees	(30,794)	(30,794)	-	30,794
Reserve for future park impact fees	(77,280)	(77,280)	-	77,280
Reserve for future public works projects	(232,690)	(232,690)	-	232,690
Transfers out	<u>(1,548,425)</u>	<u>(1,548,425)</u>	<u>(11,000)</u>	<u>1,537,425</u>
Total other financing uses	<u>(1,451,259)</u>	<u>(1,451,259)</u>	<u>(11,000)</u>	<u>1,440,259</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>258,083</u>	<u>258,083</u>
Fund balances, Beginning	<u>-</u>	<u>-</u>	<u>1,614,519</u>	
Fund balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872,602</u>	

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Notes to Budgetary Comparison Schedule

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

- a. Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of two ordinances - one fixing a millage rate and another adopting the final budget.
- d. Appropriations which are neither expended, encumbered, or specifically designated to be carried over lapse at the end of the fiscal year.
- e. The Town prepares and adopts a budget for the General Fund and the Special Revenue Fund. 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. There were supplemental appropriations for the fiscal year ended September 30, 2009 totaling \$60,000, which were funded from contingency reserves.
- g. Formal budgetary integration is employed as a management control device. Additionally, the Town does not utilize encumbrance accounting.

All funds with legally adopted budgets have been included as either a budgetary comparison schedule in the required supplementary information section or as a schedule of revenues and expenditures- budget vs. actual in the combining fund statements section.

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Recycling Fund – This fund was established to account for the revenues derived from the grant from the Florida Department of Environmental Protection to be used specifically for recycling projects and education within the Town.

Metropolitan Planning Organization ("MPO") Grant Fund – This fund was established to account for the revenues derived from the grant from the MPO transportation authority of Miami Dade County to be used specifically for transportation type projects within the Town.

TOWN OF CUTLER BAY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Special Revenue Funds			
	The Children's Trust <u>Fund</u>	Recycling <u>Fund</u>	MPO Grant <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<u>ASSETS</u>				
Accounts receivable - net	\$ 1,816	\$ 43,997	\$ -	\$ 45,813
Due from other funds	-	-	-	-
Total assets	<u>\$ 1,816</u>	<u>\$ 43,997</u>	<u>\$ -</u>	<u>\$ 45,813</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 1,816	\$ 43,997	\$ -	\$ 45,813
Total liabilities	<u>1,816</u>	<u>43,997</u>	<u>-</u>	<u>45,813</u>
<u>FUND BALANCES</u>				
Unreserved	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	<u>\$ 1,816</u>	<u>\$ 43,997</u>	<u>\$ -</u>	<u>\$ 45,813</u>

TOWN OF CUTLER BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds			Total Nonmajor Governmental Funds
	The Children's Trust Fund	Recycling Fund	MPO Grant Fund	
Revenues:				
Intergovernmental	\$ 85,684	\$ 43,997	\$ 26,594	\$ 156,275
Impact fees	-	-	-	-
Interest	-	-	-	-
Total revenues	85,684	43,997	26,594	156,275
Expenditures:				
Current:				
General government	-	43,997	-	43,997
Community development	-	-	44,323	44,323
Parks and recreation	85,684	-	-	85,684
Total expenditures	85,684	43,997	44,323	174,004
Excess (Deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(17,729)	(17,729)
Other financing sources :				
Transfers in	-	-	17,729	17,729
Total other financing sources (uses)	-	-	17,729	17,729
Net change in fund balance	-	-	-	-
Fund balances, Beginning	-	-	-	-
Fund balances, Ending	\$ -	\$ -	\$ -	\$ -

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 440,000	\$ 440,000	\$ 518,972	\$ 78,972
Interest	-	-	<u>3,232</u>	<u>3,232</u>
Total revenues	<u>440,000</u>	<u>440,000</u>	<u>522,204</u>	<u>82,204</u>
Expenditures:				
Current:				
Parks and recreation	<u>3,661,272</u>	<u>3,661,272</u>	<u>967,991</u>	<u>2,693,281</u>
Total expenditures	<u>3,661,272</u>	<u>3,661,272</u>	<u>967,991</u>	<u>2,693,281</u>
Deficiency of revenues under expenditures and other financing sources	<u>(3,221,272)</u>	<u>(3,221,272)</u>	<u>(445,787)</u>	<u>2,775,485</u>
Other financing sources:				
Appropriation of prior year fund balance	2,038,642	2,038,642	-	(2,038,642)
Transfers in	<u>1,182,630</u>	<u>1,182,630</u>	<u>45,032</u>	<u>(1,137,598)</u>
Total other financing sources	<u>3,221,272</u>	<u>3,221,272</u>	<u>45,032</u>	<u>(3,176,240)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(400,755)</u>	<u>(400,755)</u>
Fund balances, Beginning	<u>-</u>	<u>-</u>	<u>416,031</u>	
Fund balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,276</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - THE CHILDREN'S TRUST FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 108,098	\$ 108,098	\$ 85,684	\$ (22,414)
Total revenues	<u>108,098</u>	<u>108,098</u>	<u>85,684</u>	<u>(22,414)</u>
Expenditures:				
Current:				
Parks and recreation	108,098	108,098	85,684	22,414
Total expenditures	<u>108,098</u>	<u>108,098</u>	<u>85,684</u>	<u>22,414</u>
Net change in fund balance	-	-	-	-
Fund balances, Beginning	-	-	-	
Fund balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - RECYCLING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 43,997	\$ (31,003)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>43,997</u>	<u>(31,003)</u>
Expenditures:				
Current:				
General government	<u>150,000</u>	<u>150,000</u>	<u>43,997</u>	<u>106,003</u>
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>43,997</u>	<u>106,003</u>
Deficiency of revenues under expenditures and other financing sources	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Other financing sources:				
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total other financing sources	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - MPO GRANT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 36,000	\$ 36,000	\$ 26,594	\$ (9,406)
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>26,594</u>	<u>(9,406)</u>
Expenditures:				
Current:				
Community development	<u>60,000</u>	<u>60,000</u>	<u>44,323</u>	<u>15,677</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>44,323</u>	<u>15,677</u>
Deficiency of revenues under expenditures and other financing sources	<u>(24,000)</u>	<u>(24,000)</u>	<u>(17,729)</u>	<u>6,271</u>
Other financing sources:				
Transfers in	<u>24,000</u>	<u>24,000</u>	<u>17,729</u>	<u>(6,271)</u>
Total other financing sources	<u>24,000</u>	<u>24,000</u>	<u>17,729</u>	<u>(6,271)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET VS ACTUAL - STORMWATER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 947,676	\$ 947,676	\$ 986,119	\$ 38,443
Total operating revenues	<u>947,676</u>	<u>947,676</u>	<u>986,119</u>	<u>38,443</u>
Operating expenses:				
Operations and maintenance	<u>947,676</u>	<u>947,676</u>	<u>584,976</u>	<u>362,700</u>
Total operating expenses	<u>947,676</u>	<u>947,676</u>	<u>584,976</u>	<u>362,700</u>
Operating income	<u>-</u>	<u>-</u>	<u>401,143</u>	<u>401,143</u>
Non-operating revenues:				
Interest income	-	-	4,820	4,820
Transfers	-	-	<u>81,338</u>	<u>81,338</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>86,158</u>	<u>86,158</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>150,456</u>	<u>150,456</u>
Changes in net assets	<u>-</u>	<u>-</u>	<u>637,757</u>	<u>637,757</u>
Net assets- Beginning	<u>-</u>	<u>-</u>	<u>84,567</u>	
Net assets- Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,324</u>	

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	42-45
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	46-50
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	51-52
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	53-54
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	55-57

TOWN OF CUTLER BAY, FLORIDA

Net Assets By Component

Last Ten Fiscal Years (1)

(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Invested in capital assets, net of related debt	\$ 73,058	\$ 9,479,324	\$ 40,987,278	\$ 40,474,906
Restricted	994,197	1,355,365	2,030,550	1,887,878
Unrestricted	1,374,021	4,603,866	8,890,979	12,283,344
Total governmental activities net assets	<u>\$ 2,441,276</u>	<u>\$ 15,438,555</u>	<u>\$ 51,908,807</u>	<u>\$ 54,646,128</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ -	-	\$ -	\$ 235,923
Restricted	-	-	-	-
Unrestricted	-	-	84,567	486,401
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,567</u>	<u>\$ 722,324</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 73,058	\$ 9,479,324	\$ 40,987,278	\$ 40,710,829
Restricted	994,197	1,355,365	2,030,550	1,887,878
Unrestricted	1,374,021	4,603,866	8,975,546	12,769,745
Total primary government net assets	<u>\$ 2,441,276</u>	<u>\$ 15,438,555</u>	<u>\$ 51,993,374</u>	<u>\$ 55,368,452</u>

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

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

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental activities:				
General government	\$ 2,266,246	\$ 2,852,271	\$ 3,436,645	\$ 3,565,748
Public safety	5,363,660	6,249,705	6,871,073	7,890,206
Community development	70,757	1,211,490	1,957,968	2,898,067
Parks	652,494	931,051	1,438,346	1,576,740
Interest on long-term debt	906	4,570	7,199	6,087
Total governmental activities	<u>8,354,063</u>	<u>11,249,087</u>	<u>13,711,231</u>	<u>15,936,848</u>
Business-type activities:				
Stormwater	-	-	67,384	584,976
Total business-type activities	<u>-</u>	<u>-</u>	<u>67,384</u>	<u>584,976</u>
Total primary government expenses	<u>8,354,063</u>	<u>11,249,087</u>	<u>13,778,615</u>	<u>16,521,824</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	140,310	10,914	39,737	139,451
Public safety	144,735	348,726	443,701	395,610
Community development	-	833,563	792,172	723,271
Parks	555,857	221,865	136,593	140,853
Operating grants and contributions	349,393	586,295	249,051	384,452
Capital grants and contributions	137,881	9,319,655	32,573,921	715,331
Total governmental activities program revenues	<u>1,328,176</u>	<u>11,321,018</u>	<u>34,235,175</u>	<u>2,498,968</u>
Business-type activities:				
Charges for services:				
Stormwater	-	-	150,693	986,119
Capital grants and contributions	-	-	-	150,456
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>150,693</u>	<u>1,136,575</u>
Total primary government revenues	<u>1,328,176</u>	<u>11,321,018</u>	<u>34,385,868</u>	<u>3,635,543</u>
Net revenue (expense):				
Governmental activities	(7,025,887)	71,931	20,523,944	(13,437,880)
Business-type activities	-	-	83,309	551,599
Total primary government net revenues (expenses)	<u>(7,025,887)</u>	<u>71,931</u>	<u>20,607,253</u>	<u>(12,886,281)</u>
General revenues and Other Changes in Net Assets:				
Governmental activities:				
Property taxes	3,591,359	5,335,778	6,667,064	6,599,152
Utility taxes	1,288,432	1,836,054	2,155,040	2,186,688
Franchise fees based on gross receipts	960,000	1,373,216	1,636,231	1,791,088
Unrestricted intergovernmental revenue	3,581,552	4,118,670	5,123,456	5,463,037
Unrestricted interest earnings	43,806	237,033	305,716	197,380
Miscellaneous revenues	2,014	24,597	58,801	19,194
Total governmental activities	<u>9,467,163</u>	<u>12,925,348</u>	<u>15,946,308</u>	<u>16,256,539</u>
Business-type activities:				
Interest earnings	-	-	1,258	4,820
Total business-type activities	<u>-</u>	<u>-</u>	<u>1,258</u>	<u>4,820</u>
Total primary government	<u>9,467,163</u>	<u>12,925,348</u>	<u>15,947,566</u>	<u>16,261,359</u>
Transfers				
Governmental activities	-	-	-	(81,338)
Business-type activities	-	-	-	81,338
Total primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets				
Governmental activities	<u>\$ 2,441,276</u>	<u>\$ 12,997,279</u>	<u>\$ 36,470,252</u>	<u>\$ 2,737,321</u>
Business-type activities	<u>-</u>	<u>-</u>	<u>84,567</u>	<u>637,757</u>
Total primary government	<u>\$ 2,441,276</u>	<u>\$ 12,997,279</u>	<u>\$ 36,554,819</u>	<u>\$ 3,375,078</u>

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

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	\$ 38,033	\$ 257,118	\$ 289,207	\$ 271,536
Unreserved	1,326,292	4,388,094	8,669,213	12,113,267
Total general fund	\$ 1,364,325	\$ 4,645,212	\$ 8,958,420	\$ 12,384,803
 All other governmental funds				
Reserved	\$ 994,197	\$ 1,353,855	\$ 2,030,550	\$ 1,887,878
Total all other governmental funds	\$ 994,197	\$ 1,353,855	\$ 2,030,550	\$ 1,887,878

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

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

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Ad valorem taxes	\$ 3,591,359	\$ 5,335,778	\$ 6,667,064	\$ 6,599,152
Licenses, permits and fines	127,260	1,065,638	1,117,357	1,023,098
Utility taxes	1,288,432	1,836,054	2,155,040	2,186,688
Franchise fees	960,000	1,373,216	1,636,231	1,791,088
Intergovernmental revenue	4,058,570	4,915,333	5,980,712	6,516,513
Charges for services	700,592	349,430	311,519	376,087
Interest and other	44,826	261,630	364,517	262,881
Total revenues	<u>10,771,039</u>	<u>15,137,079</u>	<u>18,232,440</u>	<u>18,755,507</u>
EXPENDITURES				
Current:				
General government	2,245,553	2,748,244	3,294,772	3,415,710
Public safety	5,363,617	6,224,741	6,815,994	7,837,236
Community development	70,757	1,185,763	1,509,035	1,448,464
Parks	652,494	915,464	1,181,067	1,292,713
Capital outlay	141,934	494,454	438,337	1,364,026
Debt service:				
Principal	7,384	44,835	71,113	77,956
Interest	906	4,570	7,199	6,087
Total expenditures	<u>8,482,645</u>	<u>11,618,071</u>	<u>13,317,517</u>	<u>15,442,192</u>
Excess (deficiency) of revenues over expenditures	2,288,394	3,519,008	4,914,923	3,313,315
Other financing sources (uses):				
Capital lease proceeds	70,128	121,537	74,980	51,734
Transfers	-	-	-	(81,338)
Net change in fund balances	<u>\$ 2,358,522</u>	<u>\$ 3,640,545</u>	<u>\$ 4,989,903</u>	<u>\$ 3,283,711</u>
Debt service as a percentage of noncapital expenditures	<u>0.1%</u>	<u>0.4%</u>	<u>0.6%</u>	<u>0.6%</u>

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

TOWN OF CUTLER BAY, FLORIDA
 General Governmental Tax Revenues By Source
 Last Ten Fiscal Years (1)
 (accrual basis of accounting)

<u>Fiscal Year</u>	<u>Ad-Valorem Taxes General Purpose</u>	<u>Utility Tax</u>	<u>Intergovernmental</u>	<u>Franchise Fees</u>	<u>Total</u>
2006	\$ 3,591,359	\$ 1,288,432	\$ 4,058,570	\$ 960,000	\$ 9,898,361
2007	\$ 5,335,778	\$ 1,836,054	\$ 4,915,333	\$ 1,373,216	\$ 13,460,381
2008	\$ 6,667,064	\$ 2,155,040	\$ 5,980,712	\$ 1,636,231	\$ 16,439,047
2009	\$ 6,599,152	\$ 2,186,688	\$ 6,516,513	\$ 1,791,088	\$ 17,093,441

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

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

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

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

Source: Miami-Dade County Property Appraisal office.

- (1) The Town incorporated in November 2005 and its first year of setting its millage rate was fiscal year 2007. Therefore, information for fiscal periods prior to that are not available.
- (2) Property tax rates are assessed per \$1,000 of taxable assessed valuation

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

Fiscal Year	OVERLAPPING RATES							Total Direct and Overlapping Rates
	Town of Cutler Bay	County			Special Districts			
	Town-wide	County-wide	Debt Service	Fire	Library	School	State/Other	
2006	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2007	2.4470	5.6150	0.2850	2.6132	0.4860	8.1050	0.7355	20.2867
2008	2.4470	4.8379	0.2850	2.2271	0.3822	7.7970	1.0797	19.0559
2009	2.4470	4.8379	0.2850	2.2271	0.3822	7.7970	1.0797	19.0559

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

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

Additional information:

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

Tax rate limits:

Town	10.0000 mills
County	10.0000 mills
School	10.0000 mills
State	10.0000 mills

Source: Miami-Dade County Property Appraisal office.

TOWN OF CUTLER BAY, FLORIDA
Principal Property Taxpayers
Current Year and Five Years Ago (1)
(amounts expressed in thousands)

2009			2007		
Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation
SOUTHLAND MALL PROPERTIES LLC	\$ 80,800	2.9%	SOUTHLAND MALL PROPERTIES LLC	40,283	1.8%
WRI TC S DADE SHOPPING CENTER LLC	40,000	1.4%	WRI TC S DADE SHOPPING CENTER LLC	22,400	1.0%
PRIDE HOMES	27,976	1.0%	FLORIDA POWER AND LIGHT	14,172	0.6%
FLORIDA POWER AND LIGHT	20,863	0.7%	EQUITY ONE INC	13,038	0.6%
EQUITY ONE INC	19,471	0.7%	LENNAR HOMES INC	12,468	0.6%
CUTLER BAY DEVELOPMENT CORP	15,429	0.5%	A&E PARTNERS HOLDING LLC	10,320	0.5%
A&E PARTNERS HOLDING LLC	12,900	0.5%	HEALTH CARE FUND	9,222	0.4%
OLD CUTLER TOWNE CENTER	12,583	0.4%	SEARS ROEBUCK & CO	9,900	0.4%
QUAIL ROOST INVESTORS JOINT VENTURE	11,038	0.4%	HOMESTAR AT CUTLER BAY PALMS LLC	8,755	0.4%
HEALTH CARE FUND	11,033	0.4%	ALL STORES REALTY CORP	8,200	0.4%
	<u>\$ 252,093</u>	<u>9.0%</u>		<u>\$ 148,758</u>	<u>6.7%</u>

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

Source: Miami-Dade County Property Appraisal office.

TOWN OF CUTLER BAY, FLORIDA
Property Tax Levies and Collection
Last Ten Fiscal Years (1)
(amounts expressed in thousands)

Fiscal Year	Total Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	(1)	(1)	(1)	(1)	(1)	(1)
2007	\$ 5,459,098	\$ 5,193,807	95.1%	\$ 141,971	\$ 5,335,778	97.7%
2008	\$ 6,808,880	\$ 6,372,439	93.6%	\$ 294,625	\$ 6,667,064	97.9%
2009	\$ 6,880,555	\$ 6,371,429	92.6%	\$ 227,723	\$ 6,599,152	95.9%

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

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

Discounts Allowed:

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

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
	<u>Capital Leases</u>				
2006	\$ 62,744	\$ -	\$ 62,744	0.5%	\$ 1.70
2007	\$ 139,447	\$ -	\$ 139,447	1.2%	\$ 3.76
2008	\$ 143,314	\$ -	\$ 143,314	1.5%	\$ 3.54
2009	\$ 117,092	\$ 21,583	\$ 138,675	1.4%	\$ 3.34

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

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

n/a All data necessary for computation not available.

TOWN OF CUTLER BAY, FLORIDA
Direct and Overlapping Governmental Activities Debt
Fiscal Year Ended September 30, 2009
(amounts expressed in thousands)

Jurisdiction	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to Cutler Bay
Miami-Dade County Schools (2)	\$ 504,371	1.42%	\$ 7,167
Miami-Dade County (3)	<u>408,745</u>	1.42%	<u>5,808</u>
Subtotal overlapping debt	913,116		12,975
Town of Cutler Bay direct debt	<u>139</u>	100.00%	<u>139</u>
Total direct and overlapping debt	<u><u>\$ 913,255</u></u>		<u><u>\$ 13,114</u></u>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total taxable assessed value.

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

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

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

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Personal Income (in thousands) (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2006	37,000	\$ 1,159,839	\$ 31,347	3.8%
2007	37,103	\$ 1,163,068	\$ 31,347	4.2%
2008	40,468	\$ 935,823	\$ 23,125	5.3%
2009	41,579	\$ 974,762	\$ 23,602	10.7%

- (1) Information for fiscal years prior to September 30, 2006 are unavailable in this format since the Town was incorporated in November 2005.
- (2) Population estimate based on data published by the University of Florida, Bureau of Economic and Business Research, except for 2006 which is from Adopted Operating Budget.
- (3) Personal income is the Miami-Dade per capita personal income applied to the Cutler Bay population.
- (4) Per Capita Personal Income is for Miami-Dade County from the U.S. Department of Commerce, Bureau of Economic Analysis.
- (5) Florida Agency for Workplace Innovation, Labor Force Statistics, Labor Force Summary, Annual Average Employment for Miami-Dade County.

TOWN OF CUTLER BAY, FLORIDA
Principal Employers
Current Year and Five Years Ago (1)

2009			2007		
Employer	Employees	Percentage of Total	Employer	Employees	Percentage of Total
PRC, INC	1,547	44.3%	PRC, INC	1,537	54.4%
PUBLIX SUPERMARKETS	312	8.9%	PUBLIX SUPERMARKETS	291	10.3%
EAST RIDGE RETIREMENT VILLAGE	267	7.6%	SEARS ROEBUCK & CO	265	9.4%
SEARS ROEBUCK & CO	190	5.4%	SOUTHLAND MALL	16	0.6%
HEALTH SOUTH	170	4.9%	JC PENNEY	114	4.0%
JC PENNEY	116	3.3%	MACY'S	99	3.5%
MACY'S	110	3.1%	WINN DIXIE STORES	69	2.4%
MERCEDES BENZ	110	3.1%	PETERSON'S HARLEY-DAVIDSON	41	1.5%
BEST BUY	104	3.0%	ROSS STORES	40	1.4%
WINN DIXIE STORES	89	2.5%	TOWN OF CUTLER BAY	42	1.5%
SOUTHLAND MALL 16	80	2.3%	WILLIAMSON SATURN	40	1.4%
PETERSON'S HARLEY-DAVIDSON	50	1.4%	OLD NAVY	35	1.2%
ROSS STORES	50	1.4%	HAIR EGO	14	0.5%
TOWN OF CUTLER BAY	50	1.4%	BED, BATH & BEYOND	24	0.9%
OLD NAVY	45	1.3%	JO ANN FABRIC & CRAFTS	30	1.1%
TOYS R US	42	1.2%	CHARLOTTE RUSSE	21	0.7%
CAC FLORIDA MEDICAL	29	0.8%	CAC FLORIDA MEDICAL	19	0.7%
LA QUINTA INNS	25	0.7%	LA QUINTA INNS	97	3.4%
HAIR EGO	24	0.7%	PETCO	16	0.6%
BED, BATH & BEYOND	23	0.7%	BERLO INDUSTRY	13	0.5%
CHARLOTTE RUSSE	20	0.6%			
JO ANN FABRIC & CRAFTS	19	0.5%			
PETCO	15	0.4%			
BERLO INDUSTRY	8	0.2%			
	<u>3,495</u>	<u>100.0%</u>		<u>2,823</u>	<u>100.0%</u>

Source: Town of Cutler Bay local business tax registrations

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

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

Function	Fiscal Year			
	2006	2007	2008	2009
Legislative	5	5	5	5
Clerk	1	1	1	2
General government	3	6	7	7
Community Development	-	5	9	9
Public Works	-	5	5	4
Parks	-	13	14	14
Public Safety:				
Police	n/a (2)	n/a (2)	n/a (2)	n/a (2)
Civilian administrative staff	-	1	1	1
	<u>9</u>	<u>36</u>	<u>42</u>	<u>42</u>

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

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

Source: Town of Cutler Bay Finance Department

TOWN OF CUTLER BAY, FLORIDA

Operating Indicators By Function

Last Ten Fiscal Years (1)

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Public Safety				
Police:				
Number of emergency calls for service	708	1,157	1,285	1,195
Number of priority calls for service	n/a	1,120	1,195	1,031
Number of non-emergency calls for service	7,381	21,118	23,922	16,744
Number of arrests	455	1,324	1,212	1,063
Number of sworn personnel	36	44	46	51
Building and Zoning:				
Number of building permits issued	n/a (2)	2,297	2,176	1,854
Number of certificates of use issued	n/a (2)	185	152	147
Number of occupational licenses issued	n/a (2)	605	787	812
Culture and Recreation				
Number of parks	n/a (2)	7	7	7

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

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

n/a - data not available for this period.

Source: Various Town departments

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

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

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

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

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

Source: Town of Cutler Bay Parks department.

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida (the Town) as of and for the fiscal year ended September 30, 2009, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 8, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor, Town Council and Town Manager
Town of Cutler Bay, Florida

Compliance and Other Matters

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

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Town's Council, management, 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.

Alberni Caballero & Company, LLP

March 8, 2010
Coral Gables, Florida



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MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

We have audited the financial statements of the Town of Cutler Bay, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated March 8, 2010.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other Matters. Disclosures in that report, which are dated March 8, 2010, should be considered in conjunction with this management letter

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- ❖ 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 significant findings and recommendations made in the preceding annual financial report. There were no recommendations made in the preceding annual financial report.
- ❖ Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Cutler Bay, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we have no recommendations for the fiscal year ended September 30, 2009.
- ❖ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Honorable Mayor, Town Council and Town Manager
Town of Cutler Bay, Florida

- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- ❖ Section 10.554(1)(i)6., 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 the management letter, unless disclosed in the notes to the financial statements. The Town of Cutler Bay was created pursuant to the Constitution of the State of Florida and the Home Rule Charter of Miami-Dade County. There were no component units related to the Town of Cutler Bay.
- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Cutler Bay, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, required that the annual financial report for the Town of Cutler Bay, Florida for the fiscal year ended September 30, 2009, was filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, and is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, Town Council, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

We wish to thank the Town of Cutler Bay, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

Alberni Caballero & Company, LLP

March 8, 2010
Coral Gables, Florida

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF COMMENTS AND RECOMMENDATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

I. CURRENT YEAR RECOMMENDATIONS

NONE

II. PRIOR YEAR RECOMMENDATIONS

NONE