

TOWN OF CUTLER BAY, FLORIDA



Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
TOWN OF CUTLER BAY, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

Prepared By
Robert Daddario, CPA
Finance Director

TOWN OF CUTLER BAY, FLORIDA

TABLE OF CONTENTS

SEPTEMBER 30, 2025

	<u>PAGES</u>
I. INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	i-xiv
GFOA Certificate of Achievement	xv
List of Elected Town Officials	xvi
Organizational Chart	xvii
II. FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis (Required Supplementary Information)	4-30
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	33
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	34
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	35
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Statement of Net Position – Proprietary Fund	37
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	38
Statement of Cash Flows – Proprietary Fund	39
Notes to Financial Statements	40-66
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	67
Budgetary Comparison Schedule – Special Revenue Fund – ARPA Fund	68
Budgetary Comparison Schedule – Special Revenue Fund – JPA-Franjo Road Fund	69
Budgetary Comparison Schedule – Special Revenue Fund – CITT Fund	70
Budgetary Comparison Schedule – Capital Projects Fund – Legacy Parks Fund	71
Notes to Budgetary Comparison Schedule	72-73
Schedule of the Town's Proportionate Share of the Net Pension Liability – FRS	74
Schedule of the Town's Contributions – FRS	74
Schedule of the Town's Proportionate Share of the Net Pension Liability – HIS	75
Schedule of the Town's Contributions – HIS	75
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet – Non-major Governmental Funds	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	77
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund	78
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund – Environmental Fund	79
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund – Transportation Fund	80
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund – The Children's Trust Fund	81
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund – Sidewalks Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund – Lighting Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual – Special Revenue Fund – Transit Fund	84
Schedule of Revenues, Expenses and Changes in Net Position - Budget vs. Actual – Stormwater Fund	85

TOWN OF CUTLER BAY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2025
(CONTINUED)

III. STATISTICAL SECTION (Unaudited)

Net Position by Component	86
Changes in Net Position	87-88
Fund Balances of Governmental Funds	89
Changes in Fund Balances of Governmental Funds	90
General Governmental Tax Revenues by Source	91
Assessed Value and Estimated Actual Value of Taxable Property	92
Property Tax Rates Direct and Overlapping Governments	93
Principal Property Taxpayers	94
Property Tax Levies and Collections	95
Ratios of Outstanding Debt By Type	96
Direct and Overlapping Governmental Activities Debt	97
Demographic and Economic Statistics	98
Principal Employers	99
Full-Time Equivalent Town Government Employees by Function	100
Operating Indicators By Function	101
Capital Asset Statistics By Function/Program	102

IV. COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103
Independent Auditors' report on Compliance for The Major Federal Program and each Major State Project, and on Internal control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	104-105
Schedule of Expenditures of Federal Awards and State Financial Assistance	106-107
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	108
Schedule of Findings and Questioned Costs	109-110
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	111-112
Independent Accountants' Report on Compliance pursuant to Section 218.415 Florida Statutes	113
Impact Fee Affidavit	114

INTRODUCTORY SECTION



OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

June 29, 2026

Honorable Mayor, Town Council and Residents of the Town of Cutler Bay:

It is our pleasure to submit the Annual Comprehensive Financial Report (“ACFR”) for the Town of Cutler Bay, Florida, (“Town”) for the fiscal year ended September 30, 2025, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the Town Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. Town Management believes it has established a strong internal control environment which enables it to produce financial statements free of *material misstatement*. While no system of internal control can provide absolute assurance that errors or irregularities do not occur, we believe the control environment established by the Town provides reasonable assurance that it can produce financial statements that are free of material misstatement.

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Caballero Fierman Llerena & Garcia, LLP, to perform the independent audit of the Town’s financial statements. The Independent Auditors’ Report is included in the financial section of this Annual Comprehensive Financial Report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion on the Town’s financial statements for the fiscal year ended September 30, 2025, and that the financial statements are fairly presented in accordance with GAAP. The independent auditors found *no deficiencies* in internal control over financial reporting that would be considered material weaknesses, nor did they detect any instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

The contents of the ACFR 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 is a political subdivision of the State of Florida located in Miami-Dade County (“County”) and was incorporated in November 2005. The Town operates under a Council-Manager form of government in which the Town elects five (5) Councilmembers, 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, Councilmembers are elected for four-year terms. The Town Council determines the policies that guide the Town’s operations and hires a





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

professional Town Manager to implement and administer these policies on a full-time basis. The Town provides a full range of municipal services including police protection, parks and recreation facilities, building and zoning, community development and planning, code compliance, Stormwater, and public works.

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

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

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 ten (10) square miles with approximately 45,026 residents. The western-most area of the Town, located along the South Dixie Highway (U.S.1) corridor, is commercial in nature with retail, hotels, restaurants and office complexes.

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

Shortly after the Town's incorporation, changes to property taxation laws were enacted that had a negative impact on the taxable base upon which property tax revenue of the Town is calculated.

Property values within the Town saw significant declines from 2008 through 2012,





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

however, since 2012 property values within the Town have increased each year reflecting a gain of approximately 153% from the 2012 bottom. The Town has seen encouraging signs in building activity and new development within the Town in recent years which have extended into fiscal year 2026 with significant new planned projects in the planning/design phases.

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

The non-financial incentives are divided into two (2) distinct programs:

- Expedited building permits, courtesy inspections, and accessibility to the Building Official and all Trade Inspectors.
- In-house technical expertise and resources are made available to all potential developers/investors during the planning and permitting process to ensure that reviews are completed within a reasonable timeframe and in a cost-effective manner.

The technical expertise incentive starts with the project's pre-application conference, where applicants are invited to meet with the Town Manager and Community Development staff to discuss the vision of the proposed project, compliance with zoning regulations, and potential project changes that could help the project receive ultimate approval. Town staff engages with applicants to ensure a streamlined, efficient, and effective review process, to reduce review time and costs incurred.

The Town continues to work with potential developers/investors to redevelop the Town's Brownfield areas. A "Brownfield" area site is defined by the U.S. Environmental Protection Agency ("EPA") as a contiguous area of one or more Brownfield sites, some of which may not be contaminated, and which has been designated by a local government by Resolution. A Brownfield site is defined as real property for which its expansion, redevelopment, or reuse may be complicated by actual or perceived environmental contamination. The new Publix Shopping Center on Old Cutler Road is an example of a Brownfield redevelopment project, which led to the environmental remediation of thirteen (13) acres of commercial land. The Town's future Legacy Park Municipal Complex will be constructed on land designated as a Brownfield, which will allow remediation of an additional sixteen (16) acres with eligibility to obtain State of Florida Voluntary Cleanup Tax Credits to offset the cost of cleanup.

In fiscal year 2024, there were no major changes to the Town's land use distribution, in comparison to prior years. A significant percentage of the Town's land (54%) is classified in the broad categories of residential and mixed land use. Currently, there is no acreage in the Town that are classified as "Industrial." This land use profile is similar to that of nearby municipalities in that the





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

land uses are mostly comprised of residential properties relative to commercial, office and institutional uses.

The Town is home to the largest single redevelopment project in the southeastern United States - SouthPlace City Center (former site of Southland Mall, Sears, and Macy's). This seven (10)-year, \$1.5 billion initiative aims to transform an outdated suburban shopping mall into a walkable, mixed-use community. The project will feature 650,000 square feet of commercial space, 5,000 market-rate apartments, a specialty grocer, a 150-key hotel, 60,000 square feet of medical offices, and various food and beverage outlets. Amenities include a community amphitheater, green spaces, bike and golf cart paths, pedestrian trails, and trolley stops. It is expected to create 2,700 permanent jobs, over 3,000 construction jobs, and a \$1.5 billion regional economic impact. Construction of the first phase of development is expected to begin in late 2026.

Fund Balance Stabilization

During Fiscal Year 2020, fund balance declined approximately \$4.4 million. Other than additional expenditures related to COVID-19, a substantial portion of which will be recovered through various grant assistance, other key drivers of the decline in fund balance relates to the "land swap" deal and continued restoration of Franjo Park. As a result of the major impacts to Fund Balance due to these matters, as well as to experiencing General Fund deficits in four of the previous five years, Town staff worked with its Financial Advisor, Estrada Hinojosa & Co., to develop a plan ("Fund Balance Replenishment Plan") to ensure that budgets going forward established millage rates sufficient to balance the budget, as well as to maintain fund balance at healthy levels.

The initial presentation to the Town Council was made in July 2020 with a follow up presentation in October 2021 and most recently in August of 2023. This multifaceted plan included increasing the millage rate over a two (2)-year period, restructuring existing debt, and issuing open-market debt securities to take advantage of relatively low historical interest rates.

As a result of enacting the Fund Balance Replenishment Plan, as well as through prudent management of expenditures, fund balance of the General Fund increased from \$13.7 million at September 30, 2020, to \$27.7 million at September 30, 2025, an approximate **102% increase**.

[SPACE LEFT INTENTIONALLY BLANK]

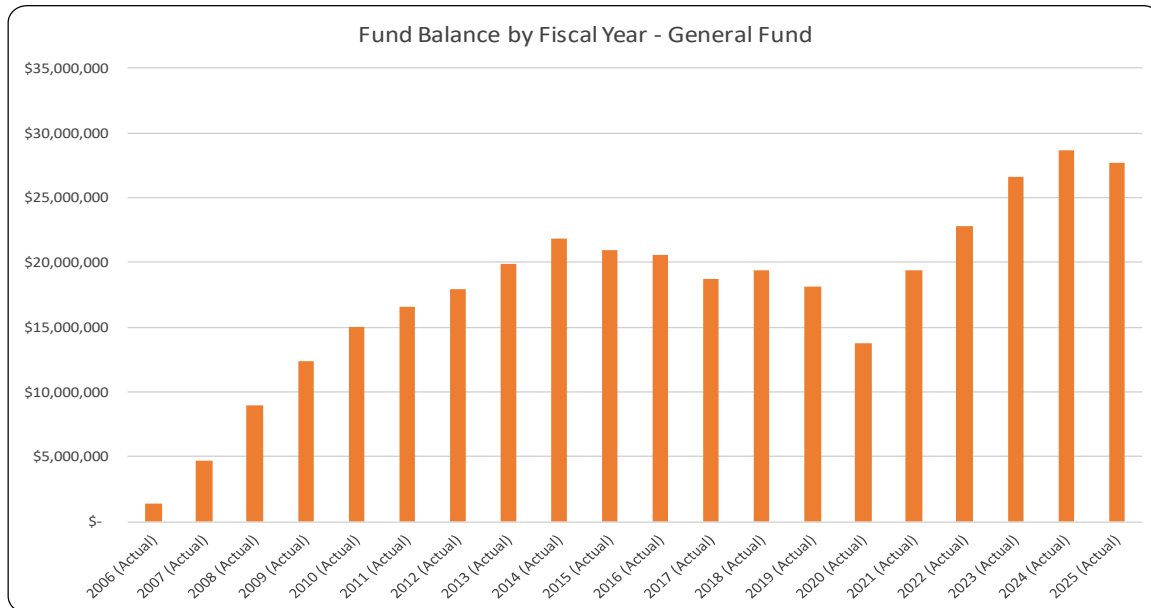




OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager



LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Opportunity Zones

The Federal Government Tax Cuts and Jobs Act of 2017 created “Opportunity Zones”, which provide, under certain conditions, for preferential tax treatment for new investments in designated economically distressed communities. There are two (2) Opportunity Zones which fall in the Town’s municipal boundaries, including our Town Center District. This designation benefits the Town as it attempts to bring in new investment to facilitate the redevelopment of our commercial corridor.

To encourage development within the Opportunity Zones, the Town commissioned an economic prospectus which has been shared with the development community to attract new-to-market businesses consistent with the economic development policies in the Town Growth Management Plan, and Comprehensive Economic Assessment for South Miami-Dade County.

The Towns Economic prospectus provided an economic, demographic, market, and in-depth analysis of the redevelopment of the Southland Mall site. The former Southland Mall site, comprising of over 90 acres, was sold to a joint venture of Electra America and BH Group for just over \$160 million in May 2022. Future redevelopment plans for the mall site, which occupies the majority of the Town’s “Town Center” district include large-scale renovations and upgrades to the existing mall as well as redevelopment of the malls parking fields into a mixed-use residential neighborhood.





OFFICE OF THE TOWN MANAGER

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

The 2026 Comprehensive Economic Assessment for South Miami-Dade County provides data analytics and a supporting narrative of the region's economic strengths, opportunities, and challenges. The Study findings concluded that the Town and South Dade Region have significant economic potential given the substantial growth in its worker-age population over the last two decades, presence of key advanced industry sectors, including aerospace manufacturing, and recent designation of the Homestead Air Reserve Base and surrounds as Space port Territories.

Civic And Resiliency Enhancement (C.A.R.E.) Zone (Brownfield)

In 1997, the State of Florida passed the Brownfields Redevelopment Act which provides incentives for private parties and local government to voluntarily clean up and redevelop "brownfield" sites. In accordance with Federal and State Brownfield regulations, a brownfield is any site with actual or perceived environmental contamination. The Florida's Brownfields Program ("FBP") has made a wide array of financial, regulatory, and technical incentives available to local governments, businesses, and communities to catalyze environmental cleanup and economic redevelopment of marginalized or otherwise underutilized properties. The FBP provides a very meaningful option, through economic and regulatory incentives, to overcome environmental complications and allow the property owners and future project developers to continue to move forward.

The Town adopted Resolution No. 20-70 on October 28, 2020. The intent of the Resolution was to designate the parcels identified by folio numbers 36-6009-005-0015, 36-6009-005-0010, 36-6009-006-0010, 36-6009-006-0012, and 36-6009-006-0011 (the "Cutler Bay CARE Zone") as a

Brownfield area to be called the "Cutler Bay Civic And Resiliency Enhancement (CARE) Zone" pursuant to § 376.80(2)(a), Florida Statutes ("F.S."), of Florida's Brownfield Redevelopment Act (the "Act"). This area is the current location of the Town's future Legacy Park Municipal Complex. In 2025, the Town approved the Brownfield Area designation for "Blue Heron Park," to promote environmental restoration and stewardship, economic development, and more sustainable growth patterns. It is important to note that although the presence of environmental contamination is always site-specific and varies based on numerous factors, long-term agriculture use is often considered a source for soil and ground water contamination due to the historical application of herbicides, pesticides, and fertilizers.

C.A.R.E. Zone (Economic and Environmental Benefits)

The C.A.R.E Zone is a term applied to brownfield initiatives built within a locally designated brownfield area, authorized under the State Brownfield Program. All the incentives (financial and regulatory) available in the State Brownfield Program apply to the brownfield site C.A.R.E. Zone in the Town. The financial incentives available to eligible brownfield area in the Town include, but is not limited, to Job Creation Bonus Fund (up to \$2,500 per new job created for eligible businesses locating or expanding within a designated Brownfield Area); Loan Guarantee Program (50% of loans for site rehabilitation and development or up to 75% for projects associated with affordable housing and/or healthcare providers); Sales & Use Tax Exemption (Affordable Housing Construction); Voluntary Cleanup Tax Credits (VCTC) (Available to BSRA eligible brownfield sites- 50% tax credit on eligible





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

cleanup costs, additional 25% for cleanup projects that lead to redevelopment of the impacted site, and additional credit for affordable housing or health care uses); Liability Protections (Available to BSRA eligible Brownfield sites), and Expedited Review by the Florida Department Environmental Protection (FDEP). These incentives collectively are helping the Town reduce the environment cleanup costs, provide financial flexibility, and promote the redevelopment of the brownfield area consistent with the Town Strategic Plan Initiative and Growth Management Plan's economic development goals, objectives and policies. Additionally, the cleanup sites will create new opportunities for existing companies and attract new to market businesses to the Town, which translates into new job opportunities, and increases both local business tax receipts and sales tax-derived revenue for the Town.

To date, as shown below, the Town has benefited from the VCTC/designation of Brownfield for its Legacy Park location, with an approved eligible expended amount of \$432,661 resulting in tax credits of \$216,331 over the last three (3) years.

Year	Approved Amount	Awarded VCTC's
2021	\$58,683	\$29,341
2022	\$260,443	\$130,222
2023	\$113,535	\$56,768
TOTAL	\$432,661	\$216,331

Transportation Initiatives

The Town continues to pursue Local, State, and Federal grant(s) and other funding opportunities to provide needed infrastructure projects, including funding for park land acquisitions, roadway capacity, and water quality improvements. Over the past several years, the Town has been successful pursuing Joint Project Agreements ("JPA") with the County, which provided funding of approximately \$18 million, which led to the completion of two (2) roadway capacity improvement Projects within the Town's boundaries, Old Cutler Road (a State designated historic road) and Caribbean Boulevard. Both projects received industry awards from the American Public Works Association, for design and improvements.

Based on the Town's successful completion of projects, the County funded a new JPA Agreement for approximately \$16 million for the Franjo roadway capacity improvement Project. The County is providing the majority of the funding, approximately 50%, for the project and the Town's contribution funding will come from its share of People's Transportation Plan ("PTP") surtax revenues, American Rescue Plan Act funds. Construction on the Franjo Road JPA project commenced in the summer of 2024 and continues into fiscal year 2026. The Project is approximately 65% completed and on time, within budget.





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

These Roadway Capacity Improvement Projects are a continuing example of the Town's commitment to comply with the adopted Complete Streets Master Plan. The Complete Streets Model strives to improve public safety, ease traffic congestion, calm traffic, enhance pedestrian mobility, improve function and flow of mass transit and beautify the neighborhood with streetscape improvements. Pedestrian mobility and safety will be enhanced by adding sidewalks, tightening the corner radii, and shortening the pedestrians crossing route. Bicycle mobility will be enhanced by the provision of bike lanes adjacent to the travel lanes. Transit will be enhanced through the implementation of bus pullout bays. Traffic flow will be aided by the installation, where appropriate, of left turn lanes at specific intersections. The Roadway Capacity Improvement Projects were identified in the Town's adopted complete streets master plan, which was developed after several public engagement meetings with Town residents.

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

PTP funded transportation projects include:

- Intersection improvements at SW 92 Ave & SW 215 Street
- Town-wide Traffic calming projects identified in the Adopted Master Plan
- Construction of a roundabout on SW 200 St & SW 103 Ave (FDOT LAP grant)
- Sidewalks – continuation of the town-wide sidewalk repair/replacement program (gas taxes transferred to the General Fund for expenditure)

In 2012, the Town commenced operation of a *free* municipal circulator bus service within the Town's boundaries using the transit portion of the PTP surtax. Pursuant to an Interlocal agreement with the County, the County acquired a dedicated circulator bus on the Town's behalf using Federal Stimulus Funds and the County is operating and maintaining the circulator bus on the Town's behalf on a contractual basis.

In fiscal year 2013, the municipal circulator bus operated on a fixed route three (3) days per week. Ridership levels have increased steadily as word about the circulator bus spread around Town. As a result, in fiscal year 2014, the Town, pursuant to its agreement with the County, revised the circulator bus schedule such that it now operates six (6) days a week and nine (9) hours of operation per day. The average monthly ridership is approximately 4,715 riders per month.

The Town was awarded a Strategic Miami Area Rapid Transit Plan Demonstration grant from the Florida Department of Transportation (through the Miami-Dade Transit Planning Organization). The grant aims to promote "on demand" transit opportunities. The Town will utilize the grant to implement Business Express Service shuttles that will operate during peak AM and PM business hours, transporting residents directly to the South-Dade Transitway. The project will help





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

ease congestion by allowing Town residents to leave their vehicles at home and be shuttled to several transit stops along the South Dade Transitway. The average monthly ridership is approximately 5,238 riders per month.

Additionally, the Town has utilized the Transit portion of the identified related PTP surtax funds for the design and construction of decorative bus shelters and benches, as identified in the Complete Streets Master Plan.

Town Hall Municipal Complex (Legacy Park)

In Fiscal Year 2020, the Town of Cutler Bay acquired approximately sixteen (16) acres of contiguous, vacant land through a “Land Swap” to eliminate high-density development along Old Cutler Road and develop the 16-acre Legacy Park and Municipal Complex. On January 9, 2020, the Town exchanged its Town Hall Properties and \$3 million in cash for the 16-acre land owned by GCF Investments, Inc., in a transaction valued at \$17 million. Subsequently, on March 22, 2022, voters approved a General Obligation Bond for up to \$37 million to fund the construction of the park, community center, and municipal complex.

The Legacy Park and Municipal Complex is envisioned to be a central hub for community engagement. The Town Council approved the Master Plan for Legacy Park and the Municipal Complex, which includes a community center, municipal offices, and extensive park amenities. A subsequent Town Council Workshop was held to discuss detailed project elements and not to exceed costs.

Most of the complex will be dedicated to a community-oriented park spanning twelve (12) acres, featuring shared-use paths, an outdoor stage, and native landscaping. The park is designed to become a significant destination within the County, with features including an open-air stage for community events. Community input was integral, with over twenty-five (25) Public Involvement meetings influencing the final design.

To address environmental concerns, the buildings will be elevated three (3) feet above FEMA’s Flood Elevation Requirements, and the park will function as a flood protection basin. The Town is also pursuing “green” certifications and incorporating solar canopies and green roofs, to establish a Green Resiliency Community Park.

These initiatives reflect the Town’s commitment to sustainable development and community engagement, ensuring the Legacy Park and Municipal Complex will serve as a lasting asset for future generations.

Stormwater Initiatives

During fiscal year 2008, the Town commenced its stormwater utility operation after assuming that function from the County in the final quarter of that fiscal year. Since then, through September 30, 2024, the Town has completed approximately \$8.07 million of stormwater drainage improvement projects. These drainage projects, which were funded by a combination of grants and Town match





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

funds and private contributions, will benefit the local area homeowners as they will help alleviate some of the known flood drainage issues in the area.

In Fiscal Year 2025, the Town completed the “SW 82 Ave” and the “Cutler Ridge Pines” drainage projects. These projects added approximately \$2,566,700 and \$2,764,800, respectively, bringing the total stormwater drainage improvement projects completed by the Town to \$13.4 million through September 30, 2025 (including the total mentioned in the preceding paragraph) and they were funded with grants, including ARPA grant funding, as well as funds transferred in from the CITT Fund.

Status of Water Quality Improvement Projects:

- Design (Completed) - Caribbean Blvd./SW 87 Ave. to SW 184 St. (FDOT grant and PTP surtax funds)
- Design (90% Completed) - Marlin Road Complete Streets (State Appropriation and FDOT TAP grant)
- Design (Completed) - Lakes by the Bay area ARPA projects
- Design (Completed) and Construction - Bel-Aire area ARPA projects
- Design (Completed) - Saga Bay area ARPA projects
- Construction (Completed) - Cutler Ridge Pines ARPA project
- Design (Completed) - SW 207 St & SW 85 Ave ARPA project
- Construction (Completed) - SW 82 Ave. Drainage project (FDOT grant, PTP surtax funds, and ARPA funds)
- Design (85% Completed) – 53-acre Wetlands Restoration Project (ARPA funds)

In 2019, the Town adopted a Watershed Master Plan which enabled it to qualify for a Class three (3) status in the Community Rating System (CRS) for flood insurance purposes. With this rating, Town residents will benefit from a 35% discount on their flood insurance premiums. Town-wide savings are \$523 per policy and \$2,963,244 for the entire community.

Parks and Recreation

The Town’s recreation infrastructure and facilities that it received from the County are aging and need renovation and/or replacement. Following its Parks Master Plan, the Town completed approximately \$18.9 million in park improvements since incorporation, including the Lakes by the Bay Park project discussed below, as well as the restoration of Franjo Park following hurricane damage. These improvements were funded by a combination of sources, including grants, impact fees, insurance proceeds and other general fund sources. These improvements significantly upgraded the utility, functionality, and appearance of the park facilities.





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

Lakes by the Bay Park encompasses approximately 49.3 acres, and has been recorded by the Town at the County's historical cost at approximately \$345,000 upon transfer of the parcel to the Town from the County in fiscal year 2010. This park was developed at a quicker pace than anticipated and opened to the public in December 2011 at a cost of approximately \$9 million (including the cost of the aforementioned land parcel). It is the largest park in Town and provides both active and passive activities for Town residents. It is nestled near protected wetland areas, and it is anticipated that nature trails will be included as part of the park build-out in the future. The development project was funded primarily with County provided funds. Since initial development, the Town added playground equipment for children at this park which included safety surfacing, a shade structure, and additional sidewalk capacity, a lightning detection system, and two (2) sand volleyball courts.

Franjo Park, which houses three (3) little league size baseball fields, was severely damaged in September 2017 by Hurricane Irma. Given the extent of damage and age of the park facility, the park essentially had to be rebuilt from the ground up and brought up to code. While some insurance proceeds and FEMA reimbursements were obtained, the additional rebuild costs (i.e., such as to bring up to code or install upgraded products for those that were lost/damaged in the hurricane) were not covered by insurance or FEMA reimbursement and, as a result, the Town has funded the restoration of this park with General Fund monies. The restoration was completed in fiscal year 2022 at a cost of approximately \$3.4 million.

In October 2013, the Town accepted transfer of an additional (approximately 10-acre) park land parcel known as Blue Heron Park. This parcel is a passive park providing walking trails along a lakeside area and was improved by the Town to include outdoor exercise equipment stations along the walking trails. The Town recently discovered that this park has a soil contamination issue for which the Town is performing remediation efforts. The cleanup of this soil contamination is estimated to cost between \$3 million to \$4 million, and the Town has put the former land developer that originally donated the land on notice that the Town will seek compensation from them to cover the cost of the cleanup.

In November 2021, the Town acquired an approximate 8.45-acre parcel along Old Cutler Road & SW 184th Street for \$8.45 million. This parcel is adjacent to protected wetlands and the intent of the Town Council was to ensure the parcel would not be developed but rather preserved for conservation and resiliency purposes. Under consideration is the use of this parcel as a passive park and the establishment of a nature walking trail for educational purposes. Rehabilitation of this is being funded by a grant and a contribution from the General Fund ("Buffer Land" Project).

In fiscal year 2023, the Town also completed the construction of a playground resurfacing project at Lakes By The Bay Part at a cost of approximately \$60,150, funded with ARPA grant funds and General Fund sources.

On December 1, 2023 (fiscal year 2024), the Town acquired an approximate 3.5-acre land parcel at the intersection of Old Cutler Road and SW 87th Avenue for a purchase price of \$8,482,000. The land parcel's intended use is as a passive park.





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

The most significant upgrade in fiscal year 2025 was an ARPA grant funded, LED lighting upgrade project totaling approximately \$1.5 million. The improvements were made at Lakes By The Bay and Bel-Aire parks.

Interlocal Debt

The Town is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds (i.e., the QNIP bonds) issued or authorized prior to the Town's incorporation. The payments for the fiscal year ended September 30, 2025, and 2024 were approximately \$128,430 and \$321,460, respectively. The Town's pro rate share of the debt was calculated and recorded in fiscal year 2010.

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

Cash Management

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

The principal focus of cash management is to ensure the safety of the Town's cash while maximizing its return on investment. During fiscal year 2025 and 2024, in the General Fund, the Town earned approximately \$450,300 and \$597,100, respectively, in investment income. Interest rates declined significantly in the first quarter of fiscal year 2025.

The Town Council and Town Management closely monitor the resources available to the Town and its use. At September 30, 2025, the total fund balance of the General Fund is approximately \$27.7 million, an approximate \$988,160 decrease from September 30, 2024. This total fund balance represents approximately 104% of total Fiscal Year 2025 general fund expenditures (and represents approximately 116% of Fiscal Year 2025 general fund expenditures excluding debt service and capital outlay).





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

Approximately \$27.39 million of the General Fund's total fund balance of \$27.7 million is classified as "unassigned" fund balance which is available for future appropriation by the Town Council for purposes it deems appropriate. This unassigned fund balance level represents approximately 103% of total Fiscal Year 2025 general fund expenditures (and represents approximately 114% of Fiscal Year 2025 general fund expenditures excluding debt service and capital outlay). The remainder of the General Fund's fund balance is classified as "non-spendable" (approximately \$228,000) to indicate that it is not available for new spending because it has already been committed for prepaid expenses and as "restricted" (approximately \$91,600) because it can only be spent for specific purposes due to constitutional provisions or enabling legislation.

FINANCIAL POLICIES

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

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

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

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





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

AWARDS AND ACKNOWLEDGEMENTS

The Governmental Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate of Achievement") to the Town of Cutler Bay for its annual comprehensive financial report for the fiscal year ended September 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Rafael G. Casals,
Town Manager

Robert Daddario,
Finance Director





Government Finance Officers Association

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

Presented to

**Town of Cutler Bay
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrell

Executive Director/CEO

TOWN OF CUTLER BAY, FLORIDA
LIST OF ELECTED TOWN OFFICIALS
SEPTEMBER 30, 2025

Council-Manager Form of Government

TOWN COUNCIL

Tim Meerbott, Mayor

Michael P. Callahan, Vice Mayor

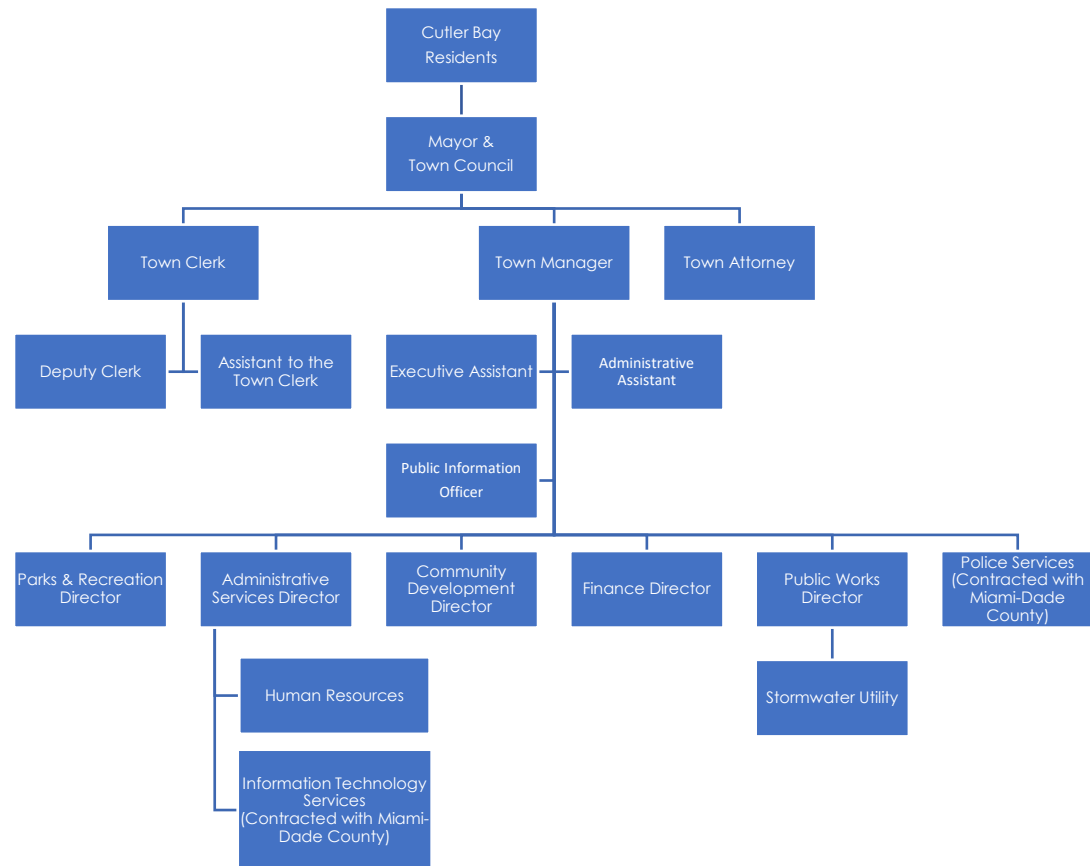
Robert Duncan, Councilmember, Seat 1

Suzy Lord, Councilmember, Seat 2

Richard Ramirez, Councilmember, Seat 3



Town of Cutler Bay Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



Accountants
Advisors

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida (the "Town") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of the Town's net pension liabilities and contributions on pages 4-30 and 67-75 be presented to supplement the basic financial statements.. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550 Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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, 2025 with a comparative analysis with the prior fiscal year.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at September 30, 2025 by approximately \$97.5 million (net position). Of this amount, approximately \$23.24 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by approximately \$17.5 million from the total net position balance at September 30, 2024. The net increase results primarily from the Town's fiscal year 2025 operations.
- As of September 30, 2025, the Town's governmental funds reported combined ending fund balances of approximately \$34.13 million, an decrease of approximately \$1.66 million from the September 30, 2024 balances, due primarily to the Town's current operations during the fiscal year offset by capital expenditures and debt service (an approximate \$72,700 increase in fund balance), offset by net transfers out (an approximate \$1.73 million decrease in fund balance) This combined fund balance represents approximately 105% of combined governmental fund operating expenditures (excluding debt service and capital outlay).
- At September 30, 2025, unassigned fund balance for the General Fund was approximately \$27.39 million, or 103% of total General Fund expenditures, versus \$28.37million and 82%, respectively, at September 30, 2024. The approximate \$1 million decrease in unassigned fund balance results primarily from fiscal year 2025 operations as well as by the changes in the composition of the other classifications of fund balance. The Town's unassigned fund balance at September 30, 2025 remains strong and is a positive indicator of the Town's financial health.
- At September 30, 2025, the General Fund's fund balance of approximately \$27.71 million is comprised of approximately \$228,000 classified as "Nonspendable", approximately \$91,600 classified as "Restricted", and approximately \$27.39 million classified as "Unassigned".
- The Town records the activity of its stormwater utility (a business type activity) in the Stormwater Fund, an enterprise fund. In fiscal year 2025, the stormwater utility's net position increased by approximately \$6,758,100. This increase resulted primarily from an operating income of approximately \$578,700 which was generated from approximately \$2,094,100 in charges for services and approximately \$1,515,400 in operating expenses, including approximately \$393,375 in depreciation. Operating income was increased by capital grants and contributions of approximately \$4,464,200 and transfers in of approximately \$1,731,600, offset by net non-operating expenses of approximately \$16,400, comprised of net interest expense (approximately \$37,900), offset by operating grants (approximately \$17,300) and interest income (approximately \$4,200).

Overview of the Financial Statements

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

Government-wide financial statements

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

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

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

Fund financial statements

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

Governmental funds

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

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

The Town of Cutler Bay maintains various governmental funds, some of which meet the criteria of major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the ARPA Fund (a special revenue fund), the JPA-Franjo Road Fund (a special revenue fund), the CITT Fund (a special revenue fund), and the Legacy Park Fund (a 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 adopted an annual appropriated budget for its General Fund, its ARPA Fund, its JPA-Franjo Road Fund, its CITT Fund, and its Legacy Park Fund. Budgetary comparison schedules have been provided for the General Fund, the ARPA Fund, the JPA-Franjo Road Fund, the CITT Fund, and the Legacy Park Fund to demonstrate compliance with their respective budgets.

Proprietary funds

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Overview of the Financial Statements (Continued)

Notes to the financial statements

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

Other information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, net position increased approximately \$17.5 million during fiscal year 2025, primarily due from operations. As a result, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources were approximately \$97.5 million and \$80.05 million, respectively, at September 30, 2025 and 2024. See the table below.

The largest portion of the Town's assets at September 30, 2025 consists of capital assets (approximately \$94.54 million (net of accumulated depreciation), primarily roadways, sidewalks, park lands and related assets transferred to the Town by the County, park improvements made by the Town, stormwater assets transferred to the Town by the County, additional infrastructure developed by the Town, as well as a building and related land and ancillary assets related to the Town Hall site. The primary contributors to the increase in capital assets in fiscal year 2025 were increases to construction in progress related to roadway, stormwater drainage, park lighting improvement projects, and software implementation costs.

Other significant assets at September 30, 2025 and 2024 include cash, and receivables due from the County, the State of Florida (the "State"), and from various grants. Cash, totaling approximately \$38.65 million at September 30, 2025, decreased approximately \$13.97 million from the fiscal 2024 total primarily resulting from fiscal year 2025 operating activities, including expenditures for capital projects, adjusted for changes in the timing of the liquidation of assets and liabilities.

Receivables increased approximately \$3,443,300 primarily as a result of the timing of reimbursements due from others. The primary components of this change are as follows:

- In the General Fund, there was a net increase in receivables of approximately \$163,800. This related primarily to increased receivables at September 30, 2025 for taxes (approximately \$261,000) and for fees (primarily franchise fees) of approximately \$42,800, offset by decreased receivables for grants (approximately \$137,900) and for miscellaneous receivables (approximately \$2,100) primarily for local business tax receipts and cost recovery. The balance of the difference is comprised of minor increases and decreases from other sources and are not considered material for further discussion.
- In the CITT Fund, there was a net decrease in receivables of approximately \$102,300. Billings at year end fiscal year 2025 were higher than the corresponding fiscal year 2024 period, resulting in an increase in receivables for taxes of approximately \$10,600. Additionally, there was billing for a transit related grant at year end fiscal year 2024 was higher for which there is no corresponding billing in the fiscal year 2025 period, resulting in a decrease in receivables for grants of approximately \$112,900.
- In fiscal year 2021, the Town commenced the design of a roadway project along Franjo Road being performed pursuant to a Joint Participation Agreement ("JPA") with Miami-Dade County (the "County"). The project is being accounted for in the JPA – Franjo Road Fund. In the JPA-Franjo Road Fund, there was a net increase in grant receivables of approximately \$1,088,500 resulting from increased construction activity and billing on this roadway project in fiscal year 2025.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

- In Other Governmental Funds, receivables increased approximately \$10,100, primarily due to:
 - The Town operates park programs for youths funded in part from The Children's Trust which are accounted for in The Children's Trust Fund. As of fiscal year-end 2025, grant receivables from The Children's Trust were approximately \$5,400 less than the fiscal year-end 2024 balance.
 - In fiscal year 2021, the Town commenced the operation of an "on demand" transit service in town, funded with a grant and a Town match of CITT Surtax funds. The project is being accounted for in the Transit Fund. An increase in service in fiscal year 2025 as compared to the 2024 resulted to an increase in receivables of approximately \$16,100 at September 30, 2025 over the year-end fiscal year 2024 balance.
 - The balance of the change in receivables of Other Governmental Funds result from small changes in receivable balances in other non-major governmental funds and are considered immaterial for further analysis.
- In the Stormwater Fund (a proprietary fund), receivables were approximately \$3,375,600 at fiscal year-end 2025 versus \$1,092,600 at fiscal year-end 2024, an increase in receivables of approximately \$2,283,100. This resulted primarily from increased grant receivables in the 2025 period (an approximate \$2,787,900 increase, relating to ongoing grant funded drainage related projects), offset by decreased stormwater fee receivables in the 2025 period (an approximate \$505,200 increase, resulting primarily from the timing of collections. The balance of the change in receivables relates an approximate \$400 increase in miscellaneous receivables at year-end fiscal year 2025 versus the 2024 period, which is considered immaterial for further analysis.

Receivables at September 30, 2025 and 2024 consist primarily of amounts due from the County (\$1,836,250 and \$1,540,600, respectively) as well as intergovernmental receivables due from the State (\$564,950 and \$590,200, respectively), and receivables from various grants (\$2,209,300 versus \$1,360,900, respectively). The remainder of the governmental activities receivables balance is comprised of balances from other miscellaneous sources (\$658,250 and \$616,800, respectively at September 30, 2025 and 2024). Stormwater Fund receivables were approximately \$3,375,650 at September 30, 2025 versus \$1,092,600 at September 30, 2024.

The receivables due from the County at September 30, 2025 and 2024 related primarily to the timing of ad valorem taxes, utility taxes and CITT Surtax funds due the Town at those dates. The increase in the fiscal year 2025 balance results primarily to receivables for ad valorem taxes being approximately \$153,000 more at fiscal year-end 2025 versus the fiscal year-end 2024 balance, for utility taxes being approximately \$128,000 more at fiscal year-end 2025 versus the fiscal year-end 2024 balance, and for CITT Surtax funds being approximately \$11,000 more at fiscal year-end 2025 versus the fiscal year-end 2024 balance. The balance of the change is the result of small, miscellaneous increases and decreases in various categories and are not considered material for further discussion.

The receivables due from the State at September 30, 2025 and 2024 related primarily to sales taxes, local option gas taxes and communication services taxes due the Town at those dates. The net decrease in this receivable balance for the fiscal year-end 2025 period results primarily to decreases of approximately \$32,600 for sales taxes and \$2,400 for local option gas taxes, offset by an approximate \$10,300 increase for communication services taxes. The balance of the change is the result of small, miscellaneous increases and decreases in various categories and are not considered material for further discussion.

Grant receivables at September 30, 2025 increased approximately \$848,400 from the prior year end, due primarily to changes in grant activity. The primary driver of the increase related to construction for the JPA-Franjo Road project which resulted in an approximate \$1,088,500 increase in receivables. Receivables also increased as a result of increases in receivables in the Transit Fund (approximate \$16,100 increase as additional grant funding was secured for this project). These increases were offset by decreases in the CITT Fund (an approximate \$112,900 decrease related to grants for circulator services), in The Children's Trust Fund (approximate \$5,400 decrease, primarily due to less activity on the grant and the timing of billings), and the General Fund (approximate decrease of \$139,900 in receivables primarily related to active adult grants, to physical environment grants, to public safety grants, and to write-off of a grant receivable from the prior year). The balance of the change is the result of small, miscellaneous increases and decreases in various categories. These changes are not considered material for further discussion.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

The increase in other miscellaneous receivables at September 30, 2025 versus the September 30, 2023 balance is due primarily to an increase in receivables for franchise fees (an approximate \$47,500 decrease), offset by an decrease in receivables for State of the Town sponsorships (approximate \$5,000 decrease). The balance of the difference is comprised of minor increases and decreases from different revenue sources. These changes are not considered material for further discussion.

In the Stormwater Fund, a proprietary fund, the increase in receivables at September 30, 2025 versus the corresponding fiscal year 2024 period (approximately \$2,283,050), results primarily from increased grant receivables in the 2025 period (an approximate \$2,787,900 increase, resulting from increased activity on grant related construction projects), and an increase in miscellaneous receivables (approximately \$400), offset by a decrease in receivables related to stormwater fee collections in the 2025 period (an approximate \$505,200 decrease).

Deferred outflows of resources increased approximately \$132,000 at September 30, 2025 versus the balance at September 30, 2024, resulting primarily from the changes required by the current year GASB 68 valuation.

Long-term debt decreased approximately \$2,351,000 primarily resulting from decreases in net pension liability pursuant to GASB 68 (approximate \$759,000 decrease), a decrease in lease liability recorded pursuant to GASB 87 (approximate \$702,000 decrease), and decreases resulting from principal payments on the Town's notes payable (\$565,000 decrease), amortization of bond premium (\$101,000 decrease), and principal payments on the Town's Interlocal debt with the County for the QNIP bonds (\$111,000 decrease) and Stormwater utility revenue bonds (\$124,000 decrease). These decreases were offset by an approximate \$11,000 increase in compensated absences.

The approximate \$9,668,000 decrease in other liabilities primarily reflects (1) an approximate \$8,903,000 utilization of ARPA grant funds and corresponding decrease in ARPA grant funding received which has not yet been earned, and (2) an approximate \$746,150 decrease in accounts payable. The balance of the change results from minor increases and decreases in other accounts and are considered immaterial for further discussion.

The approximate \$746,150 decrease in accounts payable relates primarily to the timing of vendor payments and are impacted by the timing of Town projects. The year-end fiscal 2025 decrease in accounts payable results primarily from an approximate \$2,886,600 decrease in accounts payable in the General Fund, an approximate \$38,200 decrease in accounts payable in the non-major governmental funds, and an approximate \$317,650 decrease in accounts payable in the Stormwater Fund, offset an approximate \$47,400 increase in accounts payable in the CITT Fund, an approximate \$98,800 increase in accounts payable in the JPA-Franjo Road Fund, and an approximate \$2,350,100 increase in accounts payable in the Legacy Park Fund.

- The changes in accounts payable in the General Fund result primarily from the timing of payments to vendors between the fiscal years. The significant contributors to the approximate \$2,886,600 decrease in accounts payable in the General Fund are reduced payables related to police services (approximate decrease of \$2,061,600, primarily resulting from a change in billing to a monthly frequency by the Miami-Dade Sheriff's Office from the previous quarterly billing method). Other significant decreases in accounts payable result from a decrease in payables related to other contractual services – GO Bond (approximate \$496,250, primarily as a result of the Legacy Park Fund being created for this project and payables for this project are no longer in the General Fund), a decrease in payables related to cost recovery services (approximate \$58,850 decrease), a decrease in other contractual services in the Community Development department (approximate \$213,400 decrease, primarily related to decrease usage of a building permit and inspection contractor and timing of payments to them), a decrease in professional services in the Community Development department (approximate \$51,650 decrease, resulting from substantial completion of planning services in the fiscal year 2024 period), and a decrease in other contractual services in the Parks department (approximate \$42,300 decrease, primarily resulting from environmental testing in the fiscal year 2024 period). These decreases were offset by increases in accounts payable related to amounts due for FRS retirement contributions (approximate \$9,300 increase), and in accrued payroll (approximate \$47,750 increase). The balance of the difference is comprised of minor increases and decreases from different vendors and are not considered material for further discussion.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

- The approximate \$38,200 decrease in accounts payable in non-major governmental funds primarily reflects a increase in accounts payable for (1) the Transit Fund related to the Go Connect/On Demand service (approximate \$10,600 increase, reflecting an increase in service and timing of vendor payments), offset by an decreases in accounts payable for the TCT Fund (approximate \$6,900 decrease), the Transportation Fund (approximate \$33,850 decrease), and the Environmental Fund (an approximate \$8,050 decrease as this project commenced in fiscal year 2024 but only had minimal activity in fiscal year 2025). These changes result primarily from the timing of payments to vendors between the fiscal years.
- The approximate \$47,400 increase in accounts payable in the CITT Fund results primarily from the timing of payments to vendors for services. The fiscal year-end 2025 balance includes approximately \$67,600 in accounts payable for transportation related projects not in the fiscal year 2024 balance, offset lower payables in fiscal year 2025 for transit related projects (approximate \$18,200 decrease) and for professional services (approximate \$2,000 decrease).
- The approximate \$98,800 increase in accounts payable in the JPA-Franjo Road Fund results primarily from the increased construction activity on this roadway project in fiscal year 2025 and the timing of payments to the project contractors.
- The approximate \$2,350,100 increase in accounts payable in the Legacy Park Fund results primarily from fiscal year-end 2025 accounts payable for professional services (approximately \$578,000, for design and Owner Representative costs) and for contractual services (approximately \$1,772,100, for soil remediation work).
- The approximate \$317,650 decrease in accounts payable for the Stormwater Fund, an enterprise fund, results primarily to the timing of construction related projects and the payments to vendors. There was an approximate \$490,000 decrease in accounts payable related to other contractual services, primarily for construction related projects. This decrease was offset by an approximate \$13,150 increase in professional services, again primarily related to design and post-design work for construction projects, and an approximate \$159,500 increase in accounts payable for accrual of the fiscal year 2025 Interlocal bond debt service. The balance of the difference is comprised of minor increases and decreases from different vendors and are not considered material for further discussion.

Deferred inflows of resources at September 30, 2025 reflects an increase of approximately \$365,000 versus the balance at September 30, 2024 primarily as a result of an approximate \$364,000 increase in pension expenses pursuant to the current year GASB 68 valuation, and an approximate \$1,200 increase in deferred revenues.

(This Space Intentionally Left Blank)

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	
Current and other assets	\$ 46,257	\$ 57,249	\$ 1,294	\$ 813	\$ 47,551	\$ 58,062	-18.1%
Capital assets	73,423	62,756	21,118	15,304	94,541	78,060	21.1%
Total assets	<u>119,680</u>	<u>120,005</u>	<u>22,412</u>	<u>16,117</u>	<u>142,092</u>	<u>136,122</u>	4.4%
Deferred Outflows of Resources	<u>1,203</u>	<u>1,335</u>	<u>-</u>	<u>-</u>	<u>1,203</u>	<u>1,335</u>	-9.9%
Long-term debt	31,490	33,696	621	766	32,111	34,462	-6.8%
Other liabilities	<u>12,070</u>	<u>21,419</u>	<u>654</u>	<u>973</u>	<u>12,724</u>	<u>22,392</u>	-43.2%
Total liabilities	<u>43,560</u>	<u>55,115</u>	<u>1,275</u>	<u>1,739</u>	<u>44,835</u>	<u>56,854</u>	-21.1%
Deferred Inflows of Resources	<u>915</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>550</u>	66.4%
Net position							
Net investment in capital assets	44,481	34,775	20,220	14,538	64,701	49,313	31.2%
Restricted	9,605	8,889	-	-	9,605	8,889	8.1%
Unrestricted	<u>22,321</u>	<u>22,011</u>	<u>916</u>	<u>(160)</u>	<u>23,237</u>	<u>21,851</u>	6.3%
Total net position	<u>\$ 76,407</u>	<u>\$ 65,675</u>	<u>\$ 21,136</u>	<u>\$ 14,378</u>	<u>\$ 97,543</u>	<u>\$ 80,053</u>	21.8%

The balance of unrestricted net position (approximately \$23.24 million and \$21.85 million, respectively at September 30, 2025 and 2024) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2025 and 2024, the Town of Cutler Bay is able to report positive balances in all three categories of net position.

Governmental activities

Governmental activities increased net position by approximately \$10.73 million for the year ended September 30, 2025 versus an increase of approximately \$5.47 million for fiscal year 2024, representing the results of the Town's operations for the applicable fiscal periods.

Business-type activities

Business-type activities increased net position by approximately \$6.76 million for the year ended September 30, 2025 versus an increase in net position of approximately \$4.22 million for the year ended September 30, 2024, representing the results of the Town's operations of the stormwater utility.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

Town of Cutler Bay Changes in Net Position For The Fiscal Year Ended (in thousands)							
	Governmental Activities		Business-Type Activities		Total		
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>Percent Change</u>
Revenues							
Program revenues:							
Charges for services	\$ 2,239	\$ 2,023	\$ 2,094	\$ 1,774	\$ 4,333	\$ 3,797	14.1%
Operating grants and contributions	17,415	8,903	17	37	17,432	8,940	95.0%
Capital grants and contributions	625	236	4,464	693	5,089	929	447.8%
General revenues:							
Taxes and franchise fees	26,712	25,420	-	-	26,712	25,420	5.1%
Other	980	1,440	4	-	984	1,440	-31.7%
Total revenues	<u>47,971</u>	<u>38,022</u>	<u>6,579</u>	<u>2,504</u>	<u>54,550</u>	<u>40,526</u>	34.6%
Expenses							
General government	14,547	8,680	-	-	14,547	8,680	67.6%
Public safety	12,310	11,858	-	-	12,310	11,858	3.8%
Parks and recreation	4,557	4,575	-	-	4,557	4,575	-0.4%
Community development	3,088	3,212	-	-	3,088	3,212	-3.9%
Stormwater	-	-	1,553	1,538	1,553	1,538	1.0%
Interest on long-term debt	1,005	979	-	-	1,005	979	2.7%
Total expenses	<u>35,507</u>	<u>29,304</u>	<u>1,553</u>	<u>1,538</u>	<u>37,060</u>	<u>30,842</u>	20.2%
Change in net position before transfers	12,464	8,718	5,026	966	17,490	9,684	80.6%
Transfers	<u>(1,732)</u>	<u>(3,251)</u>	<u>1,732</u>	<u>3,251</u>	<u>-</u>	<u>-</u>	N/A
Increase (decrease) in net position	10,732	5,467	6,758	4,217	17,490	9,684	80.6%
Net position, beginning	<u>65,675</u>	<u>60,208</u>	<u>14,378</u>	<u>10,161</u>	<u>80,053</u>	<u>70,369</u>	13.8%
Net position, ending	<u>\$ 76,407</u>	<u>\$ 65,675</u>	<u>\$ 21,136</u>	<u>\$ 14,378</u>	<u>\$ 97,543</u>	<u>\$ 80,053</u>	21.8%

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

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

Governmental activities

- Taxes and franchise fees (\$26.7 million and \$25.4 million, respectively, for fiscal year 2025 and fiscal year 2024) comprised 56% and 67%, respectively, of total revenues of \$47.97 million and \$38.02million for fiscal year 2025 and fiscal year 2024, respectively, with property taxes representing the largest single tax source (\$11.18 million and \$10.03 million in fiscal year 2025 and 2024, respectively). Total fiscal year 2025 revenues increased approximately 34.6%, due primarily to increases in property taxes (approximate \$1.15 million increase), charges for services (approximate \$536,000 increase), and operating grants and contributions (approximate \$12.65 million increase), offset by an approximate decrease of \$456,000 in other revenue, as discussed in the following points.
- Charges for services in fiscal year 2025 increased from fiscal year 2024 by approximately \$216,000 primarily as a result of increased (1) parks fees (approximately \$41,200), (2) building permits and zoning fees (approximately \$168,100), (3) fines for violation of local ordinances (approximately \$38,600), and (4) public works review fees (approximately \$14,100), offset by (5) decreased zoning fees (approximately \$15,100), (6) decreased burglar alarm fees (approximately \$23,800), and (7) decreased judgements and fines (approximately \$9,600). The balance of the decrease is the sum of other small increases and decreases between the years.
- Operating grants and contributions increased approximately \$8,512,000 primarily as a result of approximate increases of (1) \$4,516,100 in the ARPA Fund related to revenue recognized for ARPA eligible grant expense, (2) an approximate \$174,900 increase in CITT Surtax revenues, (3) an approximate \$4,065,800 increase in funding from Miami-Dade County for the JPA-Franjo Road project due to ongoing construction, (4) an approximate \$147,800 increase in Go Connect/On Demand grant funding in the Transit Fund, and (5) an approximate \$5,900 increase in law enforcement grants. These increases were offset by (6) an approximate \$112,900 decrease in a transit grant for the CITT Fund, (7) an approximate \$112,600 decrease in general government physical environment related grants, (8) an approximate \$140,100 decrease in other park related grants, (9) an approximate \$25,000 decrease in an environmental grant for one of the Town's parks, (10) an approximate \$6,700 in grants from private sources, and (11) an approximate \$1,400 decrease in grants related to The Children's Trust program. The balance of the increase is the sum of other small increases and decreases between the years.
- Capital grants and contributions increased approximately \$389,000, primarily related to a transportation grant of approximately \$362,500 recorded in the Transportation Fund, and in impact fees (approximate \$26,200 increase).
- Taxes and franchise fees increased approximately \$1,292,000, reflecting increases in property taxes (approximately \$1,155,000), in utility taxes (approximately \$108,500), and in franchise fees (approximately \$98,600), offset by decreases in intergovernmental revenues (approximately \$70,300), primarily related to approximate decreases in sales taxes (\$87,200), revenue sharing (\$15,400) and local option gas taxes (\$20,600), offset by an approximate \$52,900 increase in communication services tax..
- Other general revenues decreased approximately \$460,000, primarily as a result of decreased interest income of approximately \$318,200 resulting from a less favorable interest rate environment. Additionally, other general revenues decreased approximately \$51,600 as a result of the Town recording less income from sales of voluntary cleanup tax credits (VCTC), decreased insurance proceeds of approximately \$79,400, decreased lobbyist registration fees of approximately \$8,000, and decreased bus shelter advertising revenue of approximately \$3,400. The balance of the change is the sum of other small increases and decreases between the years.
- Operating and capital grants and contributions (\$17,415,000 and \$625,000 at September 30, 2025 and \$8,903,000 and \$236,000 at September 30, 2024, respectively) account for 37.6% and 24% of total revenues at September 30, 2025 and 2024, respectively. The amounts in both the fiscal year 2025 and fiscal year 2024 periods are comprised primarily of 2nd local option gas tax receipts, impact fees, CITT surtax funds and capital and non-capital project grant funds received by the Town.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

Governmental activities (continued)

- Charges for services account for 4.7% and 5.3% of total revenues for fiscal years 2025 and 2024, respectively. These amounts consist primarily of building and zoning fees, park service fees, rental income, and public safety fees and fines and forfeitures. Use of these funds is generally restricted to certain prescribed uses. The increase in these revenues in fiscal year 2025 is discussed in the bullet point above.
- Expenses for governmental activities increased approximately \$6,203,000, resulting primarily from an approximate \$5,867,000 increase in expenses related to general government, an approximate \$452,000 increase in expenses related to public safety, an approximate \$124,000 decrease in expenses related to community development, and an approximate \$18,000 decrease in expenses related to parks and recreation, and an approximate \$26,000 increase in interest on long-term debt. The primary reasons for these changes are:
 - The increase in general government expenses results, in large part, from increased costs associated with the Town's ongoing roadway and transportation related projects, as follows:
 1. Expenses related to CITT surtax funded projects decreased approximately \$265,100 in fiscal year 2025, primarily related to reduced roadway resurfacing and transportation project expenditures (approximately \$24,200 including related design and professional fees), and reduced transit related expenses (approximately \$250,600), primarily resulting from cessation of the second circulator bus upon grant completion, offset by increased CITT administrative fees (approximately \$9,200). Personnel salaries and benefit increases comprised the balance of the net change.
 2. Expenses related to the JPA – Franjo Road Fund increased approximately \$5,474,900 as the project construction phase was ongoing for all of fiscal year 2025.
 3. The Sidewalks Fund had \$499,950 in project expenses in fiscal year 2025. There were no projects in the corresponding fiscal year 2024 period.
 4. Expenses for the Transit Fund increased approximately \$259,400 in fiscal year 2025 as a result of securing additional grant funding for the Go Connect/On Demand service.

Non roadway/transportation project related items that contributed to the net change of general government expenses included a decrease in depreciation expense (approximately \$3,700), a decrease in pension expense (approximately \$121,150 based on the current year pension valuation), and a decrease in compensated absences (approximately \$34,800).

Additionally, general government expenses increased approximately \$57,600 primarily as a result of:

- The Town Attorney department expenditures decreased approximately \$139,300 in fiscal year 2025 versus the fiscal year 2024 period. A portion of the decrease is attributable to a reduction in services related to the award and utilization of ARPA grant funding. The Town contracts for these services.
- The Mayor & Council department expenditures increased approximately \$10,500 primarily due to cost of living pay changes, as well as increased payroll taxes, retirement contributions and life and health insurance premiums (approximate \$6,400 increase), as well as an approximate \$2,200 increase in travel related costs and an approximate \$1,000 increase in dues and subscriptions. There were other account balance increases and decreases that individually were not material for further analysis.
- The Town Clerk department expenditures increased approximately \$45,500. The increase results primarily to an increase in salaries and benefits (approximate \$57,400 increase) due to merit and cost of living pay increases and increased life and health insurance premiums, and an increase in other contractual services (approximate \$5,100 increase, primarily related to election related costs as well as additional Municode costs), offset by a decrease in other current charges (approximate \$15,400 decrease, reflecting reduced advertising costs) and a decrease in conference related travel (approximate \$3,200 decrease). There were other account balance increases and decreases that individually were not material for further analysis.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

- The Finance department expenditures increased approximately \$22,400. The increase reflects an increase in salaries and benefits of approximately \$43,600, reflecting the addition of a part-time staff person as well as increases related to merit and cost of living pay increases, an approximate \$1,100 increase in other contractual services reflecting increased payroll and tax reporting costs, and an approximate \$6,400 increase in accounting and auditing related fees. These increases were offset by a decrease in repairs and maintenance (approximate \$29,600 decrease) reflecting less software system maintenance fees. There were other account balance increases and decreases that individually were not material for further analysis.
- The Public Works department expenditures decreased approximately \$111,200 due primarily to increase in salaries and benefits (approximate \$15,000 increase) due to merit and cost of living pay increases and increased life and health insurance premiums, an increase in travel, primarily for conferences and training (approximate \$2,500 increase), and an increase in supplies (approximate \$2,700 increase, offset by a decrease in other contractual services (approximate \$129,000 decrease) due to a net decrease roadway and sidewalk maintenance projects in the current year, and a decrease in fleet fuel (approximate \$2,000 decrease). There were other account balance increases and decreases that individually were not material for further analysis.
- The General Government department expenditures increased approximately \$229,600. The increase results primarily to (1) an increase in salaries and benefits (approximate \$163,100 increase) due primarily to merit and cost of living pay increases and increased life and health insurance costs, (2) an increase in property and casualty insurance (approximate \$125,100 increase) due primarily to increased property and liability insurance premiums in the Florida market, as well as to increased property values insured, (3) an increase in professional fees (approximate \$89,000 increase) primarily related to soil testing at park locations and IT project management costs related to new software implementation, (4) an increase in other contractual services (approximate \$47,500 increase) primarily related to consulting costs for soil remediation issues and for an update to the Town's pay plan, (5) an increase in supplies (approximate \$5,300 increase), and (6) an increase in promotional expenses related to Town events (approximate \$7,900 increase), offset by decreased expenditures for a Brownfield consultant and related services (approximate \$86,200 decrease), (7) a decrease in other current charges (approximate \$105,300 decrease) resulting from land acquisition and loan related costs in the fiscal year 2024 period and not in the current year, (8) a decrease in printing and binding (approximate \$3,200 decrease), and (9) a decrease in dues and subscriptions (approximate \$13,000 decrease). There were other account balance increases and decreases that individually were not material for further analysis.

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

- Expenditures for public safety increased approximately \$452,000 primarily due to costs related to contracted police services with the County. Professional services, for local patrol and optional police services, increased approximately \$607,300, primarily as a result of increased union contract costs. Operating supplies also increased approximately \$6,600. These increases were offset by decreases in pension expense (approximately \$157,000), depreciation expense (approximately \$2,100), and printing expense (approximately \$2,200). The balance of the difference in public safety expenses results from a combination of smaller changes in various accounts, none of the changes for which are individually material.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

- Expenses for parks and recreation expenses decreased approximately \$18,000. Salaries and benefits increased (approximately \$224,800) primarily as a result of merit and cost of living pay changes, hiring of additional staff, including seasonal part-timers, as well as corresponding increases for payroll taxes, retirement contributions and life and health insurance premiums. Other increases were seen for other contractual services related to Brownfield specific consulting (approximate \$68,700 increase), an increase in utilities (approximate \$36,400 increase, primarily to a water leak issue at the Town's pool), and depreciation expense (an approximate \$49,600 increase). These increases were offset a decrease repair and maintenance costs (approximate \$10,800 decrease), a decrease in general consulting services (approximate \$240,400 decrease), a decrease in grant related consulting services (approximate \$66,600 decrease), a decrease in operating supplies (approximate \$11,700 decrease), a decrease in expenses related to an ongoing environmental project at one of the Town's parks (approximate \$28,800 decrease), and a decrease in The Children's Trust grant program (approximate \$1,400 decrease). The balance of the difference in public safety expenses results from a combination of smaller changes in various accounts, none of the changes for which are individually material.
- Expenses for community development decreased approximately \$124,000. Salaries and benefits increased (approximately \$147,400), primarily related to merit and cost of living pay changes, as well as increased payroll taxes, retirement contributions and life and health insurance premiums. Professional services decreased approximately \$116,700 related to the completion of a grant funded study. Other contractual services expenditures decreased approximately \$106,600 primarily related to decreased amounts paid to the consulting firm that performs the Town's permit and inspection services. Additionally, depreciation expense decreased (approximately \$45,800). The balance of the difference relates from a combination of smaller changes in various accounts.
- Interest on long-term debt increased approximately \$26,000, primarily as a result of a full year of debt service on the new loan issued in fiscal year 2024 plus the normal amortization of the Town's other outstanding debt, including the debt service recorded by implementing GASB 87, as well as by a decrease in accrued interest at year end 2025 versus the year end 2024 period (approximate \$3,750 decrease).
- Transfers out decreased approximately \$1,519,000 reflecting decreased transfers out from the CITT Fund (a major governmental fund) of approximately \$107,000 and decreased transfers out from the ARPA Fund (a major governmental fund) of approximately \$1,412,600 to the Stormwater Fund (a proprietary fund) for use on the transportation/roadway related costs of drainage projects, as well as ARPA grant eligible projects.

Business-type activities

- Charges for services for stormwater fees, which represent 31.8% and 70.8% of total revenues for fiscal years 2025 and 2024, respectively, in the proprietary fund, resulted from the Town's operation of the stormwater utility within the Town's boundaries which commenced in the fourth quarter of fiscal 2008.
- Capital grants and contributions increased approximately \$3,771,000 related to grants awarded to the Town for the construction of a drainage improvement projects. Activity on grant funded projects increased in fiscal year 2025.
- Operating grants and contributions decreased \$20,000 related to the reduced activity on non-capital grant projects in the fiscal year 2025 period.
- Total expenses of the stormwater utility increased approximately \$15,000 reflecting increased depreciation expense (approximate \$74,200 increase), offset by decreases in operating expenses, other than depreciation, of approximately \$53,400, and in interest expense (approximately \$6,000).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis (Continued)

Business-type activities (continued)

- Operating expenses, including depreciation expense, increased approximately \$20,800 primarily as a result of increases in depreciation expense (approximate \$74,200 increase), in salaries and benefits (approximate \$42,300 increase, due primarily to merit and cost of living increases with associated increases in retirement contributions and life and health insurance premiums), in professional services (approximate \$3,900 increase) resulting from increased design services, and in communications and freight (approximate \$12,400 increase) related to stormwater fee announcement mailings, offset by decreases in contractual services (approximate \$106,400 decrease due primarily to timing of project activity, and in printing (approximate \$5,400 decrease). The balance of the difference relates from a combination of smaller changes in various accounts.
- Interest expense decreased approximately \$6,000, primarily as a result of scheduled debt amortization, including the interest associated with vehicles – right to use leases recorded pursuant to GASB 87.
- Transfers in decreased approximately \$1,519,000 reflecting decreased transfers in from the CITT Fund (a major governmental fund) for use on the transportation/roadway related costs of drainage projects (approximate \$107,000 decrease), and decreased transfers in from the ARPA Fund (a major governmental fund) for use on ARPA eligible grant projects) approximate \$1,412,600 decrease).

Financial Analysis of the Government's Funds

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

Governmental funds

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

As of September 30, 2025, and 2024, the Town's governmental funds reported combined ending fund balances of \$34.13 million and \$35.79 million, respectively. The fiscal year 2025 operations decreased fund balance by approximately \$1.66 million primarily from normal current operating activities (approximate \$15,724,200 increase), and by transfers in (approximate \$13,601,500), offset by capital expenditures (approximately \$13,185,800), debt service (approximately \$2,465,600), and transfers out (approximately \$15,333,100).

Total revenues for fiscal year 2025 increased approximately \$9,890,500 from fiscal year 2024 levels, due primarily to several factors, as follows:

- Ad valorem revenues increased in fiscal year 2025 approximately \$1,155,000 as a result of increased property values and the timing of collections.
- Utility taxes increased approximately \$43,300 primarily as a result of the timing of collections.
- Franchise fees increased approximately \$98,600 primarily due to increases in electricity franchise fees and solid waste franchise fees in the fiscal year 2025 period.
- Licensing and permit revenues increased approximately \$161,500. Building permit and zoning related fees increased approximately \$162,800, offset by a decrease in local business tax receipts and other licenses of approximately \$1,300.
- Impact fees increased approximately \$26,200 relating to the timing of application for new project developments within Town subject to impact fee assessments.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

- Intergovernmental revenues increased approximately \$8,827,900 primarily resulting from:
 1. Revenue from the CITT surtax funds increased approximately \$70,400 in fiscal year 2025 versus the 2024 period due primarily to continued economic strength.
 2. Revenue recognized from the grant in the ARPA Fund increased approximately \$4,516,100 in fiscal year 2025 as ARPA grant related projects continued.
 3. Revenues from The Children's Trust grant decreased in fiscal year 2025 approximately \$1,400, essentially flat from the 2024 period.
 4. In fiscal year 2021, the Town commenced the design of a roadway improvement project along Franjo Road, being developed in conjunction with Miami-Dade County pursuant to a Joint Participation Agreement ("JPA). The project is being accounted for in the JPA – Franjo Road Fund. The Town recorded revenues from the County pursuant to the JPA for the cost incurred during the fiscal year 2025 period increased approximately \$4,065,800 over the fiscal year 2024 period as a result of the on-going project construction.
 5. In fiscal year 2021, the Town commenced an "on demand" transit service funded by a grant with a Town match from CITT Surtax funds. The project is being accounted for in the Transit Fund. In fiscal year 2025, the Town recorded grant funds of approximately \$225,400, versus approximately \$77,600 in fiscal year 2024, an approximate increase of \$147,800.
 6. In fiscal year 2024 the Town commenced a project for the design of an environmentally protected land area the Town acquired in fiscal year 2023. In fiscal year 2024, the Town recorded \$25,000 of grant revenues on this project. There was no corresponding amount in fiscal year 2025, resulting in a decrease in grant revenues of \$25,000.
 7. In fiscal year 2025, the Town completed a grant funded roadway project and recorded grant revenues of \$362,500. There was no corresponding amount in fiscal year 2024.
 8. The Town experienced an approximate \$300 decrease in the 2nd Local Option Gas tax restricted for use to capital items in fiscal year 2025. This is a pass-through revenue from the State of Florida.
 9. The Town experienced decreases in most State shared revenue categories of approximately \$70,300. Communications services taxes increased approximately \$52,900, offset by decreases in State revenue sharing (approximate \$15,400 decrease), in half-cent sales taxes (approximate \$87,200 decrease), and in local option gas tax revenues (approximate \$20,600 decrease).
 10. Revenues from grants decreased approximately \$246,700, primarily related to culture and recreation and physical environment grants received in the fiscal year 2024 period not received in the current year.
 11. Administrative fees from administering the CITT surtax funds program were approximately \$150,800 in fiscal year 2025, an increase of approximately \$9,200.
 12. The balance of the change in intergovernmental revenues relates primarily to increases and decreases in various smaller accounts.
- Charges for services increased approximately \$13,700, primarily due to increases in park fees (approximate \$41,200 increase), school crossing guards (approximate \$4,100 increase), and an approximate \$3,600 increase in various smaller accounts, offset by decreases in lien search fees (approximate \$11,300 decrease) and burglar alarm fees (approximate \$23,900 decrease).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

- Fines and forfeitures increased approximately \$29,500 resulting primarily from increased revenue from code enforcement fines (approximately \$38,600), offset by decreased revenue from traffic enforcement fines (approximately \$9,100).
- Interest income decreased approximately \$318,200 due primarily to a lower interest rate environment in fiscal year 2025.
- Miscellaneous revenues decreased approximately \$147,000 primarily reflecting decreases from proceeds from voluntary cleanup tax credit sales (approximately \$50,200), insurance proceeds (approximately \$79,400), contributions from private sources (approximately \$6,700), lobbyist fees (approximately \$8,000), and advertising revenues (approximately \$3,400), offset by decreases in rental income (approximately \$1,900). The balance of the change relates primarily to increases and decreases in various smaller accounts.
- The balance of the net change is comprised of minor increases and decreases from various revenue sources.

The Town's total debt service decreased approximately \$22,100 in fiscal year 2025 versus the amounts in fiscal year 2024, reflecting the normal amortization of the Town's outstanding debt, including the debt service recorded by implementing GASB 87.

Capital expenditures increased approximately \$1,562,900 in fiscal year 2025 versus the fiscal year 2024 period primarily as a result of the following:

- Expenditures in the Lighting Fund, decreased \$1,188,500 in fiscal year 2025 versus the fiscal year 2024 period related to completion of an LED lighting project at the Town's parks.
- Expenditures in the Transportation Fund, increased approximately \$564,400 in fiscal year 2025 related to completion of one roadway project and the commencement of another.
- Expenditures in the CITT Fund increased \$148,400 in fiscal year 2025 related to commencement of a road improvement project. There no such expenditures in the fiscal year 2024 period.
- Expenditures in the Capital Projects Legacy Park Fund increased approximately \$10,364,500 related to the commencement of site development as well as on-going design of the Town's Municipal complex and park.
- In the General Fund:
 - Community development capital expenditures decreased approximately \$2,500 as a result of fewer technology related expenditures in fiscal year 2025.
 - General government capital expenditures decreased approximately \$8,353,300 primarily as a result of a land parcel acquisition in fiscal year 2024 with no such expenditure in the current year (\$8,482,000 decrease) offset by an increase from recording subscription based software costs pursuant to GASB 96 (approximate \$129,400 increase) in fiscal year 2025. The balance of the difference relates to the timing of technology related items between the years.
 - Parks and recreation capital expenditures increased approximately \$35,300 resulting from purchase of two new John Deere Gators (approximate \$18,400 increase), as well as electrical upgrades (approximate \$23,800 increase), computer equipment (approximate \$4,100 increase), offset by a decrease in operating related equipment and improvements (approximate \$11,000 decrease).
 - Public safety capital expenditures decreased approximately \$5,400 reflecting the purchase of computer related equipment in fiscal year 2024 (approximately \$5,400). There were no public safety capital expenditures in fiscal year 2025.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued)

Transfers out (approximately \$15,333,140) reflect:

- transfers of CITT surtax funds (approximately \$1,999,650) from the CITT Fund to (1) the Transportation Fund (approximately \$245,630), (2) the Transit Fund (approximately \$142,260), (3) the JPA-Franjo Road Fund (approximately \$1,507,860) and (4) the Stormwater Fund, a proprietary fund, (approximately \$103,900) to fund eligible transportation expenditures.
- transfer of grant funds (approximately \$8,903,010) from the ARPA Fund to (1) the General Fund (approximately \$146,460), (2) the Lighting Fund (approximately \$128,910), (3) the Sidewalks Fund (approximately \$499,950), (4) the Capital Projects – Legacy Park Fund (\$6.5 million), and (5) the Stormwater Fund, a proprietary fund, (approximately \$1,627,690) to fund eligible projects.
- transfers of funds (approximately \$4,232,830) from the General Fund to (1) the Capital Projects – Legacy Park Fund (approximately \$4,191,700), (2) the Environmental Fund (approximately \$23,780), and (3) the Lighting Fund (approximately \$17,350).
- transfer of gas taxes (approximately \$197,650) from the Special Revenue Fund to the General Fund for sidewalk repairs.

This represented an increase of approximately \$8,814,900 from the fiscal year 2024 transfers out, primarily as a result of:

- increased transfers out from the General Fund (approximately \$4,205,300) to the Capital Projects - Legacy Park Fund (approximate \$4,191,700 increase) and to the Lighting Fund (approximate \$17,350 increase), offset by a decrease in transfers out for the Environmental Fund wetlands design project (approximate \$3,750 decrease).
- increased transfers out from the ARPA Fund (approximately \$4,516,100) to the Capital Projects – Legacy Park Fund (\$6.5 million increase), to the General Fund (approximate \$134,600 increase), and to the Sidewalks Fund (approximate \$499,950 increase), offset by decreased transfers out to the Lighting Fund (approximate \$1,205,850 decrease) and to the Stormwater Fund, a proprietary fund, for ARPA grant eligible expenditures (approximate \$1,412,600 decrease).
- increased transfers out from the CITT Fund (approximately \$1,362,550) to the JPA-Franjo Road Fund (approximate \$1,409,100 increase), and the Transportation Fund (approximate \$201,900 increase), offset by decreased transfers out to the Transit Fund (approximate \$141,450 decrease), and to the Stormwater Fund, a proprietary fund, (approximate \$107,000 decrease).
- decreased transfers out from the Special Revenue Fund (approximately \$1,015,900) reflecting decreased gas taxes transferred out to the General Fund for sidewalk related projects (approximate \$165,900 decrease) and decreased park impact fees transferred to the General Fund for a land parcel acquisition (approximate \$850,000 decrease).
- decreased transfers out from the Transit Fund to the CITT Fund (approximately \$253,150) for costs related to the Go Connect/On Demand service in the fiscal year 2024 period.

Transfers in reflect inflows into various funds of amounts transferred out, as specified above. Transfers in for fiscal year 2025 increased approximately \$10,334,450 over fiscal year 2024 amounts due primarily to the utilization of ARPA grant funding and General Fund resources for site improvement work recorded in the Capital Projects – Legacy Park Fund (approximately \$10,691,700, reflecting \$6.5 million ARPA funding and \$4,191,700 General Fund funding transferred to the Capital Projects – Legacy Park Fund). The other significant changes contributing to the net increase in transfers in are discussed in the preceding paragraph and include utilization changes in ARPA grant and PTP surtax funded projects (exclusive of the amount transferred to the Stormwater Fund, a proprietary fund, the transfer in for which is reflected in the Stormwater Fund's Statement of Revenues, Expenses, and Changes in Net Position). The primary components of the net increase of transfers in are as follows:

- net increase (approximately \$524,050) of transfers into various special revenue funds, reflecting increased transfer is to (1) Sidewalks Fund (approximate \$499,950 increase), (2) JPA-Franjo Road Fund (approximate \$1,409,100 increase), and (3) Transportation Fund (approximate \$201,900 increase), offset by decreased transfers in to (4) Transit Fund (approximate \$141,500 decrease), (5) Lighting Fund (approximate \$1,188,500 decrease), (6) the CITT Fund (approximate \$253,150 decrease), and (7) Environmental Fund (approximate \$3,750 decrease);

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

Governmental Funds (Continued)

- net increase of transfers into the Capital Projects – Legacy Park Fund (approximate \$10,691,700 increase);
- net decrease (approximately \$881,300) of transfers into the General Fund, comprised of increased transfers in of ARPA grant funds (approximate \$134,600 increase), offset by decreased transfers in of gas tax monies for sidewalk repairs (approximate \$165,900 decrease), and decreased transfers in of impact fees for eligible purchases (approximate \$850,000 decrease in park impact fees).

During fiscal year 2024, the Town acquired a land parcel for which debt was issued (\$6,630,000). There we no debt issuances in the fiscal year 2025 period.

Approximately 71% and 74% of the combined ending fund balance, or \$24.3 million and \$26.7 million, respectively, constitutes "Unassigned" fund balance at September 30, 2025 and 2024, respectively, which is available for spending at the Town's discretion. Approximately 28% and 25% of the combined ending fund balance, or \$9.6 million and \$8.9 million, respectively, at September 30, 2025 and 2024 are classified as "Restricted" fund balance as these amounts are legally restricted as to use. The remainder of fund balance is classified as "Nonspendable" to indicate that it is not available for new spending because it has already been committed for prepaid expenses.

General Fund

The General Fund is the primary operating fund of the Town of Cutler Bay. At September 30, 2025 and 2024, unassigned fund balance of the General Fund was \$27.4 million and \$28.4 million, respectively. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of the General Fund at September 30, 2025 represents 103% of total General Fund expenditures (82% at September 30, 2024), while total fund balance of the General Fund at September 30, 2025 represents 104% of that same total fund expenditure amount (83% at September 30, 2024). This indicator remains positive and reflects a healthy financial condition for the Town.

The fund balance of the Town's General Fund decreased by approximately \$988,160 during fiscal year 2025, versus an approximate increase of \$2,076,350 during fiscal year 2024. The fiscal year 2025 increase primarily reflects the results of the Town's operating activity for the fiscal year (approximately \$5,575,770 surplus), increased by transfers in (approximately \$344,100), and offset by capital expenditures (approximately \$209,600), transfers out (approximately \$4,232,830), and debt service (approximately \$2,465,600).

Revenues of the General Fund in fiscal year 2025 were approximately \$900,000 more than fiscal year 2024, as a result of the following:

- Ad valorem revenues increased in fiscal year 2025 approximately \$1,155,000 as a result of increased property values and the timing of collections.
- Utility taxes increased approximately \$43,300 primarily as a result of the timing of collections.
- Franchise fees increased approximately \$98,600 primarily due to increases in electricity franchise fees and solid waste franchise fees in the fiscal year 2025 period.
- Licensing and permit revenues increased approximately \$161,500. Building permit and zoning related fees increased approximately \$162,800, offset by a decrease in local business tax receipts and other licenses of approximately \$1,300.
- Intergovernmental revenues decreased approximately \$307,900 primarily resulting from:
 - 13. The Town experienced decreases in most State shared revenue categories of approximately \$70,300. Communications services taxes increased approximately \$52,900, offset by decreases in State revenue sharing (approximate \$15,400 decrease), in half-cent sales taxes (approximate \$87,200 decrease), and in local option gas tax revenues (approximate \$20,600 decrease).
 - 14. Revenues from grants decreased approximately \$246,700, primarily related to culture and recreation and physical environment grants received in the fiscal year 2024 period not received in the current year.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

15. Administrative fees from administering the CITT surtax funds program were approximately \$150,800 in fiscal year 2025, an increase of approximately \$9,200.
16. The balance of the change in intergovernmental revenues relates primarily to increases and decreases in various smaller accounts.
 - Charges for services increased approximately \$13,700, primarily due to increases in park fees (approximate \$41,200 increase), school crossing guards (approximate \$4,100 increase), and an approximate \$3,600 increase in various smaller accounts, offset by decreases in lien search fees (approximate \$11,300 decrease) and burglar alarm fees (approximate \$23,900 decrease).
 - Fines and forfeitures increased approximately \$29,500 resulting primarily from increased revenue from code enforcement fines (approximately \$38,600), offset by decreased revenue from traffic enforcement fines (approximately \$9,100).
 - Interest income decreased approximately \$146,800 due primarily to a lower interest rate environment in fiscal year 2025.
 - Miscellaneous revenues decreased approximately \$147,000 primarily reflecting decreases from proceeds from voluntary cleanup tax credit sales (approximately \$50,200), insurance proceeds (approximately \$79,400), contributions from private sources (approximately \$6,700), lobbyist fees (approximately \$8,000), and advertising revenues (approximately \$3,400), offset by decreases in rental income (approximately \$1,900). The balance of the change relates primarily to increases and decreases in various smaller accounts.
 - The balance of the net change is comprised of minor increases and decreases from various revenue sources and/or rounding.

Current expenditures of the General Fund in fiscal year 2025 increased approximately \$595,900 versus the expenditure total in fiscal year 2024 due to the following primary reasons:

- General government expenditures increased approximately \$57,600 primarily as a result of:
 - The Town Attorney department expenditures decreased approximately \$139,300 in fiscal year 2025 versus the fiscal year 2024 period. A portion of the decrease is attributable to a reduction in services related to the award and utilization of ARPA grant funding. The Town contracts for these services.
 - The Mayor & Council department expenditures increased approximately \$10,500 primarily due to cost of living pay changes, as well as increased payroll taxes, retirement contributions and life and health insurance premiums (approximate \$6,400 increase), as well as an approximate \$2,200 increase in travel related costs and an approximate \$1,000 increase in dues and subscriptions. There were other account balance increases and decreases that individually were not material for further analysis.
 - The Town Clerk department expenditures increased approximately \$45,500. The increase results primarily to an increase in salaries and benefits (approximate \$57,400 increase) due to merit and cost of living pay increases and increased life and health insurance premiums, and an increase in other contractual services (approximate \$5,100 increase, primarily related to election related costs as well as additional Municode costs), offset by a decrease in other current charges (approximate \$15,400 decrease, reflecting reduced advertising costs) and a decrease in conference related travel (approximate \$3,200 decrease). There were other account balance increases and decreases that individually were not material for further analysis.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

- The Finance department expenditures increased approximately \$22,400. The increase reflects an increase in salaries and benefits of approximately \$43,600, reflecting the addition of a part-time staff person as well as increases related to merit and cost of living pay increases, an approximate \$1,100 increase in other contractual services reflecting increased payroll and tax reporting costs, and an approximate \$6,400 increase in accounting and auditing related fees. These increases were offset by a decrease in repairs and maintenance (approximate \$29,600 decrease) reflecting less software system maintenance fees. There were other account balance increases and decreases that individually were not material for further analysis.
- The Public Works department expenditures decreased approximately \$111,200 due primarily to increase in salaries and benefits (approximate \$15,000 increase) due to merit and cost of living pay increases and increased life and health insurance premiums, an increase in travel, primarily for conferences and training (approximate \$2,500 increase), and an increase in supplies (approximate \$2,700 increase, offset by a decrease in other contractual services (approximate \$129,000 decrease) due to a net decrease roadway and sidewalk maintenance projects in the current year, and a decrease in fleet fuel (approximate \$2,000 decrease). There were other account balance increases and decreases that individually were not material for further analysis.
- The General Government department expenditures increased approximately \$229,600. The increase results primarily to (1) an increase in salaries and benefits (approximate \$163,100 increase) due primarily to merit and cost of living pay increases and increased life and health insurance costs, (2) an increase in property and casualty insurance (approximate \$125,100 increase) due primarily to increased property and liability insurance premiums in the Florida market, as well as to increased property values insured, (3) an increase in professional fees (approximate \$89,000 increase) primarily related to soil testing at park locations and IT project management costs related to new software implementation, (4) an increase in other contractual services (approximate \$47,500 increase) primarily related to consulting costs for soil remediation issues and for an update to the Town's pay plan, (5) an increase in supplies (approximate \$5,300 increase), and (6) an increase in promotional expenses related to Town events (approximate \$7,900 increase), offset by decreased expenditures for a Brownfield consultant and related services (approximate \$86,200 decrease), (7) a decrease in other current charges (approximate \$105,300 decrease) resulting from land acquisition and loan related costs in the fiscal year 2024 period and not in the current year, (8) a decrease in printing and binding (approximate \$3,200 decrease), and (9) a decrease in dues and subscriptions (approximate \$13,000 decrease). There were other account balance increases and decreases that individually were not material for further analysis.
- Public safety expenditures increased approximately \$611,300 primarily as a result of:

Expenditures for public safety increased primarily due to costs related to contracted police services with the County. Professional services, for local patrol and optional police services, increased approximately \$607,300, primarily as a result of increased union contract costs, plus an approximate \$6,700 increase in operating supplies, offset by an approximate \$2,300 decrease in printing costs. The balance of the difference results from a combination of smaller changes in various accounts.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

- Parks and recreation expenditures increased approximately \$5,100, primarily as a result of:

Salaries and benefits increased (approximately \$224,800) primarily as a result of merit and cost of living pay changes, hiring of additional staff, including seasonal part-timers, as well as corresponding increases for payroll taxes, retirement contributions and life and health insurance premiums. Additional expenditure increases were incurred for utilities (approximate \$36,400 increase), travel (approximate \$2,000 increase, primarily for travel to conferences), and dues and subscriptions (approximate \$1,100 increase, primarily related to conference fees). These increases were offset by decreases in repair and maintenance costs (approximate \$10,800 decrease), in contractual services (approximate \$238,300 decrease, primarily related to soil testing at certain parks, reduced expenditures related to grants, and reduced contractor services related to park equipment) and in operating supplies (approximate \$11,500 decrease). The balance of the difference relates from a combination of smaller changes in various accounts.

- Community development expenditures decreased approximately \$78,100 primarily due to:

Salaries and benefits increased (approximately \$147,400), primarily related to merit and cost of living pay changes, as well as increased payroll taxes, retirement contributions and life and health insurance premiums. Professional services decreased approximately \$116,700 due to completion of a grant funded study. Other contractual services expenditures decreased approximately \$106,600 primarily related to decreased amounts paid to the consulting firm that performs the Town's permit and inspection services. Printing and binding declined approximately \$1,600 as a result of fewer printed materials. The balance of the difference relates from a combination of smaller changes in various accounts.

Also, as discussed above, the General Fund experienced an approximate \$22,100 decrease in debt service in fiscal year 2025 versus the prior year. The decrease reflects the normal amortization of the Town's outstanding debt, including the debt service recorded by implementing GASB 87.

Capital outlay in the General Fund decreased approximately \$8,325,900 in fiscal year 2025. In the General Fund:

- Community development capital expenditures decreased approximately \$2,500 as a result of fewer technology related expenditures in fiscal year 2025.
- General government capital expenditures decreased approximately \$8,353,300 primarily as a result of a land parcel acquisition in fiscal year 2024 with no such expenditure in the current year (\$8,482,000 decrease) offset by an increase from recording subscription based software costs pursuant to GASB 96 (approximate \$129,400 increase) in fiscal year 2025. The balance of the difference relates to the timing of technology related items between the years.
- Parks and recreation capital expenditures increased approximately \$35,300 resulting from purchase of two new John Deere Gators (approximate \$18,400 increase), as well as electrical upgrades (approximate \$23,800 increase), computer equipment (approximate \$4,100 increase), offset by a decrease in operating related equipment and improvements (approximate \$11,000 decrease).
- Public safety capital expenditures decreased approximately \$5,400 reflecting the purchase of computer related equipment in fiscal year 2024 (approximately \$5,400). There were no public safety capital expenditures in fiscal year 2025.

General Fund transfers out in fiscal year 2025 increased approximately \$4,205,300 over fiscal year 2024 primarily as a result of an approximate transfer to the Capital Projects – Legacy Park Fund for soil remediation work in fiscal year 2025 (an approximate \$4,191,700 increase), and an approximate \$17,350 transfer to the Special Revenue – Lighting Fund as Town match to complete an LED lighting project, offset by a decrease in transfers out for the Environmental Fund wetlands design project (approximate \$3,750 decrease).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

General Fund transfers in decreased approximately \$881,300, reflecting decreased transfers in of gas tax monies for sidewalk repairs (approximate \$165,900 decrease), and decreased transfers in of park impact fees (approximate \$850,000 decrease) reflecting no park impact fee eligible acquisitions in fiscal year 2025, offset by an increase in transfers in of ARPA grant funds (approximate \$134,600 increase).

During fiscal year 2024, the Town acquired a land parcel for which debt was issued (\$6,630,000). There was no debt issuances in the fiscal year 2025 period.

Special Revenue Fund – ARPA Fund

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

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

In fiscal year 2025, the Town expended approximately \$8,903,000 on ARPA eligible projects and recorded that amount as intergovernmental revenue. Additionally, the ARPA Fund earned interest income of approximately \$282,000 in fiscal year 2025.

ARPA eligible projects are recorded in funds other than the ARPA Fund. As a result, the ARPA Fund does not reflect expenditures, but rather reflects transfers out to other funds where the eligible projects are accounted for. In fiscal year 2025, the ARPA Fund reflected transfers out of approximately \$8,903,000, an approximate \$4,516,100 increase from fiscal year 2024, of which there was an approximate \$6,500,000 increase in the transfers to the Capital Projects – Legacy Park Fund, a \$499,950 increase in transfers to the Sidewalks Fund, and an approximate \$134,600 increase in transfers to the General Fund, offset by decreases in transfers to the Lighting Fund (approximate \$1,205,850 decrease) and an approximate \$1,412,600 decrease in transfers to the Stormwater Fund, a proprietary fund.

The fund balance of the ARPA Fund increased by approximately \$282,000 in fiscal year 2025, reflecting the interest income earned during the period. The ARPA Fund reported fund balance of \$1,177,300 at September 30, 2025, and \$895,300 at September 30, 2024, respectively, and is classified as restricted at both reporting dates.

Special Revenue Fund – CITT Fund

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

In fiscal year 2025, the CITT Fund received intergovernmental revenues from this program of approximately \$3,015,800, an increase of approximately \$70,400 from the prior year. The CITT Fund earned interest income of approximately \$118,100 in fiscal year 2024 (versus approximately \$132,500 in fiscal year 2024), primarily resulting from a weaker interest rate environment, offset somewhat by higher balances earning interest.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

Special Revenue Fund – CITT Fund (Continued)

Total expenditures decreased approximately \$116,700 from fiscal year 2024. This resulted primarily from reduced operating expenditures (approximate \$265,100 decrease), offset by increased capital expenditures (approximate \$148,400 increase). Operating expenditures reflected reduced roadway resurfacing and transportation project expenditures (approximately \$24,200 including related design and professional fees), and reduced transit related expenses (approximately \$250,600), primarily resulting from cessation of the second circulator bus upon grant completion, offset by increased CITT administrative fees (approximately \$9,200). Personnel salaries and benefit increases comprised the balance of the net change. Capital expenditures increased approximately \$148,400 related to two on-going roadway improvement projects.

The fund balance of the CITT Fund increased by approximately \$353,700 during fiscal 2025 and increased by approximately \$1,796,600 in fiscal year 2024, reflecting the net operating results for the respective fiscal periods. The CITT Fund reported fund balances at September 30, 2025 and September 30, 2024 of approximately \$7,638,100 and \$7,284,400, respectively, and are classified as restricted at both reporting dates.

Special Revenue Fund – JPA – Franjo Road Fund

The Town and the County entered into an Joint Participation Agreement for a new, approximately \$16 million, JPA project for Franjo Road. Much like similar JPA projects for Old Cutler Road and Caribbean Blvd, the County is providing the majority of the funding for the project (approximately 50%) and the Town's contribution funding will come from its share of People's Transportation Plan ("PTP") surtax revenues. ARPA grant funds are also anticipated to be used on this project.

In fiscal year 2025, the JPA – Franjo Road Fund recorded intergovernmental revenues from the County for this project of approximately \$5,017,750, an increase of approximately \$4,065,800 from the prior year. Transfers in to the JPA – Franjo Road Fund increased approximately \$1,409,100, reflecting increased transfer is from the CITT Fund for Town eligible costs of this project.

Total expenditures increased approximately \$5,474,850 from fiscal year 2024, reflecting substantial construction activity in fiscal year 2025.

The JPA – Franjo Road Fund had no fund balance at September 30, 2025 or at September 30, 2024.

Capital Projects – Legacy Park Fund

The Capital Projects – Legacy Park Fund was established to account for the development of the Town's future municipal complex with associated community center and park amenities. A \$37 million General Obligation Bond (the "Bonds") for this project was approved by the Town's voters (as of this date, the Bonds have not yet been issued).

In fiscal year 2024, costs incurred primarily related to design. In fiscal year 2025, the Town commenced site development work and, as a result, total expenditures increased \$10,364,450 (approximately \$12,073,400 total expenditures in fiscal year 2025 and \$1,708,950 in fiscal year 2024, respectively).

Transfers in to the Capital Projects – Legacy Park Fund were approximately \$10,691,700 in fiscal year 2025 (there were no corresponding transfers in for fiscal year 2024). The transfers in were received from the ARPA Fund (\$6.5 million) and from the General Fund (approximately \$4,191,700).

The fund balance of the Capital Projects – Legacy Park Fund decreased by approximately \$1,381,750 during fiscal 2025 and decreased by approximately \$1,708,950 in fiscal year 2024, reflecting the net operating results for the respective fiscal periods. The Capital Projects – Legacy Park Fund reported fund balances at September 30, 2025 and September 30, 2024 of approximately \$(3,090,700) and \$(1,708,950), respectively, and are classified as unassigned at both reporting dates.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Financial Analysis of the Government's Funds (Continued)

Proprietary fund

The Town's proprietary fund was created to account for the Town's stormwater operations, which commenced in July 2008. Operations during fiscal year 2025 generated an increase in net position of approximately \$6,758,100, versus an increase in net position of approximately \$4,217,100 during fiscal year 2024. The fiscal year 2025 increase in net position resulted from an operating income of approximately \$578,700 plus net non-operating expenses of approximately \$16,400 (comprised of interest expense of approximately \$37,900, offset by operating grants of approximately \$17,300 and interest income of approximately \$4,200), plus capital grants and contributions of approximately \$4,464,200 and transfers in of approximately \$1,731,600.

Of the total net position at September 30, 2025 of approximately \$21.14 million, approximately \$20.2 million is classified as net investment in capital assets and approximately \$915,910 is classified as unrestricted. At September 30, 2024, total net position of approximately \$14.38 million, approximately \$14.54 million was classified as net investment in capital assets and (\$159,950) as unrestricted.

Budget Highlights

General Fund

During fiscal years 2025 and 2024, the actual "excess (deficiency) of revenues over expenditures" exceeded the corresponding budgetary amounts by approximately \$1.68 million and (\$7.02) million, respectively. For fiscal year 2025, the results were achieved as actual revenues exceeded budgeted amounts by approximately \$586,700 while actual expenditures were approximately \$1.09 million less than budgeted. In fiscal year 2024, actual revenues exceeded budgeted amounts by approximately \$1.01 million while actual expenditures were approximately \$8.03 million more than budgeted (primarily resulting from not budgeting for a fiscal year 2024 land acquisition). Notwithstanding, the Town still experienced an actual favorable variance in net change in fund balance for fiscal year 2025.

In the fiscal year 2025 period, the primary contributing factors to the favorable revenue variance were better than expected collections from all revenue sources, particularly utility taxes, property taxes, and interest income. While the economic climate in which the Town operated under in recent years has been improving, management continued its practice, as a precautionary measure, of conservatively estimating various revenue streams when preparing its fiscal year 2025 budget.

Similarly, the Town had favorable expenditure budget variances with all departments except for Police Services, which had a small negative variance versus the budget. This resulted from a conscious effort by management for fiscal restraint, as well as deferring expenditures for some planned projects to future fiscal years.

In January 2025, the Town Council passed a budget amendment by resolution (#25-04) to:

1. In the General Fund, increased transfers out by \$6,312,779, with a corresponding increase to appropriation of prior year fund balance.

In July 2025, the Town Council passed a budget amendment by resolution (#25-44) to:

1. In the General Fund, increased interest expense by \$303,654, with a corresponding increase to appropriation of prior year fund balance

In November 2025, the Town Council passed a budget amendment by resolution (#25-92) to:

1. In the General Fund, the net decrease in total revenues was \$1,436,000 with a corresponding increase to appropriation of prior year fund balance. The revenue changes reflected increases to utility taxes (\$300,000 for electricity, \$150,000 for water, and \$50,000 for gas), solid waste franchise fees (\$90,000), local government half-cent sales tax (\$195,000), parks fees (\$95,000), judgements and fines (\$10,000), ad valorem revenue (\$163,000), public works review fees (\$48,000), violation of local ordinance fines (\$50,000), revenue sharing (\$80,000), communications services taxes (\$70,000), and other licenses and permits (\$29,000), offset by decreases for building permits (\$2,550,000), electric franchise fees (\$80,000), zoning-planning fees (\$16,000), lien search fees (\$20,000), and interest income (\$100,000).

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Budget Highlights (Continued)

General Fund (continued)

2. In the General Fund, the net decrease in total expenditures was \$1,605,629 with a corresponding decrease to appropriation of prior year fund balance.

The budget amendment increased expenditures in (a) the Town Attorney department by \$50,000 for professional services, (b) the Parks department by \$400,000 (\$250,000 for other contractual services, \$100,000 for contractual services – Brownfield, \$30,000 for utilities, and \$20,000 for operating supplies), (c) the Community Development department by \$2,000 for capital outlay, and (d) the Public Works department by \$50,000 for contractual services, offset by a decrease in (e) the General Government department by \$794,850 (\$1,019,850 decrease for other contractual services - GOB, offset by a \$100,000 increase for professional services, a \$100,000 increase for other contractual services, a \$10,000 increase for insurance, a \$10,000 increase for operating supplies, and a \$5,000 increase for capital outlay), and (f) a decrease in transfers out of \$1,312,779.

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, 2025 and 2024, amounts to approximately \$73.4 million and \$62.8 million and \$21.1 million and \$15.3 million, respectively. This investment in capital assets includes acquisition, by purchase and/or through capital lease, of computer hardware and software, furniture and equipment, vehicles and improvements (to land and buildings) which are necessary for the Town to operate, infrastructure assets transferred to the Town by the County and additional infrastructure assets developed by the Town, including land acquisitions and improvements. It also reflects a building – right to use asset and vehicle – right to use assets recorded pursuant to GASB 87.

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		
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>Percent Change</u>
General Government	\$ 32,592	\$ 21,075	\$ -	\$ -	\$ 32,592	\$ 21,075	54.6%
Community Development	13,449	13,687	-	-	13,449	13,687	-1.7%
Public Safety	18	28	-	-	18	28	-35.7%
Culture and Recreation	27,364	27,966	-	-	27,364	27,966	-2.2%
Public Works-Stormwater	-	-	21,118	15,304	21,118	15,304	38.0%
	<u>\$ 73,423</u>	<u>\$ 62,756</u>	<u>\$ 21,118</u>	<u>\$ 15,304</u>	<u>\$ 94,541</u>	<u>\$ 78,060</u>	21.1%

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

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Capital Assets and Debt Administration (Continued)

Long-term debt

At September 30, 2025, the Town's pro rata share of QNIP bonds (interlocal debt) was approximately \$240,000, representing a 31.6% decrease from the prior year.

Notes payable were issued in fiscal year 2010 in conjunction with the acquisition and improvement of the Town Hall building site and the purchase of the adjacent land parcel and final draw downs on those notes payable was made in fiscal year 2011. In fiscal year 2012, the Town borrowed an additional \$2.578 million from the same lender to fund its educational initiative with the Miami-Dade County School Board. During fiscal year 2015, the Town refunded the 2010 loans into new issues on more favorable terms providing long-term savings for the Town. During fiscal year 2021, the 2012 bank loan was satisfied and one of the 2015 bank loans was refunded with a bank loan from another financial institution. At September 30, 2025, approximately \$4.3 million was outstanding on the two remaining notes payable, representing a 11.6% decrease from the prior year.

In fiscal year 2021, the Town issued open-market bonds at a premium. At September 30, 2025, bonds payable (including unamortized premium) was approximately \$14.3 million, versus \$14.4 million at September 30, 2024, a decrease of 0.7%.

In fiscal year 2024, the Town acquired a land parcel for approximately \$8.48 million which was paid for, in part, by the issuance of a revenue bond in the amount of \$6.63 million. That balance remains outstanding at September 30, 2025.

In conjunction with recording the stormwater assets transferred to the Town by the County, the Town recorded associated debt of approximately \$2.36 million at September 30, 2010. The Stormwater Utility Revenue Bonds balance at September 30, 2025, approximately \$566,000, represents an 18% decrease from the prior year balance.

In fiscal year 2023, the Town recorded right to use assets and corresponding lease liability of approximately \$106,000 related to the vehicle fleet assigned to the Stormwater Fund. At September 30, 2025, the lease liability related to this vehicle fleet was approximately \$55,000, reflecting principal payments of approximately \$21,000 during fiscal year 2025.

On October 1, 2021, the Town implemented GASB 87 and recorded a right to use asset for its office space and a corresponding lease liability of approximately \$2,924,000. At September 30, 2025, the lease liability related to its office space was approximately \$737,700, reflecting principal payments of approximately \$564,700 during fiscal year 2025. In fiscal year 2023, the Town recorded right to use assets and corresponding lease liability of approximately \$595,300 related to the vehicle fleet assigned to the General Fund. At September 30, 2025, the lease liability related to its vehicle fleet was approximately \$314,200, reflecting principal payments of approximately \$116,000 during fiscal year 2025.

The net pension liability at September 30, 2025 (approximately \$4.4 million) decreased approximately 14.7% from the balance at September 30, 2024 (approximately \$5.16 million), primarily as a result of the current year GASB 68 valuation.

The Town also has liabilities related compensated absences. This approximates \$570,000 at September 30, 2025, versus \$559,000 at September 30, 2024, an increase of 2% from the prior year.

Total long-term debt decreased approximately \$2.35 million, or 6.8%, primarily resulting from an increase in compensated absences, offset by decreases in (a) net pension liability pursuant to GASB 68, (b) lease liability as a result of principal payments in fiscal year 2025, and (c) notes and bonds payable as a result of principal payments on the Town's debt, as well as amortization of bond premium.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Capital Assets and Debt Administration (Continued)

Long-term debt (Continued)

Town of Cutler Bay Long-term Debt September 30, (in thousands)								
	Governmental Activities		Business-type Activities		Total			
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>		Percent <u>Change</u>
QNIP bonds	\$ 240	\$ 351	\$ -	\$ -	\$ 240	\$ 351		-31.6%
Bonds payable (including unamortized premium)	14,298	14,399	-	-	14,298	14,399		-0.7%
Notes payable	4,304	4,869	-	-	4,304	4,869		-11.6%
Revenue bond	6,630	6,630	-	-	6,630	6,630		N/A
Stormwater utility revenue bonds	-	-	566	690	566	690		-18.0%
Lease liability	1,052	1,733	55	76	1,107	1,809		-38.8%
Net pension liability	4,396	5,155	-	-	4,396	5,155		-14.7%
Compensated absences	570	559	-	-	570	559		2.0%
	<u>\$ 31,490</u>	<u>\$ 33,696</u>	<u>\$ 621</u>	<u>\$ 766</u>	<u>\$ 32,111</u>	<u>\$ 34,462</u>		-6.8%

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Miami-Dade County area at September 30, 2025 is approximately 3.6%, which is up from the 3% rate a year ago. The rate is better than the national unemployment rate of 4.4% at that date.
- Inflationary trends in the region are slightly below the national average.
- In setting its fiscal year 2025 budget, the Town adopted a mil rate of 2.8332, the same rate as adopted and in effect for fiscal year 2024. The adopted 2025 mil rate was 9.78% higher than the statutorily computed "roll-back" mil rate.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, began impacting the Town in fiscal year 2009 and will have a negative impact on the amount of property tax revenue the Town generates going forward, assuming the Town does not increase its millage rate or achieve growth in its tax base which will offset the amendment's effects.
- As noted in the preceding comment, shortly after the Town's incorporation, changes to property taxation laws were enacted that had a negative impact on the taxable base upon which property tax revenue of the Town is calculated. Additionally, Cutler Bay, like most communities across the state and nation, was negatively impacted by the financial crisis and economic downturn that gripped the United States during the 2008 to 2012 time period. The South Florida real estate market was especially hard hit with property values experiencing significant declines and foreclosure activity spiking. Property values within the Town saw significant declines from 2008 through 2012 (an approximate 40% decline from the 2008 valuation level). Since 2012, property values within the Town have increased each year (from 2013 through 2025), reflecting a gain of approximately 153% from the 2012 bottom. Building activity and new development within the Town in recent years are anticipated to extend into fiscal year 2026 with significant new planned projects in process. The Town anticipates property values to increase further in 2026, and possibly into 2027, with significant new planned projects in process. These values are subject to property owner appeal via the Valuation Adjustment Board ("VAB") process.

TOWN OF CUTLER BAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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

- In June 2026, the Florida Legislature adopted a property tax ballot measure for a Constitutional amendment vote that would, among other things, further expand the homestead exemptions on homesteaded properties and further cap assessed values on non-homesteaded properties. This ballot measure will be voted on in November 2026 and, if adopted, would become effective January 1, 2027. If this measure passes, it would 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.
- While the Town has seen encouraging signs in building activity and new development within the Town since fiscal year 2012, the Town will continue to operate in an extremely lean and efficient manner. Additionally, the Town has been very successful in obtaining grants and other funding sources to proceed with planned projects within the Town without having to rely on ad valorem revenues, which could become even more important should the aforementioned property tax ballot measure pass in November 2026.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 17,040,963	\$ -	\$ 17,040,963
Restricted cash	21,611,439	-	21,611,439
Accounts receivable - net	5,268,755	3,375,632	8,644,387
Prepays	227,987	3,520	231,507
Other current assets	22,154	-	22,154
Internal balances	2,085,546	(2,085,546)	-
Capital assets not being depreciated:			
Land	40,372,609	-	40,372,609
Construction in progress	14,077,550	6,191,005	20,268,555
Capital assets being depreciated:			
Building	1,948,884	-	1,948,884
Property under lease	3,519,201	105,584	3,624,785
Computer hardware and software	737,863	1,308	739,171
Furniture and equipment	1,114,873	2,367	1,117,240
Infrastructure	58,818,137	20,250,056	79,068,193
Improvements	19,945,512	-	19,945,512
Total capital assets	140,534,629	26,550,320	167,084,949
Less accumulated depreciation/amortization	(67,111,888)	(5,432,347)	(72,544,235)
Total capital assets - net	73,422,741	21,117,973	94,540,714
Total assets	119,679,585	22,411,579	142,091,164
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions	1,202,512	-	1,202,512
Total deferred outflows of resources	1,202,512	-	1,202,512
<u>LIABILITIES</u>			
Accounts payable	5,359,475	654,742	6,014,217
Other liabilities	117,551	-	117,551
Accrued interest	324,933	-	324,933
Unearned revenues	6,267,790	-	6,267,790
Noncurrent liabilities:			
Due within one year:			
Compensated absences	142,249	-	142,249
Lease liability	699,044	21,439	720,483
Bonds and notes payable	796,354	131,212	927,566
Due in more than one year:			
Compensated absences	428,000	-	428,000
Lease liability	352,795	33,743	386,538
Bonds and notes payable	24,676,220	434,273	25,110,493
Net pension liability	4,395,765	-	4,395,765
Total liabilities	43,560,176	1,275,409	44,835,585
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Business license tax	48,758	-	48,758
Pension expenses	866,599	-	866,599
Total deferred inflows of resources	915,357	-	915,357
<u>NET POSITION</u>			
Net investment in capital assets	44,480,659	20,220,260	64,700,919
Restricted for:			
Capital projects	1,436,815	-	1,436,815
Public safety	193,693	-	193,693
Parks and recreation	115,705	-	115,705
Transportation	7,858,594	-	7,858,594
Unrestricted	22,321,098	915,910	23,237,008
Total net position	\$ 76,406,564	\$ 21,136,170	\$ 97,542,734

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Functions/Programs	Expenses						
Governmental activities:							
General government	\$ 14,547,151	\$ 314,379	\$ 17,193,166	\$ 586,806	\$ 3,547,200	\$ -	\$ 3,547,200
Public safety	12,310,053	301,532	16,929	2,088	(11,989,504)	-	(11,989,504)
Community development	3,087,925	1,337,104	-	-	(1,750,821)	-	(1,750,821)
Parks and recreation	4,557,460	285,763	204,776	35,918	(4,031,003)	-	(4,031,003)
Interest on long-term debt	1,004,716	-	-	-	(1,004,716)	-	(1,004,716)
Total governmental activities	<u>35,507,305</u>	<u>2,238,778</u>	<u>17,414,871</u>	<u>624,812</u>	<u>(15,228,844)</u>	<u>-</u>	<u>(15,228,844)</u>
Business-type activities:							
Stormwater	<u>1,553,249</u>	<u>2,094,046</u>	<u>17,313</u>	<u>4,464,222</u>	<u>-</u>	<u>5,022,332</u>	<u>5,022,332</u>
Total business-type activities	<u>1,553,249</u>	<u>2,094,046</u>	<u>17,313</u>	<u>4,464,222</u>	<u>-</u>	<u>5,022,332</u>	<u>5,022,332</u>
Total	<u>\$ 37,060,554</u>	<u>\$ 4,332,824</u>	<u>\$ 17,432,184</u>	<u>\$ 5,089,034</u>	<u>(15,228,844)</u>	<u>5,022,332</u>	<u>(10,206,512)</u>
General revenues:							
Property taxes					11,181,204	-	11,181,204
Utility taxes					4,620,865	-	4,620,865
Franchise fees based on gross receipts					3,217,920	-	3,217,920
Intergovernmental (unrestricted)					7,691,848	-	7,691,848
Interest income (unrestricted)					861,098	4,196	865,294
Miscellaneous					119,004	-	119,004
Transfers					(1,731,588)	1,731,588	-
Total general revenues and transfers					<u>25,960,351</u>	<u>1,735,784</u>	<u>27,696,135</u>
Change in net position					10,731,507	6,758,116	17,489,623
Net position - Beginning					<u>65,675,057</u>	<u>14,378,054</u>	<u>80,053,111</u>
Net position - Ending					<u>\$ 76,406,564</u>	<u>\$ 21,136,170</u>	<u>\$ 97,542,734</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Major Funds				Capital Projects Fund Legacy Park Fund	Other Governmental Funds	Total Governmental Funds
	General	Special Revenue Funds ARPA Fund	JPA - Franjo Road Fund	CITT Fund			
<u>ASSETS</u>							
Cash	\$ 17,040,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,040,963
Restricted cash	142	13,521,980	-	7,409,303	-	680,014	21,611,439
Accounts receivable - net	2,386,244	-	2,040,474	682,194	-	159,843	5,268,755
Prepays	227,987	-	-	-	-	-	227,987
Other current assets	22,154	-	-	-	-	-	22,154
Due from other funds	10,310,624	-	-	-	-	-	10,310,624
Total assets	<u>\$ 29,988,114</u>	<u>\$ 13,521,980</u>	<u>\$ 2,040,474</u>	<u>\$ 8,091,497</u>	<u>\$ -</u>	<u>\$ 839,857</u>	<u>\$ 54,481,922</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 2,083,634	\$ -	\$ 668,914	\$ 150,833	\$ 2,350,056	\$ 106,038	\$ 5,359,475
Other liabilities	117,551	-	-	-	-	-	117,551
Due to other funds	-	6,076,872	1,371,560	-	740,645	36,001	8,225,078
Unearned revenues	-	6,267,790	-	-	-	-	6,267,790
Total liabilities	<u>2,201,185</u>	<u>12,344,662</u>	<u>2,040,474</u>	<u>150,833</u>	<u>3,090,701</u>	<u>142,039</u>	<u>19,969,894</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenues	32,089	-	-	302,580	-	-	334,669
Business license tax	48,758	-	-	-	-	-	48,758
Total deferred inflows of resources	<u>80,847</u>	<u>-</u>	<u>-</u>	<u>302,580</u>	<u>-</u>	<u>-</u>	<u>383,427</u>
<u>FUND BALANCES</u>							
Nonspendable	227,987	-	-	-	-	-	227,987
Restricted	91,587	1,177,318	-	7,638,084	-	697,818	9,604,807
Unassigned	27,386,508	-	-	-	(3,090,701)	-	24,295,807
Total fund balances	<u>27,706,082</u>	<u>1,177,318</u>	<u>-</u>	<u>7,638,084</u>	<u>(3,090,701)</u>	<u>697,818</u>	<u>34,128,601</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,988,114</u>	<u>\$ 13,521,980</u>	<u>\$ 2,040,474</u>	<u>\$ 8,091,497</u>	<u>\$ -</u>	<u>\$ 839,857</u>	<u>\$ 54,481,922</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

Fund balances - total government funds (Page 33) \$ 34,128,601

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	140,534,629	
Less accumulated depreciation	<u>(67,111,888)</u>	73,422,741

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

Long term debt	(25,472,574)	
Lease liability	(1,051,839)	
Net pension liability	(4,395,765)	
Compensated absences	(570,249)	
Accrued interest payable	<u>(324,933)</u>	
		(31,815,360)

Revenue collected outside of the period of availability is not available to pay for current period expenditures and therefore, is a deferred inflow in the funds.	334,669
---	---------

Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting	1,202,512
--	-----------

Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting	<u>(866,599)</u>
---	------------------

Net position of governmental activities (Page 31)	<u>\$ 76,406,564</u>
---	----------------------

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Major Funds							
	Special Revenue Funds				Capital Projects Fund			
		Formerly nonmajor fund			Formerly nonmajor fund			
	General	ARPA Fund	JPA - Franjo Road Fund	CITT Fund	Legacy Park Fund	Other Governmental Funds	Total Governmental Funds	
REVENUES:								
Property taxes	\$ 11,181,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,181,204	
Franchise fees	3,217,920	-	-	-	-	-	3,217,920	
Utility taxes	4,615,961	-	-	-	-	-	4,615,961	
Charges for services	486,358	-	-	-	-	-	486,358	
Intergovernmental	7,884,376	8,903,012	5,017,744	3,015,874	-	1,007,358	25,828,364	
Licenses and permits	1,337,104	-	-	-	-	-	1,337,104	
Impact fees	-	-	-	-	-	47,612	47,612	
Fines and forfeitures	213,404	-	-	-	-	-	213,404	
Interest	450,312	282,027	-	118,106	-	10,653	861,098	
Rental income	51,118	-	-	-	-	-	51,118	
Miscellaneous	119,004	-	-	-	-	-	119,004	
Total revenues	29,556,761	9,185,039	5,017,744	3,133,980	-	1,065,623	47,959,147	
EXPENDITURES:								
Current:								
General government	5,984,939	-	6,525,604	632,228	-	867,599	14,010,370	
Public safety	12,457,523	-	-	-	-	-	12,457,523	
Community development	2,025,323	-	-	-	-	-	2,025,323	
Parks and recreation	3,513,209	-	-	-	-	228,552	3,741,761	
Debt service:								
Principal retirement	1,356,122	-	-	-	-	-	1,356,122	
Interest	1,109,475	-	-	-	-	-	1,109,475	
Capital outlay:								
General government	134,165	-	-	148,411	12,073,419	608,132	12,964,127	
Community development	1,754	-	-	-	-	-	1,754	
Parks and recreation	73,692	-	-	-	-	146,261	219,953	
Total expenditures	26,656,202	-	6,525,604	780,639	12,073,419	1,850,544	47,886,408	
Excess (deficiency) of revenues over expenditures	2,900,559	9,185,039	(1,507,860)	2,353,341	(12,073,419)	(784,921)	72,739	
OTHER FINANCING SOURCES (USES):								
Transfers in	344,113	-	1,507,860	-	10,691,687	1,057,887	13,601,547	
Transfers out	(4,232,832)	(8,903,012)	-	(1,999,646)	-	(197,645)	(15,333,135)	
Total other financing sources (uses)	(3,888,719)	(8,903,012)	1,507,860	(1,999,646)	10,691,687	860,242	(1,731,588)	
Net change in fund balances	(988,160)	282,027	-	353,695	(1,381,732)	75,321	(1,658,849)	
Fund balances, beginning	28,694,242	895,291	-	7,284,389	-	(1,086,472)	35,787,450	
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	(1,708,969)	1,708,969	-	
Fund balances, ending	\$ 27,706,082	\$ 1,177,318	\$ -	\$ 7,638,084	\$ (3,090,701)	\$ 697,818	\$ 34,128,601	

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 35)	\$ (1,658,849)
--	----------------

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

Expenditures for capital outlays	13,185,834	
Less current year depreciation	<u>(2,519,277)</u>	10,666,557

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

Lease payments	680,729	
Principal payments	<u>675,393</u>	1,356,122

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

Accrued interest payable	3,742	
Amortization of bond premium	101,018	
Compensated absences	(10,866)	
Change in net pension liability	<u>759,127</u>	853,021

Changes in the Town's pension deferred outflows and pension deferred inflows for the current year are not reported in the governmental funds but are reported in the statement of activities	(496,597)
--	-----------

Revenue collected outside of the period of availability is not available to pay for current period expenditures however it is available to pay long term obligations of the Town.	<u>11,253</u>
--	---------------

Change in net position of governmental activities (Page 32)	<u>\$ 10,731,507</u>
---	----------------------

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025

	<u>Stormwater</u>
<u>ASSETS</u>	
Current assets:	
Accounts receivables	\$ 3,375,632
Prepays	<u>3,520</u>
Total current assets	<u>3,379,152</u>
Non-current assets:	
Capital assets, net	21,065,197
Right-of-use asset, net of accumulated amortization	<u>52,776</u>
Total non-current assets	<u>21,117,973</u>
Total assets	<u>24,497,125</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	654,742
Due to other funds	2,085,546
Lease liability, current portion	21,439
Revenue bonds, current portion	<u>131,212</u>
Total current liabilities	<u>2,892,939</u>
Non-current liabilities:	
Lease liability, non-current portion	33,743
Revenue bonds, non-current portion	<u>434,273</u>
Total non-current liabilities	<u>468,016</u>
Total liabilities	<u>3,360,955</u>
Net position:	
Net investment in capital assets	20,220,260
Unrestricted	<u>915,910</u>
Total net position	<u>\$ 21,136,170</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Stormwater</u>
Operating revenues:	
Charges for services	\$ 2,094,046
Total revenues	<u>2,094,046</u>
Operating expenses:	
Operations and maintenance	1,121,987
Depreciation and amortization	<u>393,375</u>
Total operating expenses	<u>1,515,362</u>
Operating income (loss)	<u>578,684</u>
Non-operating revenues (expenses):	
Interest income	4,196
Interest expense	(37,887)
Grants	<u>17,313</u>
Total non-operating revenues (expenses)	<u>(16,378)</u>
Income before capital contributions and transfers	562,306
Grants and contributions	4,464,222
Transfers in	<u>1,731,588</u>
Change in net position	6,758,116
Net position - Beginning	<u>14,378,054</u>
Net position - Ending	<u>\$ 21,136,170</u>

See notes to basic financial statements

TOWN OF CUTLER BAY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Stormwater</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,369,748
Cash paid for interfund services used	1,803,094
Cash paid to employees	(326,486)
Cash paid to suppliers	<u>(1,391,379)</u>
Net cash provided by operating activities	<u>1,454,977</u>
Cash flows from non-capital financing activities:	
Transfers from other funds	1,731,588
Grants received	<u>17,313</u>
Net cash provided by non-capital financing activities	<u>1,748,901</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,930,075)
Interest payments	(37,887)
Principal payments	(145,569)
Capital grant contribution	<u>2,905,457</u>
Net cash used in capital and related financing activities	<u>(3,208,074)</u>
Cash flows from investing activities	
Interest income	<u>4,196</u>
Net cash provided by investing activities	<u>4,196</u>
Net Increase (decrease) in cash	-
Cash - beginning	<u>-</u>
Cash - ending	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 578,684
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	393,375
Change in operating assets and liabilities:	
Accounts receivables	(724,298)
Prepays	(1,190)
Due to other funds	1,803,094
Accounts payable	<u>(594,688)</u>
Net cash provided by operating activities	<u>\$ 1,454,977</u>
Noncash capital and related financing activities	
Capital grants earned but not received in cash	\$ 1,558,765
Capital assets financed through accounts payable	<u>277,046</u>
Total noncash capital and related financing activities	<u>\$ 1,558,765</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of the more significant policies:

A. Financial Reporting Entity

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

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

B. Government Wide and Fund Financial Statements

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Town reports the following major governmental funds:

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

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

Special Revenue Fund – JPA – Franjo Road Fund – This fund was established to account for the revenues derived from the Joint Participation Agreement with Miami-Dade County to be used for the roadway improvement project along Franjo Road.

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

Capital Projects Fund – Legacy Park Fund – This fund was established to account for the development of the Town's future municipal complex with associated community center and park amenities.

The Town reports the following major proprietary fund:

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town Council and the Miami-Dade County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, the County School Board, and other taxing jurisdictions' tax requirements. The millage rate to finance general governmental services for the fiscal year ended September 30, 2025 was 2.8332 mills per \$1,000 of assessed valuation.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets - Capital assets, which include land, furniture, equipment, including computers, leasehold improvements and certain infrastructure assets (e.g. roadways, sidewalks, park lands, facilities and improvements) are reported in the government-wide financial statements. Capital assets, excluding infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets are recorded as capital assets if they have an initial, individual cost in excess of \$50,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

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

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

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

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

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

Unused vacation leave for all employees, excluding the Town Manager and the Town Clerk, may be carried over to the following year and accumulated up to a maximum of 280 hours. The Town Manager and the Town Clerk may accrue hours beyond that limit but, upon termination, the Town Manager is only entitled to receive pay for a maximum of 480 hours, and the Town Clerk is only entitled to receive pay for a maximum of 300 hours, of accumulated/unused vacation time. All employees who terminate employment under terms of voluntary separation are paid for all unused accumulated vacation leave, within the prescribed limits.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Employees earn 96 hours of sick leave each year with a maximum accumulation of 1,040 hours. Unused sick leave is not paid to employees, other than the Town Manager and the Town Clerk, as conditioned below, upon separation from Town service. Pursuant to his employment contract, the Town Manager, upon separation, is entitled to a payout of the balance of his accrued sick leave, unless the Town Manager voluntarily resigns with less than 60 days advance notice or if he is terminated for misconduct or ethical violations, as defined, in which case the Town Manager will then not be entitled to a payout for any accrued vacation or sick leave. In the event that the Town Council wishes to terminate the employment of the Town Clerk, other than for cause or resignation with less than thirty days' notice, the Town Clerk shall be entitled to payment of up to fifty percent of his unused, accrued sick leave up to a maximum of two hundred and forty (240) hours.

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

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

9. Grant Revenue - The Town, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any) when all applicable eligibility requirements, including time requirements, are met.
10. Unearned Revenue - Unearned revenues include amounts collected before revenue recognition criteria are met. The deferred items consist primarily of grants received in advance.
11. Net Position - Total equity as of September 30, 2025, is classified into three components of net position:
- Net investment in capital assets
This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings as well as any retainage payable and accounts payable that are attributable to the acquisition, construction, and improvements of those assets.
 - Restricted net position
This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
 - Unrestricted net position
This category includes all of the remaining net position that does not meet the definition of the other two categories.
12. Fund Balance - As of September 30, 2025, fund balances of the governmental funds are classified as follows:
- Non-spendable
Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Balance (Continued)

- Restricted
Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed
Amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making Authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Town Council.
- Assigned
Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Intent is established by the Town Council who has the Authority to assign, modify or rescind amounts to be used for specific purposes. This is delineated in the policy approved by the Council. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.
- Unassigned
This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

		Special Revenue Funds		Capital Projects Fund	Other	Total
	General	ARPA Fund	CITT Fund	Legacy Park Fund	Governmental Funds	Governmental Funds
Fund balances:						
Nonspendable:						
Prepays	\$ 227,987	\$ -	\$ -	\$ -	\$ -	\$ 227,987
Restricted:						
Capital projects	-	1,177,318	-	-	259,497	1,436,815
Public safety	91,587	-	-	-	102,106	193,693
Parks and recreation	-	-	-	-	115,705	115,705
Transportation	-	-	7,638,084	-	220,510	7,858,594
Unassigned	27,386,508	-	-	(3,090,701)	-	24,295,807
Total fund balances	<u>\$ 27,706,082</u>	<u>\$ 1,177,318</u>	<u>\$ 7,638,084</u>	<u>\$ (3,090,701)</u>	<u>\$ 697,818</u>	<u>\$ 34,128,601</u>
Fund balances:						
Nonspendable	\$ 227,987	\$ -	\$ -	\$ -	\$ -	\$ 227,987
Restricted	91,587	1,177,318	7,638,084	-	697,818	9,604,807
Unassigned	27,386,508	-	-	(3,090,701)	-	24,295,807
Total fund balances	<u>\$ 27,706,082</u>	<u>\$ 1,177,318</u>	<u>\$ 7,638,084</u>	<u>\$ (3,090,701)</u>	<u>\$ 697,818</u>	<u>\$ 34,128,601</u>

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Minimum Level of Unassigned Fund Balance Policy (continued)

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

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Fund Accounting Requirements

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Revenue Restrictions

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

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

For the year ended September 30, 2025, the Town complied, in all material respects, with these revenue restrictions.

Deficit Fund Balance

The Town reported deficit fund balance in the Capital Projects Legacy Park Fund of (\$3,090,701). The deficit fund balance resulted from project related costs, primarily for design and permitting, expensed in the Capital Projects Legacy Park Fund, but paid for by the General Fund on behalf of the Capital Projects Legacy Park Fund. The construction phase of the Legacy Park project is expected to commence in fiscal year 2026, at which time General Obligation bonds will be issued to pay for the costs of the project, including liquidating the amount due to the General Fund for any project costs paid by the General Fund on behalf of the Capital Projects Legacy Park Fund prior to the General Obligation bond issuance.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The Town does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218.415. In accordance with Section 218.415 of the Florida Statutes, the Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities and in the Local Government Surplus Trust Funds administered by the State Board of Administration (SBA). As of September 30, 2025, the Town has no investments or cash equivalents, only deposits with banking institutions.

NOTE 4 - RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2025 were as follows:

	<u>Taxes</u>	<u>Grants</u>	<u>Fees</u>	<u>Others</u>	<u>Totals</u>
General Fund	\$ 1,703,306	\$ 26,805	\$ 635,069	\$ 21,064	\$ 2,386,244
CITT Fund	682,194	-	-	-	682,194
JPA-Franjo Road Fund	-	2,040,474	-	-	2,040,474
Non-major governmental funds	17,804	142,039	-	-	159,843
Stormwater Fund	-	3,262,798	49,189	63,645	3,375,632
	<u>\$ 2,403,304</u>	<u>\$ 5,472,116</u>	<u>\$ 684,258</u>	<u>\$ 84,709</u>	<u>\$ 8,644,387</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4 - RECEIVABLES/PAYABLES (CONTINUED)

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

Payables

The Town's payables at September 30, 2025 were as follows:

	Vendors	Miami-Dade County	Total
General Fund	\$ 893,701	\$ 1,189,933	\$ 2,083,634
CITT Fund	68,737	82,096	150,833
JPA-Franjo Road Fund	668,914	-	668,914
Legacy Park Fund	2,350,056	-	2,350,056
Non-major governmental funds	12,310	93,728	106,038
Stormwater Fund	368,933	285,809	654,742
	<u>\$ 4,362,651</u>	<u>\$ 1,651,566</u>	<u>\$ 6,014,217</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2025 was as follows:

	Balance October 1, 2024	Additions	Deletions	Transfers	Balance September 30, 2025
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 40,372,609	\$ -	\$ -	\$ -	\$ 40,372,609
Construction in progress	3,130,120	13,105,606	-	(2,158,176)	14,077,550
Total capital assets not being depreciated/amortized	<u>43,502,729</u>	<u>13,105,606</u>	<u>-</u>	<u>(2,158,176)</u>	<u>54,450,159</u>
Capital assets being depreciated/amortized:					
Building	1,948,884	-	-	-	1,948,884
Building - right to use	2,923,902	-	-	-	2,923,902
Vehicles - right to use	595,299	-	-	-	595,299
Infrastructure	58,818,137	-	-	-	58,818,137
Improvements	17,778,936	21,900	(13,500)	2,158,176	19,945,512
Computer hardware and software	727,209	10,654	-	-	737,863
Furniture and equipment	1,088,152	47,674	(20,953)	-	1,114,873
Total capital assets being depreciated/amortized	<u>83,880,519</u>	<u>80,228</u>	<u>(34,453)</u>	<u>2,158,176</u>	<u>86,084,470</u>
Less accumulated depreciation/amortization for:					
Building	(1,534,990)	(97,588)	-	-	(1,632,578)
Building - right to use	(1,340,122)	(487,317)	-	-	(1,827,439)
Vehicles - right to use	(175,767)	(119,060)	-	-	(294,827)
Infrastructure	(45,043,913)	(1,012,968)	-	-	(46,056,881)
Improvements	(14,912,473)	(719,612)	13,500	-	(15,618,585)
Computer hardware and software	(684,528)	(25,141)	-	-	(709,669)
Furniture and equipment	(935,271)	(57,591)	20,953	-	(971,909)
Total accumulated depreciation/amortization	<u>(64,627,064)</u>	<u>(2,519,277)</u>	<u>34,453</u>	<u>-</u>	<u>(67,111,888)</u>
Total capital assets being depreciated/amortized, net	<u>19,253,455</u>	<u>(2,439,049)</u>	<u>-</u>	<u>2,158,176</u>	<u>18,972,582</u>
Governmental activities capital assets, net	<u>\$ 62,756,184</u>	<u>\$10,666,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,422,741</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2024	Additions	Deletions	Transfers	Balance September 30, 2025
Business-type activities:					
Capital assets not being depreciated/amortized:					
Construction in progress	\$ 5,315,397	\$ 6,207,121	\$ -	\$ (5,331,513)	\$ 6,191,005
Total capital assets not being depreciated/amortized	5,315,397	6,207,121	-	(5,331,513)	6,191,005
Capital assets being depreciated/amortized:					
Furniture and equipment	2,367	-	-	-	2,367
Computer hardware and software	1,308	-	-	-	1,308
Vehicles - right to use	105,584	-	-	-	105,584
Infrastructure	14,918,543	-	-	5,331,513	20,250,056
Total capital assets being depreciated/amortized	15,027,802	-	-	5,331,513	20,359,315
Less accumulated depreciation/amortization for:					
Furniture and equipment	(2,367)	-	-	-	(2,367)
Computer hardware and software	(1,308)	-	-	-	(1,308)
Vehicles - right to use	(31,692)	(21,117)	-	-	(52,809)
Infrastructure	(5,003,605)	(372,258)	-	-	(5,375,863)
Total accumulated depreciation/amortization	(5,038,972)	(393,375)	-	-	(5,432,347)
Total capital assets being depreciated/amortized, net	9,988,830	(393,375)	-	5,331,513	14,926,968
Business-type activities capital assets, net	\$15,304,227	\$ 5,813,746	\$ -	\$ -	\$ 21,117,973

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

General government	\$ 626,132
Public safety	9,532
Community development	1,062,603
Culture and recreation	821,010
Total depreciation/amortization expense - governmental activities	<u>\$ 2,519,277</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 - LONG-TERM DEBT

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

As a condition of incorporation, the Town agreed to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 and 2002 (QNIP Bonds) issued prior to the Town's incorporation. The Town agreed that, until the bonds have been paid or provision made for their payment pursuant to the ordinance enacted by the County, the County shall have the right to receive and apply to debt service on the bonds all of the public service taxes, as defined, collected on behalf of the Town with respect to bonds outstanding at the time of the municipal incorporation. The Town's debt service obligations as to the bonds in each fiscal year shall be its pro rata share of such debt service obligation. The Town's pro rata share will be equal to that percentage of the total debt service accruing on the bonds in such fiscal year calculated by multiplying such total debt service by a fraction the numerator of which will be the total amount of public service taxes collected within the boundaries of the unincorporated area comprising the boundaries of the Town during the fiscal year in which the Town was incorporated and the denominator of which will be the total amount of public service taxes collected in the entire unincorporated area of the County. The balance of the public service taxes collected within the boundaries of the Town are remitted to the Town after the County satisfies the debt service requirements for the bonds. The bonds contain a provision that in the event of default, outstanding amounts become immediately due if the County is unable to make payment and contain a subjective acceleration clause that allows for the acceleration of payment of the entire principal amount to become immediately due if it determined that a material adverse event occurs. For the fiscal year ended September 30, 2025, the public service taxes pledged amounted to \$4,615,961 and the debt service was \$128,432. The pledged revenues provided a coverage ratio of 35.9.

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

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

Debt service requirements to maturity for the fiscal year ending September 30, 2025 are summarized as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 116,850	\$ 11,982	\$ 128,832
2027	122,795	6,140	128,935
Totals	<u>\$ 239,645</u>	<u>\$ 18,122</u>	<u>\$ 257,767</u>

Notes Payable

On June 14, 2010, the Town executed a loan agreement with a local bank to borrow up to \$13,800,000 (Notes A through E) for the purpose of financing the costs of the acquisition and renovations to the new Town Hall and acquisition of vacant land adjacent to the new Town Hall. Certain of these loans were modified on September 20, 2012, to provide for a revised amortization structure. In May 2015 the Town refunded certain of its existing Notes Payable (the 2010 Series A through E Notes, as amended). Under the terms of the refunding, the Town refunded the three tax-exempt promissory notes (the Series A, C & D Notes), totaling approximately \$6,039,000 and with interest rates ranging from 3.05% to 3.81%, into one new 15 year tax-exempt promissory note (the 2015A Note) bearing interest at 2.5% and refunded the two taxable promissory notes (the Series B & E Notes), totaling approximately \$6,268,000 and with interest rates of 4.42%, into one new 10 year taxable promissory note (the 2015B Note) bearing interest at 2.8%. The 2015A Note and 2015B Note refunding resulted in an economic gain of approximately \$336,000 and \$540,000, respectively. During the fiscal year ended September 30, 2021, the 2015B Note was refunded through the issuance of the Taxable Capital Improvement Revenue Note Series 2020.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

The remaining promissory note (the 2015A Note) is secured by the Town's share of the Local Government Half-Cent Sales Tax. There is no prepayment penalty associated with the new promissory note. The Taxable Sales Tax Revenue refunding note, Series 2015A is secured by a pledge of the Town's share of the Local Government Half-Cent Sales Tax. For the fiscal year ended September 30, 2025, the Town's share of the Local Government Half-Cent Sales Tax available for this pledge was \$4,607,491 and debt service was \$451,154. The pledged revenues provided a coverage ratio of 10.2. The note contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately, and in any such acceleration the Town shall also be obligated to pay all costs of collection and enforcement thereof.

On October 15, 2020, the Town issued a 15 year Taxable Capital Improvement Revenue Note, Series 2020 (the 2020 Note), bearing interest at 2.38%, in the amount of approximately \$2.855 million. The Series 2020 Note was issued on a parity basis with the Town's existing Taxable Sales Tax Revenue Refunding Note, Series 2015A (the 2015A Note). Simultaneous with this issuance, the Town retired its Taxable Sales Tax Revenue Refunding Note, Series 2015B (the 2015B Note). The refunding resulted in an economic loss of approximately \$18,800. The Series 2020 Note is secured by a pledge of the Town's Local Government Half-Cent Sales Tax Clearing Trust Fund revenue, as defined and described in the Florida Statutes, as amended.

The 2020 Note was issued for the purpose of (a) prepaying in full the outstanding balance of the Series 2015B Note, (b) redesignating such debt as being used to finance a portion of the cost of the undeveloped land acquired in the "land swap deal", and (c) extending the maturity date of the debt beyond the current maturity date of the Series 2015B Note, thereby reducing the yearly debt service that would otherwise be payable on the Series 2015B Note. The note is secured by a pledge to budget and appropriate sufficient funds to pay for the principal and interest due on the notes from the Town's half-cent sales tax revenues. Annual debt service totals \$228,558 at an interest rate of 2.38% with the first payment due during fiscal year 2022. The loan contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately. For the year ended September 30, 2025, the revenues pledged amounted to \$4,607,491 and debt service was \$228,558. The pledged revenue provided a coverage ratio of 20.2.

Debt service requirements to maturity for the fiscal year ending September 30, 2025 are summarized as follows:

September 30,	Principal	Interest	Total
2026	\$ 578,486	\$ 101,226	\$ 679,712
2027	592,832	86,881	679,713
2028	607,533	72,179	679,712
2029	622,599	57,113	679,712
2030	639,445	40,267	679,712
2031-2035	1,040,748	102,040	1,142,788
2036	223,243	5,313	228,556
Totals	<u>\$ 4,304,886</u>	<u>\$ 465,019</u>	<u>\$ 4,769,905</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Stormwater Utility Revenue Bonds

The Town is required to pay the County its pro rata share for the Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued prior to the Town's incorporation. On September 16, 2013 the Miami-Dade County Stormwater Utility Revenue Refunding Bonds, Series 2013, refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 1999 and Series 2004, except for the Stormwater Utility Revenue Bonds, Series 2004, maturing on April 1, 2014 and April 1, 2015. On September 9, 2020, the Miami-Dade County Stormwater Utility Revenue Bonds, Series 2020, refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 2013. The refunding resulted in a reduction of principal and, as a result, the County adjusted the Town's required payment schedule. As this pertains to Interlocal debt, the change to the Town's pro-rata share of the principal reduction was recorded in the year of refunding. The Series 2020 refunding resulted in an economic gain of approximately \$333,900. The principal payment for the fiscal year ended September 30, 2025 was \$124,970 and the balance of the remaining principal payments range from \$131,212 to \$151,848 through September 2029.

All of the Town's stormwater fees have been pledged as security for the bond payments. For the year ended September 30, 2025 the stormwater fees pledged amounted to \$2,094,046 and the debt service was \$159,493. The pledged revenues provided a coverage ratio of 13.1.

Debt service requirements to maturity for the fiscal year ending September 30, 2025 are summarized as follows:

September 30,	Principal	Interest	Total
2026	131,212	28,274	159,486
2027	137,709	21,714	159,423
2028	144,715	14,828	159,543
2029	151,849	7,592	159,441
Totals	\$ 565,485	\$ 72,408	\$ 637,893

Capital Improvements Revenue Bonds, Series 2020

On October 29, 2020, the Town issued, at a premium, \$12.935 million in open market Capital Improvements Revenue Bonds, Series 2020 (the "Series 2020 Bonds"). These premium bonds were issued in a term series with maturities ranging from December 1, 2027 through December 1, 2050, at interest rates ranging from 1.16% to 2.59%. The premium on the bonds payable totaled \$1,860,384 and will be amortized throughout the term of the bonds. The Series 2020 Bonds are payable from legally available non-ad valorem revenues of the Town. While the Town has covenanted and agreed to appropriate from non-ad valorem revenues amounts sufficient to pay amounts due on the Series 2020 Bonds, such covenant to budget and appropriate does not create any lien or pledge of such non-ad-valorem revenues.

The Series 2020 Bonds were issued to (a) finance the cost of improvements to Franjo Park, (b) acquire vacant land for preservation, conservation and resiliency, (c) reimburse the Town for the acquisition of vacant land for the site of a new civic center and public park, together with financing architectural, engineering, environmental, legal and other planning costs related thereto, and (d) pay costs of issuance of the 2020 Series Bonds. These projects are long lived projects whose benefits will extend over decades. For the fiscal year ended September 30, 2025, pledged revenues amounted to \$14,079,900 and debt service was \$517,400, resulting in a coverage ratio of 27.2. As of September 30, 2025, the principal balance outstanding was \$12,935,000.

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Capital Improvements Revenue Bonds, Series 2020 (Continued)

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

Debt service requirements to maturity for the fiscal year ending September 30, 2025 are summarized as follows:

September 30,	Principal	Interest	Total
2026	-	517,400	517,400
2027	-	517,400	517,400
2028	160,000	514,200	674,200
2029	170,000	507,600	677,600
2030	175,000	500,700	675,700
2031-2035	1,300,000	2,360,000	3,660,000
2036-2040	2,585,000	1,994,100	4,579,100
2041-2045	3,420,000	1,378,000	4,798,000
2046-2050	4,185,000	619,900	4,804,900
2051	940,000	18,800	958,800
Totals	\$ 12,935,000	\$ 8,928,100	\$ 21,863,100

Land Acquisition Revenue Bond, Series 2023

On December 1, 2023, the Town issued a \$6,630,000 bond (the "Bond") for the purpose of financing costs of the acquisition of 3.5 acres of vacant land on Old Cutler Road and S.W. 87th Avenue. The interest rate for this liability is 4.58% with a maturity date of December 1, 2043. The Bond is secured by a pledge of the Town's share of the Local Government Half-Cent Sales Tax. For the year ended September 30, 2025, the revenues pledged amounted to \$4,607,491 and debt service was \$303,654, providing a coverage ratio of 15.2.

The Bond agreement includes a provision that in the event of default, the bond holder may proceed to protect and enforce its rights by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement contained in the agreement for enforcement of any proper legal or equitable remedy. The Bond shall bear interest at the default rate of 6% in excess of the Prime Rate, provided that the floor for such Prime Rate shall be 3%. In addition, the bond holder may declare the entire outstanding balance due on the Bond to be immediately due and payable.

Debt service requirements to maturity for the fiscal year ending September 30, 2025 are summarized as follows:

September 30,	Principal	Interest	Total
2026	-	303,654	303,654
2027	-	303,654	303,654
2028	-	303,654	303,654
2029	-	303,654	303,654
2030	-	303,654	303,654
2031-2035	1,250,000	1,380,641	2,630,641
2036-2040	2,595,000	967,640	3,562,640
2040-2044	2,785,000	262,320	3,047,320
Totals	\$ 6,630,000	\$ 4,128,871	\$ 10,758,871

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Office lease

In January 2020, the Town entered into a sale-leaseback agreement under which the Town Hall office building and additional property owned by the Town. The office building previously owned by the Town was subsequently leased back from the new owner. The term of the lease is for 5 years commencing January 9, 2020 and calls for cost of living rent increases based on a defined CPI index, if applicable, on the lease anniversary date. The lease also provides for additional rent in the event certain specified expenses exceed base year amounts. To date the Town has not had to pay such additional rent. The Town has the option to renew and extend the term of lease for three successive additional terms of two years each. Rent expense for this lease was \$706,079 for the year ended September 30, 2025, including \$116,514 for the cumulative effect of the CPI adjustment that was not included in the retroactive initial measurement.

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The Town has used the Town's effective interest based on the borrowing rate of the Capital Improvement Revenue Bonds, Series 2020. The borrowing rate of this liability was 2.38% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of September 30, 2025.

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

September 30,	Principal	Interest	Total
2026	578,289	11,276	589,565
2027	159,387	683	160,070
Totals	\$ 737,676	\$ 11,959	\$ 749,635

Vehicle leases

During fiscal year 2023, the Town entered into fifteen (15) different fleet vehicle leasing contracts to support the Town's operations. The term of all leases is for 5 years, commencing on different months from October 2022 through July 2023, with 12 fixed monthly payments each year. The Town allocates the right-of-use asset and related lease liability between the General Fund and the Stormwater Fund for some of the vehicles.

At the time of the commencement of the lease, there was no interest rate specified in any of the lease agreements. The Town determined a 4% rate for the entire fleet was reasonable to used.

Annual requirements to amortize the combined lease liability and related interest for the General Fund portion are as follows:

September 30,	Principal	Interest	Total
2026	120,755	10,368	131,123
2027	125,674	5,449	131,123
2028	67,734	936	68,670
	\$ 314,163	\$ 16,753	\$ 330,916

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Vehicle leases (Continued)

Annual requirements to amortize the combined lease liability and related interest for the Stormwater Fund portion are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	21,439	1,817	23,256
2027	22,313	944	23,257
2028	11,430	180	11,610
	<u>\$ 55,182</u>	<u>\$ 2,941</u>	<u>\$ 58,123</u>

The following is a summary of changes in the long-term debt for the fiscal year ended September 30, 2025:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 12,935,000	\$ -	\$ -	\$ 12,935,000	\$ -
Premium on bonds payable	1,464,061	-	(101,018)	1,363,043	101,018
Notes payable	4,869,374	-	(564,488)	4,304,886	578,486
Revenue bond	6,630,000	-	-	6,630,000	-
Lease liability	1,732,568	-	(680,729)	1,051,839	699,044
Net pension liability	5,154,892	-	(759,127)	4,395,765	-
Compensated absences	559,383	297,081	(286,215)	570,249	142,249
QNIP Bonds	350,550	-	(110,905)	239,645	116,850
Total governmental activities	<u>\$ 33,695,828</u>	<u>\$ 297,081</u>	<u>\$ (2,502,482)</u>	<u>\$ 31,490,427</u>	<u>\$ 1,637,647</u>
Business-type activities:					
Stormwater utility revenue bonds	\$ 690,454	\$ -	\$ (124,969)	\$ 565,485	\$ 131,212
Lease liability	75,782	-	(20,600)	55,182	21,439
Total business-type activities	<u>\$ 766,236</u>	<u>\$ -</u>	<u>\$ (145,569)</u>	<u>\$ 620,667</u>	<u>\$ 152,651</u>

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2025, were as follows:

	Receivable	Payable
General Fund	\$ 10,310,624	\$ -
ARPA Fund	-	6,076,872
JPA-Franjo Road Fund		1,371,560
Non-major Governmental Funds	-	36,001
Capital Projects - Legacy Park	-	740,645
Stormwater Fund	-	2,085,546
	<u>\$ 10,310,624</u>	<u>\$ 10,310,624</u>

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

Interfund transfer activity for the year ended September 30, 2025 was as follows:

	Transfers In*	Transfers Out*
General Fund	\$ 344,113	\$ 4,232,832
CITT Fund	-	1,999,646
ARPA Fund	-	8,903,012
JPA-Franjo Road Fund	1,507,860	-
Non-major Governmental Funds	1,057,887	197,645
Capital Projects - Legacy Park	10,691,687	
Stormwater Fund	1,731,588	-
	<u>\$ 15,333,135</u>	<u>\$ 15,333,135</u>

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

- \$1,999,646 was transferred from the CITT Fund (a major governmental fund) to fund the Town's portion of costs related to several projects. \$245,632 was transferred to the Transportation fund (a non-major governmental fund) for costs associated with construction of a roundabout traffic circle and street parking, \$1,507,860 was transferred to the JPA-Franjo Road (a major governmental fund) to provide the Town's grant match for a roadway project. \$142,259 was transferred to the Transit Fund (a non-major governmental fund) for the Town's grant match providing on demand transit services, and \$103,895 was transferred to the Stormwater Fund (a proprietary fund) for costs related to eligible roadway and drainage improvement projects.
- \$197,645 was transferred from the Special Revenue Fund (a non-major governmental fund) to the General Fund for sidewalk repair projects (gas taxes).
- \$4,232,832 was transferred from the General Fund to the Environmental Fund (a non-major governmental fund) to cover the Town match portion of a grant funded project (\$23,776), to the Lighting Fund (a non-major governmental fund) to cover non-grant eligible costs (\$17,369), and to the Capital Projects – Legacy Park Fund (a major governmental fund) for a soil remediation project (\$4,191,687).
- \$8,903,012 was transferred from the ARPA Fund (a major governmental fund) to fund projects that meet the eligibility criteria of the ARPA grant funding. \$1,627,693 was transferred to the Stormwater Fund (a proprietary fund) for various stormwater/drainage projects eligible for ARPA funding, \$128,892 was transferred to the Lighting Fund (a non-major governmental fund) for an LED lighting upgrade program, \$6,500,000 was transferred to the Capital Projects – Legacy Park Fund (a major governmental fund) for a soil remediation project, \$499,959 was transferred to the Sidewalks Fund (a non-major governmental fund) for sidewalk repair projects, and \$146,468 was transferred to the General Fund to provide for ARPA eligible expenditures paid through that fund.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS

Florida Retirement System Overview

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

Florida Retirement System Overview

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

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

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

Plan Description

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

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

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

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Benefits Provided

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

Benefits Provided (Continued)

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

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2024 through June 30, 2025 were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	13.63
FRS, Elected County Officers	3.00	58.68
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk Regular	3.00	32.79
DROP - Applicable to members from all of the above classes	N/A	21.13

*Employer rates include 2.00% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

The Town's contributions for FRS totaled \$931,724 for the fiscal year ended September 30, 2025.

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

At September 30, 2025, the Town reported a liability of \$3,098,836 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Town's proportionate share of the net pension liability was based on the Town's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the Town's proportionate share was 0.00998%, which was an increase from its proportionate share of 0.00962% measured at June 30, 2024.

For the fiscal year ended September 30, 2025, the Town recognized pension expense of \$358,169 related to the Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,988	\$ -
Change of assumptions	359,855	-
Net difference between projected and actual earnings on FRS pension plan investments	-	517,382
Changes in proportion and differences between Town FRS contributions and proportionate share of contributions	130,386	27,930
Town FRS contributions subsequent to measurement date	137,635	-
Total	\$ 958,864	\$ 545,312

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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

The deferred outflows of resources related to pensions, totaling \$137,635, resulting from the Town's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future years as follows:

Fiscal Year Ending September 30	Deferred outflows/(inflows), net
2026	\$ 550,679
2027	(74,920)
2028	(110,952)
2029	(88,890)
2030	-
<u>Total</u>	<u>\$ 275,917</u>

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2025, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.5% average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2024.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
	<u>100%</u>			
Assumed inflation-Mean			2.4%	1.5%

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

Discount Rate

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

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

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the Town's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (5.70 percent) or one percentage point higher (7.70 percent) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Town's proportionate share of the net pension liability	\$ 6,081,418	\$ 3,098,836	\$ 598,283

Pension Plan Fiduciary Net Position

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Town Allocation

The Town's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2025, and pension expense / adjustment for the fiscal year ended September 30, 2025 was allocated as follows:

FRS Pension			
Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense/ Adjustment
\$ 3,098,836	\$ 958,864	\$ 545,312	\$ 358,169

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2025 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period July 1, 2024 through June 30, 2025 was 2.00 percent, and from July 1, 2024 through September 30, 2024 was 2.00 percent. The Town contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town's contributions to the HIS Plan totaled \$93,077 for the fiscal year ended September 30, 2025.

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

At September 30, 2025, the Town reported a net pension liability of \$1,296,929 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2024 and was recalculated and projected to the measurement date of June 30, 2025 using a standard actuarial roll-forward technique. The Town's proportionate share of the net pension liability was based on the Town's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the Town's proportionate share was 0.0101 percent, which was an increase from its proportionate share of 0.0095 percent measured at June 30, 2024.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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

For the fiscal year ended September 30, 2025, the Town recognized pension expense of \$74,905 related to the HIS Plan. In addition, the Town reported, in the government-wide financial statements, deferred outflows or resources and deferred inflows of resources related to the HIS Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,742	\$ 2,057
Change of assumptions	11,479	313,694
Net difference between projected and actual earnings on HIS pension plan investments	-	1,079
Changes in proportion and differences between Town HIS contributions and proportionate share of contributions	202,645	4,457
Town HIS contributions subsequent to measurement date	21,782	-
Total	\$ 243,648	\$ 321,287

The deferred outflows of resources related to pensions, totaling \$19,200, resulting from the Town's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future years as follows:

Fiscal Year Ending September 30	Deferred outflows/(inflows), net
2026	\$ 14,615
2027	29,975
2028	20,257
2029	17,720
2030	16,854
Thereafter	-
Total	\$ 99,421

Actuarial Assumptions

The HIS pension as of July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50% average, including inflation
Municipal Bond Rates	5.20%

The actuarial assumptions that determined total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2024.

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability for the HIS Plan was updated from 3.93 to 5.20 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following presents the Town's proportionate share of the net pension liability calculated using a discount rate of 5.20 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (4.20 percent) or one percentage point higher (6.20 percent) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Town's proportionate share of the net pension liability	\$ 1,462,496	\$ 1,296,929	\$ 1,158,071

Pension plan fiduciary net position

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

Town Allocation

The Town's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2025, and pension expense/adjustment for the fiscal year ended September 30, 2025 was as follows:

HIS PLAN			
Net Pension Liability	Deferred Outflow Of Resources	Deferred Inflow Of Resources	Pension Expense / Adjustment
\$ 1,296,929	\$ 243,648	\$ 321,287	\$ 74,905

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

	FRS	HIS	Total
Net pension liability	\$ 3,098,836	\$ 1,296,929	\$ 4,395,765
Deferred outflows of resources	958,864	243,648	1,202,512
Deferred inflows of resources	545,312	321,287	866,599
Pension expense/expenditure	358,169	74,905	433,074

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 9 - RISK MANAGEMENT

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

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

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants

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

Claims and Lawsuits

The Town is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have material adverse effect on the financial position of the Town.

Agreement with Miami-Dade County for Local Police Patrol Services

The Town contracts for its local police patrol and other law enforcement services through an Interlocal agreement (the "agreement") with Miami-Dade County (the "County"). The agreement for these services was set to expire on September 30, 2024, however, the Town and County finalized a new five (5) year agreement effective October 1, 2024 and the new agreement expires on September 30, 2029 with all other terms, conditions, and provisions remaining unchanged.

Payments for the services provided by Miami-Dade Sheriff's Office are based upon the level of staffing services requested by the Town utilizing the actual personnel costs of officers and equipment. The Sheriff's Office bills the Town on a monthly basis for local patrol services and for optional services (primarily school crossing guards, if applicable). For fiscal year 2025, approximately \$12,426,675 was paid by the Town for such services.

Agreement with the Town Manager

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

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

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

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

Funding Policy

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

Total OPEB Liability

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

NOTE 12 – ADOPTION OF NEW ACCOUNTING PRNOUNCEMENTS

The Town adopted the following pronouncements for the fiscal year ended September 30, 2025:

GASB Statement No. 101, *Compensated Absences* updates the recognition and measurement guidance for compensated absences, including vacation leave, sick leave, and other leave for which employees may receive cash payments or other settlement. The implementation of this statement did not have a material effect on the Town's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures* establishes disclosure requirements for certain concentrations and constraints that could cause a substantial impact to the Town's financial statements if related events occur or begin to occur within 12 months of the date the financial statements are issued. The implementation of this statement did not have a material effect on the Town's financial statements.

NOTE 13 – CHANGE WITHIN THE FINANCIAL REPORTING ENTITY

During fiscal year 2025, the Town reported Special Revenue Fund – JPA-Franjo Road Fund and Capital Projects Fund – Legacy Park Fund, as major funds. This change represents a change within the financial reporting entity under GASB Statement No. 100. The change resulted from the funds meeting the quantitative major fund criteria. Beginning fund balances were adjusted to present the funds as major funds as of the beginning of the fiscal year.

NOTE 14 – SUBSEQUENT EVENT

On March 31, 2026, the Town closed on a \$17 million Capital Improvement Revenue Bond, Series 2026. This 20-year bank loan bears interest at 4.16% and will be used to finance improvements related to the Legacy Park Municipal Complex project.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 10,847,945	\$ 11,010,945	\$ 11,181,204	\$ 170,259
Franchise fees	3,200,000	3,210,000	3,217,920	7,920
Utility taxes	4,000,000	4,500,000	4,615,961	115,961
Charges for services	330,000	405,000	486,358	81,358
Intergovernmental	7,492,094	7,837,094	7,884,376	47,282
Licenses and permits	3,820,000	1,331,000	1,337,104	6,104
Fines and forfeitures	145,000	205,000	213,404	8,404
Interest	500,000	400,000	450,312	50,312
Rental income	45,000	45,000	51,118	6,118
Miscellaneous	26,000	26,000	119,004	93,004
Total revenues	<u>30,406,039</u>	<u>28,970,039</u>	<u>29,556,761</u>	<u>586,722</u>
Expenditures:				
General government	6,158,669	5,667,473	5,483,061	184,412
Legislative	230,035	230,035	215,239	14,796
Town clerk	616,885	616,885	521,808	95,077
Finance	661,823	661,823	623,374	38,449
Town attorney	500,000	550,000	525,087	24,913
Community development	2,332,366	2,334,366	2,027,077	307,289
Public works	1,335,819	1,385,819	1,216,132	169,687
Parks and recreation	3,505,081	3,905,081	3,586,901	318,180
Police services	12,394,335	12,394,335	12,457,523	(63,188)
Total expenditures	<u>27,735,013</u>	<u>27,745,817</u>	<u>26,656,202</u>	<u>1,089,615</u>
Excess of revenues over expenditures	<u>2,671,026</u>	<u>1,224,222</u>	<u>2,900,559</u>	<u>1,676,337</u>
Other financing sources (uses):				
Transfers in	200,000	200,000	344,113	144,113
Transfers out	(250,000)	(5,250,000)	(4,232,832)	1,017,168
Total other financing sources (uses)	<u>(50,000)</u>	<u>(5,050,000)</u>	<u>(3,888,719)</u>	<u>1,161,281</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>2,621,026</u>	<u>(3,825,778)</u>	<u>(988,160)</u>	<u>2,837,618</u>
Fund balance appropriated	<u>(2,621,026)</u>	<u>3,825,778</u>	<u>-</u>	<u>(3,825,778)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(988,160)</u>	<u>\$ (988,160)</u>
Fund balance - beginning			<u>28,694,242</u>	
Fund balance - ending			<u>\$ 27,706,082</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND - ARPA FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 5,973,341	\$ 5,973,341	\$ 8,903,012	\$ 2,929,671
Interest	<u>350,000</u>	<u>280,000</u>	<u>282,027</u>	<u>2,027</u>
Total revenues	<u>6,323,341</u>	<u>6,253,341</u>	<u>9,185,039</u>	<u>2,931,698</u>
 Excess of revenues over expenditures	 <u>6,323,341</u>	 <u>6,253,341</u>	 <u>9,185,039</u>	 <u>2,931,698</u>
Other financing sources (uses) :				
Transfers out	<u>(5,973,341)</u>	<u>(12,973,341)</u>	<u>(8,903,012)</u>	<u>4,070,329</u>
Total other financing sources (uses)	<u>(5,973,341)</u>	<u>(12,973,341)</u>	<u>(8,903,012)</u>	<u>4,070,329</u>
 Revenues over (under) expenditures and other financing sources (uses)	 350,000	 (6,720,000)	 282,027	 7,002,027
 Fund balance appropriated	 <u>(350,000)</u>	 <u>6,720,000</u>	 <u>-</u>	 <u>(6,720,000)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 282,027	 <u>\$ 282,027</u>
 Fund balance, beginning			<u>895,291</u>	
Fund balance, ending			<u>\$ 1,177,318</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND - JPA - FRANJO ROAD FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 4,196,000	\$ 4,196,000	\$ 5,017,744	\$ 821,744
Total revenues	<u>4,196,000</u>	<u>4,196,000</u>	<u>5,017,744</u>	<u>821,744</u>
Expenditures:				
Current:				
General government	<u>8,541,000</u>	<u>8,541,000</u>	<u>6,525,604</u>	<u>2,015,396</u>
Total expenditures	<u>8,541,000</u>	<u>8,541,000</u>	<u>6,525,604</u>	<u>2,015,396</u>
Excess (deficiency) of				
revenues over expenditures	<u>(4,345,000)</u>	<u>(4,345,000)</u>	<u>(1,507,860)</u>	<u>2,837,140</u>
Other financing sources (uses) :				
Transfers in	4,345,000	4,345,000	1,507,860	(2,837,140)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,345,000</u>	<u>4,345,000</u>	<u>1,507,860</u>	<u>(2,837,140)</u>
Revenues over (under) expenditures and				
other financing sources (uses)	-	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND - CITT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 2,900,000	\$ 2,900,000	\$ 3,015,874	\$ 115,874
Interest	<u>70,000</u>	<u>70,000</u>	<u>118,106</u>	<u>48,106</u>
Total revenues	<u>2,970,000</u>	<u>2,970,000</u>	<u>3,133,980</u>	<u>163,980</u>
Expenditures:				
Current:				
General government	<u>674,026</u>	<u>874,026</u>	<u>632,228</u>	<u>241,798</u>
Capital outlay:				
General government	<u>-</u>	<u>-</u>	<u>148,411</u>	<u>(148,411)</u>
Total expenditures	<u>674,026</u>	<u>874,026</u>	<u>780,639</u>	<u>93,387</u>
Excess of revenues over				
expenditures	<u>2,295,974</u>	<u>2,095,974</u>	<u>2,353,341</u>	<u>257,367</u>
Other financing sources (uses) :				
Transfers out	<u>(5,395,550)</u>	<u>(5,395,550)</u>	<u>(1,999,646)</u>	<u>3,395,904</u>
Total other financing sources (uses)	<u>(5,395,550)</u>	<u>(5,395,550)</u>	<u>(1,999,646)</u>	<u>3,395,904</u>
Revenues over (under) expenditures and				
other financing sources (uses)	<u>(3,099,576)</u>	<u>(3,299,576)</u>	<u>353,695</u>	<u>3,653,271</u>
Fund balance appropriated	<u>3,099,576</u>	<u>3,299,576</u>	<u>-</u>	<u>(3,299,576)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>353,695</u>	<u>\$ 353,695</u>
Fund balance, beginning			<u>7,284,389</u>	
Fund balance, ending			<u>\$ 7,638,084</u>	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND - LEGACY PARK FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures:				
Capital outlay:				
General government	-	13,000,000	12,073,419	926,581
Total expenditures	-	13,000,000	12,073,419	926,581
Excess (deficiency) of				
revenues over expenditures	-	(13,000,000)	(12,073,419)	926,581
Other financing sources (uses) :				
Transfers in	-	11,500,000	10,691,687	(808,313)
Total other financing sources (uses)	-	11,500,000	10,691,687	(808,313)
Revenues over (under) expenditures and				
other financing sources (uses)	-	(1,500,000)	(1,381,732)	118,268
Fund balance appropriated	-	1,500,000	-	(1,500,000)
Net change in fund balance	\$ -	\$ -	(1,381,732)	\$ (1,381,732)
Fund balance, beginning			(1,708,969)	
Fund balance, ending			\$ (3,090,701)	

See notes to budgetary comparison schedule

TOWN OF CUTLER BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

In January 2025, the Town Council passed a budget amendment by resolution (#25-04) to:

1. In the General Fund, increased transfers out by \$6,312,779, with a corresponding increase to appropriation of prior year fund balance.
2. In the Capital Projects – Legacy Park Fund, increase transfers by \$6,312,779, with a corresponding increase to contractual services.

In July 2025, the Town Council passed a budget amendment by resolution (#25-44) to:

1. In the General Fund, increased interest expense by \$303,654, with a corresponding increase to appropriation of prior year fund balance.

In November 2025, the Town Council passed a budget amendment by resolution (#25-92) to:

1. In the General Fund, the net decrease in total revenues was \$1,436,000 with a corresponding increase to appropriation of prior year fund balance. The revenue changes reflected increases to utility taxes (\$300,000 for electricity, \$150,000 for water, and \$50,000 for gas), solid waste franchise fees (\$90,000), local government half-cent sales tax (\$195,000), parks fees (\$95,000), judgements and fines (\$10,000), ad valorem revenue (\$163,000), public works review fees (\$48,000), violation of local ordinance fines (\$50,000), revenue sharing (\$80,000), communications services taxes (\$70,000), and other licenses and permits (\$29,000), offset by decreases for building permits (\$2,550,000), electric franchise fees (\$80,000), zoning-planning fees (\$16,000), lien search fees (\$20,000), and interest income (\$100,000).

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

2. In the General Fund, the net decrease in total expenditures was \$1,605,629 with a corresponding decrease to appropriation of prior year fund balance.

The budget amendment increased expenditures in (a) the Town Attorney department by \$50,000 for professional services, (b) the Parks department by \$400,000 (\$250,000 for other contractual services, \$100,000 for contractual services – Brownfield, \$30,000 for utilities, and \$20,000 for operating supplies), (c) the Community Development department by \$2,000 for capital outlay, and (d) the Public Works department by \$50,000 for contractual services, offset by a decrease in (e) the General Government department by \$794,850 (\$1,019,850 decrease for other contractual services - GOB, offset by a \$100,000 increase for professional services, a \$100,000 increase for other contractual services, a \$10,000 increase for insurance, a \$10,000 increase for operating supplies, and a \$5,000 increase for capital outlay), and (f) a decrease in transfers out of \$1,312,779.

3. In the Special Revenue – ARPA Fund, interest income was decreased \$70,000 and transfers out were increased \$7,000,000 with a corresponding decrease to fund balance.
4. In the Special Revenue - CITT Fund, expenditures were increased \$200,000 (\$30,000 for professional services, \$150,000 for contractual services – transportation, and \$20,000 for contractual services – transit), with a corresponding decrease to fund balance.
5. In the Capital Projects – Legacy Park Fund, transfers in were increased \$5,187,221 and expenditures were increased \$6,687,221 (\$1,500,000 for professional services and \$5,187,221 for contractual services), with a corresponding decrease to fund balance.

NOTE 2 – BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2025, expenditures exceeded appropriations in the following:

<u>General Fund</u>	
Police services	\$ 63,188

State law allows the budget for a fiscal year to be amended up to 60 days after the end of that fiscal year. After this deadline passed for fiscal year 2025, the Town received an invoice from Miami-Dade County for police vehicle fleet charges that were inadvertently not billed to the Town, which include approximately \$149,835 for fiscal year 2025. The Town accrued this cost at September 30, 2025 and this amount is included in actual expenditures for the fiscal year. However, since the deadline to adopt a budget amendment to reflect this cost in the fiscal year 2025 budget had passed, this cost is not reflected in the Town's final budget. As a result, an unfavorable variance shows for the police services.

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2025

Fiscal Year ended June 30,	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the FRS net pension liability	0.0100%	0.0096%	0.0096%	0.0097%	0.0099%	0.0089%	0.0095%	0.0099%	0.0093%	0.0086%
Town's proportionate share of the FRS net pension liability	\$ 3,098,836	\$ 3,722,626	\$ 3,838,774	\$ 3,618,137	\$ 749,337	\$ 3,858,186	\$ 3,275,922	\$ 2,988,680	\$ 2,756,704	\$ 2,173,623
Town's covered payroll	\$ 4,524,781	\$ 4,040,750	\$ 3,589,399	\$ 2,970,660	\$ 2,888,756	\$ 2,660,786	\$ 2,627,355	\$ 2,619,488	\$ 2,522,996	\$ 2,346,800
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	68.49%	92.13%	106.95%	121.80%	25.94%	145.00%	124.69%	114.09%	109.26%	92.62%
FRS Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.69%	84.88%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2025

Fiscal Year ended September 30,	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 931,724	\$ 827,331	\$ 693,600	\$ 580,100	\$ 522,281	\$ 434,654	\$ 401,481	\$ 322,591	\$ 291,685	\$ 263,864
FRS contribution in relation to the contractually required contribution	<u>(931,724)</u>	<u>(827,331)</u>	<u>(693,600)</u>	<u>(580,100)</u>	<u>(522,281)</u>	<u>(434,654)</u>	<u>(401,481)</u>	<u>(322,591)</u>	<u>(291,685)</u>	<u>(263,864)</u>
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,653,858	\$ 4,127,957	\$ 3,592,787	\$ 3,062,244	\$ 2,908,256	\$ 2,739,748	\$ 2,613,721	\$ 2,618,896	\$ 2,563,058	\$ 2,452,272
FRS contribution as a percentage of covered payroll	20.02%	20.04%	19.31%	18.94%	17.96%	15.86%	15.36%	12.32%	11.38%	10.76%

TOWN OF CUTLER BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2025

Fiscal Year ended June 30,	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the HIS net pension liability	0.0101%	0.0095%	0.0090%	0.0081%	0.0082%	0.0077%	0.0079%	0.0080%	0.0079%	0.0076%
Town's proportionate share of the HIS net pension liability	\$ 1,296,929	\$ 1,432,266	\$ 1,428,577	\$ 862,683	\$ 1,000,859	\$ 936,057	\$ 878,997	\$ 848,850	\$ 846,350	\$ 885,811
Town's covered payroll	\$ 4,524,781	\$ 4,040,750	\$ 3,589,399	\$ 2,970,660	\$ 2,888,756	\$ 2,660,786	\$ 2,627,355	\$ 2,619,488	\$ 2,522,996	\$ 2,346,800
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.66%	35.45%	39.80%	29.04%	34.65%	35.18%	33.46%	32.41%	33.55%	37.75%
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2025

Fiscal Year ended September 30,	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required HIS contribution	\$ 93,077	\$ 82,559	\$ 62,607	\$ 50,833	\$ 48,277	\$ 45,480	\$ 43,388	\$ 43,474	\$ 42,547	\$ 40,708
HIS contribution in relation to the contractually required contribution	<u>(93,077)</u>	<u>(82,559)</u>	<u>(62,607)</u>	<u>(50,833)</u>	<u>(48,277)</u>	<u>(45,480)</u>	<u>(43,388)</u>	<u>(43,474)</u>	<u>(42,547)</u>	<u>(40,708)</u>
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,653,858	\$ 4,127,957	\$ 3,592,787	\$ 3,062,244	\$ 2,908,256	\$ 2,739,748	\$ 2,613,721	\$ 2,618,896	\$ 2,563,058	\$ 2,452,272
HIS contribution as a percentage of covered payroll	2.00%	2.00%	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Environmental Fund – This fund was established to account for revenues derived from grants and other sources to be used for environmental related projects.

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

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

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

Lighting Fund – This fund was established to account for revenues derived from grants and other sources to be used specifically for lighting upgrades at the Town's parks and other facilities.

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

TOWN OF CUTLER BAY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Special Revenue Fund	Environmental Fund	Transportation Fund	Sidewalks Fund	The Children's Trust Fund	Lighting Fund	Transit Fund	
<u>ASSETS</u>								
Restricted cash	\$ 680,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,014
Accounts receivables, net	17,804	25,000	-	-	23,311	-	93,728	159,843
Prepays	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	<u>\$ 697,818</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,311</u>	<u>\$ -</u>	<u>\$ 93,728</u>	<u>\$ 839,857</u>
<u>LIABILITIES</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	12,310	\$ -	\$ 93,728	\$ 106,038
Due to other funds	-	25,000	-	-	11,001	-	-	36,001
Total liabilities	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>23,311</u>	<u>-</u>	<u>93,728</u>	<u>142,039</u>
<u>FUND BALANCES</u>								
Restricted	697,818	-	-	-	-	-	-	697,818
Total fund balances	<u>697,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,818</u>
Total liabilities and fund balances	<u>\$ 697,818</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,311</u>	<u>\$ -</u>	<u>\$ 93,728</u>	<u>\$ 839,857</u>

TOWN OF CUTLER BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds								Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Revenue Fund	Environmental Fund	Transportation Fund	Formerly nonmajor fund JPA - Franjo Road Fund	Sidewalks Fund	The Children's Trust Fund	Lighting Fund	Transit Fund	Formerly nonmajor fund Legacy Park Fund	
Revenues:										
Intergovernmental	\$ 214,701	\$ -	\$ 362,500	\$ -	\$ -	\$ 204,776	\$ -	\$ 225,381	\$ -	\$ 1,007,358
Impact fees	47,612	-	-	-	-	-	-	-	-	47,612
Interest	10,653	-	-	-	-	-	-	-	-	10,653
Total revenues	<u>272,966</u>	<u>-</u>	<u>362,500</u>	<u>-</u>	<u>-</u>	<u>204,776</u>	<u>-</u>	<u>225,381</u>	<u>-</u>	<u>1,065,623</u>
Expenditures:										
Current:										
General government	-	-	-	-	499,959	-	-	367,640	-	867,599
Parks and recreation	-	23,776	-	-	-	204,776	-	-	-	228,552
Capital outlay:										
General government	-	-	608,132	-	-	-	-	-	-	608,132
Parks and recreation	-	-	-	-	-	-	146,261	-	-	146,261
Total expenditures	<u>-</u>	<u>23,776</u>	<u>608,132</u>	<u>-</u>	<u>499,959</u>	<u>204,776</u>	<u>146,261</u>	<u>367,640</u>	<u>-</u>	<u>1,850,544</u>
Excess (deficiency) of revenues over expenditures	<u>272,966</u>	<u>(23,776)</u>	<u>(245,632)</u>	<u>-</u>	<u>(499,959)</u>	<u>-</u>	<u>(146,261)</u>	<u>(142,259)</u>	<u>-</u>	<u>(784,921)</u>
Other financing sources:										
Transfers in	-	23,776	245,632	-	499,959	-	146,261	142,259	-	1,057,887
Transfers out	(197,645)	-	-	-	-	-	-	-	-	(197,645)
Total other financing sources (uses)	<u>(197,645)</u>	<u>23,776</u>	<u>245,632</u>	<u>-</u>	<u>499,959</u>	<u>-</u>	<u>146,261</u>	<u>142,259</u>	<u>-</u>	<u>860,242</u>
Net change in fund balance	<u>75,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,321</u>
Fund balances, beginning	<u>622,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,708,969)</u>	<u>(1,086,472)</u>
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,708,969</u>	<u>1,708,969</u>
Fund balances, ending	<u>\$ 697,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,818</u>

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 205,000	\$ 205,000	\$ 214,701	\$ 9,701
Impact fees	46,000	46,000	47,612	1,612
Interest	20,000	20,000	10,653	(9,347)
Total revenues	<u>271,000</u>	<u>271,000</u>	<u>272,966</u>	<u>1,966</u>
Other financing uses:				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(197,645)</u>	<u>2,355</u>
Total other financing use	<u>(200,000)</u>	<u>(200,000)</u>	<u>(197,645)</u>	<u>2,355</u>
Revenues over (under) other financing sources (uses)	71,000	71,000	75,321	4,321
Fund balance appropriated	<u>(71,000)</u>	<u>(71,000)</u>	<u>-</u>	<u>71,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>75,321</u>	<u>\$ 75,321</u>
Fund balance, beginning			<u>622,497</u>	
Fund balance, ending			<u><u>\$ 697,818</u></u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND - ENVIRONMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Expenditures:				
Current:				
Parks and recreation	<u>500,000</u>	<u>500,000</u>	<u>23,776</u>	<u>476,224</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>23,776</u>	<u>476,224</u>
Revenues over (under) expenditures before other financing sources	<u>(250,000)</u>	<u>(250,000)</u>	<u>(23,776)</u>	<u>226,224</u>
Other financing sources:				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>23,776</u>	<u>(226,224)</u>
Total other financing sources	<u>250,000</u>	<u>250,000</u>	<u>23,776</u>	<u>(226,224)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND - TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 362,500	\$ 362,500	\$ 362,500	\$ -
Total revenues	<u>362,500</u>	<u>362,500</u>	<u>362,500</u>	<u>-</u>
Expenditures:				
Capital outlay:				
General government	<u>678,550</u>	<u>678,550</u>	<u>608,132</u>	<u>70,418</u>
Total expenditures	<u>678,550</u>	<u>678,550</u>	<u>608,132</u>	<u>70,418</u>
Revenues over (under) expenditures before other financing sources	<u>(316,050)</u>	<u>(316,050)</u>	<u>(245,632)</u>	<u>70,418</u>
Other financing sources:				
Transfers in	<u>316,050</u>	<u>316,050</u>	<u>245,632</u>	<u>(70,418)</u>
Total other financing sources	<u>316,050</u>	<u>316,050</u>	<u>245,632</u>	<u>(70,418)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND - THE CHILDREN'S TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 228,000	\$ 228,000	\$ 204,776	\$ (23,224)
Total revenues	<u>228,000</u>	<u>228,000</u>	<u>204,776</u>	<u>(23,224)</u>
Expenditures:				
Current:				
Parks and recreation	<u>228,000</u>	<u>228,000</u>	<u>204,776</u>	<u>23,224</u>
Total expenditures	<u>228,000</u>	<u>228,000</u>	<u>204,776</u>	<u>23,224</u>
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND - SIDEWALKS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
Expenditures:				
Current:				
General Government	-	500,000	499,959	41
Total expenditures	-	500,000	499,959	41
Revenues over (under) expenditures before other financing sources	-	(500,000)	(499,959)	41
Other financing sources:				
Transfers in	-	500,000	499,959	(41)
Total other financing sources	-	500,000	499,959	(41)
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND - LIGHTING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures:				
Capital outlay:				
Parks and recreation	\$ -	\$ 150,000	\$ 146,261	\$ 3,739
Total expenditures	-	150,000	146,261	3,739
Revenues over (under) expenditures before other financing sources	-	(150,000)	(146,261)	3,739
Other financing sources:				
Transfers in	-	150,000	146,261	(3,739)
Total other financing sources	-	150,000	146,261	(3,739)
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - SPECIAL REVENUE FUND - TRANSIT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 225,381	\$ 150,381
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>225,381</u>	<u>150,381</u>
Expenditures:				
Current:				
General government	<u>375,000</u>	<u>375,000</u>	<u>367,640</u>	<u>7,360</u>
Total expenditures	<u>375,000</u>	<u>375,000</u>	<u>367,640</u>	<u>7,360</u>
Revenues over (under) expenditures before other financing sources	<u>(300,000)</u>	<u>(300,000)</u>	<u>(142,259)</u>	<u>157,741</u>
Other financing sources:				
Transfers in	300,000	300,000	142,259	(157,741)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>142,259</u>	<u>(157,741)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET VS ACTUAL - STORMWATER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Operating revenues:				
Charges for services	\$ 1,900,000	\$ 1,900,000	\$ 2,094,046	\$ 194,046
Total operating revenues	<u>1,900,000</u>	<u>1,900,000</u>	<u>2,094,046</u>	<u>194,046</u>
Operating expenses:				
Operations and maintenance	2,431,653	2,431,653	1,121,987	1,309,666
Depreciation	<u>300,000</u>	<u>400,000</u>	<u>393,375</u>	<u>6,625</u>
Total operating expenses	<u>2,731,653</u>	<u>2,831,653</u>	<u>1,515,362</u>	<u>1,316,291</u>
Operating income (loss)	<u>(831,653)</u>	<u>(931,653)</u>	<u>578,684</u>	<u>1,510,337</u>
Non-operating revenues (expenses):				
Interest income	-	-	4,196	4,196
Interest expense	(37,185)	(37,185)	(37,887)	(702)
Grants	<u>-</u>	<u>-</u>	<u>17,313</u>	<u>17,313</u>
Total non-operating revenues (expenses)	<u>(37,185)</u>	<u>(37,185)</u>	<u>(16,378)</u>	<u>20,807</u>
Income (loss) before capital contributions and transfers	<u>(868,838)</u>	<u>(968,838)</u>	<u>562,306</u>	<u>1,531,144</u>
Capital grants and contributions	5,697,833	5,697,833	4,464,222	(1,233,611)
Transfers in	<u>6,407,841</u>	<u>6,407,841</u>	<u>1,731,588</u>	<u>(4,676,253)</u>
Total capital contributions and transfers	<u>12,105,674</u>	<u>12,105,674</u>	<u>6,195,810</u>	<u>(5,909,864)</u>
Revenues over (under) expenditures and capital contributions and transfers	<u>11,236,836</u>	<u>11,136,836</u>	<u>6,758,116</u>	<u>(4,378,720)</u>
Net position appropriated	<u>(11,236,836)</u>	<u>(11,136,836)</u>	-	<u>11,136,836</u>
Changes in net position	<u>\$ -</u>	<u>\$ -</u>	<u>6,758,116</u>	<u>\$ 6,758,116</u>
Net position - Beginning			<u>14,378,054</u>	
Net position - Ending			<u>\$ 21,136,170</u>	

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Cutler Bay's annual comprehensive 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>	86-90
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	91-95
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>	96-97
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>	98-99
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>	100-102

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities:										
Net investment in capital assets	\$ 31,594,819	\$ 30,309,365	\$ 29,728,390	27,912,310	37,248,971	32,153,827	33,783,639	30,698,674	34,774,631	44,480,659
Restricted	4,899,680	5,274,302	4,546,311	5,407,236	8,651,089	6,958,741	7,089,371	7,616,322	8,889,584	9,604,807
Unrestricted	16,861,145	14,795,314	14,720,275	14,935,831	6,833,034	15,667,647	16,943,443	21,892,512	22,010,842	22,321,098
Total governmental activities net position	<u>\$ 53,355,644</u>	<u>\$ 50,378,981</u>	<u>\$ 48,994,976</u>	<u>\$ 48,255,377</u>	<u>\$ 52,733,094</u>	<u>\$ 54,780,215</u>	<u>\$ 57,816,453</u>	<u>\$ 60,207,508</u>	<u>\$ 65,675,057</u>	<u>\$ 76,406,564</u>
Business-type activities:										
Net investment in capital assets	\$ 3,804,419	\$ 3,834,666	\$ 4,105,252	5,150,203	5,224,347	5,765,513	8,832,937	10,769,506	14,537,991	20,220,260
Unrestricted	1,109,730	1,021,056	794,095	373,613	135,568	(302,138)	(489,528)	(608,500)	(159,937)	915,910
Total business-type activities net position	<u>\$ 4,914,149</u>	<u>\$ 4,855,722</u>	<u>\$ 4,899,347</u>	<u>\$ 5,523,816</u>	<u>\$ 5,359,915</u>	<u>\$ 5,463,375</u>	<u>\$ 8,343,409</u>	<u>\$ 10,161,006</u>	<u>\$ 14,378,054</u>	<u>\$ 21,136,170</u>
Primary government:										
Net investment in capital assets	\$ 35,399,238	\$ 34,144,031	\$ 33,833,642	\$ 33,062,513	\$ 42,473,318	\$ 37,919,340	\$ 42,616,576	\$ 41,468,180	\$ 49,312,622	\$ 64,700,919
Restricted	4,899,680	5,274,302	4,546,311	5,407,236	8,651,089	6,958,741	7,089,371	7,616,322	8,889,584	9,604,807
Unrestricted	17,970,875	15,816,370	15,514,370	15,309,444	6,968,602	15,365,509	16,453,915	21,284,012	21,850,905	23,237,008
Total primary government net position	<u>\$ 58,269,793</u>	<u>\$ 55,234,703</u>	<u>\$ 53,894,323</u>	<u>\$ 53,779,193</u>	<u>\$ 58,093,009</u>	<u>\$ 60,243,590</u>	<u>\$ 66,159,862</u>	<u>\$ 70,368,514</u>	<u>\$ 80,053,111</u>	<u>\$ 97,542,734</u>

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
EXPENSES										
Governmental activities:										
General government	\$ 9,441,001	\$ 8,297,990	\$ 7,705,651	6,788,772	7,301,727	7,002,525	6,749,041	9,271,053	8,680,021	14,547,151
Public safety	8,993,764	9,790,469	9,442,229	10,047,839	10,320,605	10,078,672	10,211,334	10,969,479	11,857,800	12,310,053
Community development	2,427,984	2,535,174	2,732,777	2,656,304	2,563,408	2,502,571	2,768,709	3,296,439	3,211,889	3,087,925
Parks and recreation	3,364,464	3,533,963	3,685,932	3,706,960	3,238,385	3,222,287	3,428,887	4,124,912	4,575,667	4,557,460
Interest on long-term debt	464,240	424,647	392,443	336,879	291,505	627,088	701,573	768,744	978,939	1,004,716
Total governmental activities	<u>24,691,452</u>	<u>24,582,243</u>	<u>23,959,032</u>	<u>23,536,754</u>	<u>23,715,630</u>	<u>23,433,143</u>	<u>23,859,544</u>	<u>28,430,627</u>	<u>29,304,316</u>	<u>35,507,305</u>
Business-type activities:										
Stormwater	1,014,553	1,031,549	1,130,815	1,043,563	1,221,901	1,188,962	1,372,806	1,318,967	1,494,564	1,515,362
Interest on long-term debt	72,139	69,923	65,825	61,583	57,197	52,658	51,536	55,634	43,922	37,887
Total business-type activities	<u>1,086,692</u>	<u>1,101,472</u>	<u>1,196,640</u>	<u>1,105,146</u>	<u>1,279,098</u>	<u>1,241,620</u>	<u>1,424,342</u>	<u>1,374,601</u>	<u>1,538,486</u>	<u>1,553,249</u>
Total primary government expenses	<u>\$ 25,778,144</u>	<u>\$ 25,683,715</u>	<u>\$ 25,155,672</u>	<u>\$ 24,641,900</u>	<u>\$ 24,994,728</u>	<u>\$ 24,674,763</u>	<u>\$ 25,283,886</u>	<u>\$ 29,805,228</u>	<u>\$ 30,842,802</u>	<u>\$ 37,060,554</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	724,140	554,355	707,244	860,706	425,779	198,992	300,257	296,022	311,024	314,379
Public safety	672,027	381,480	391,919	317,643	274,933	286,915	320,043	213,599	291,736	301,532
Community development	1,037,220	1,029,705	1,339,332	1,198,225	1,002,412	1,247,021	1,680,288	1,158,838	1,175,561	1,337,104
Parks and recreation	151,233	123,292	140,923	155,033	50,279	82,324	104,188	211,926	244,569	285,763
Operating grants and contributions	3,807,943	3,434,440	2,409,808	2,975,129	2,631,573	3,645,229	4,040,374	4,972,426	8,903,126	17,414,871
Capital grants and contributions	303,553	299,123	541,792	384,533	734,046	474,292	241,406	277,278	236,472	624,812
Total governmental activities program revenues	<u>6,696,116</u>	<u>5,822,395</u>	<u>5,531,018</u>	<u>5,891,269</u>	<u>5,119,022</u>	<u>5,934,773</u>	<u>6,686,556</u>	<u>7,130,089</u>	<u>11,162,488</u>	<u>20,278,461</u>
Business-type activities:										
Charges for services:										
Stormwater	1,011,803	1,040,448	1,037,701	1,028,455	1,011,443	1,017,995	1,025,416	1,018,726	1,773,761	2,094,046
Operating grants and contributions	-	-	-	-	-	-	15,421	-	37,470	17,313
Capital grants and contributions	70,597	-	158,629	380,371	17,141	200,000	600,000	250,000	693,088	4,464,222
Total business-type activities program revenues	<u>1,082,400</u>	<u>1,040,448</u>	<u>1,196,330</u>	<u>1,408,826</u>	<u>1,028,584</u>	<u>1,217,995</u>	<u>1,640,837</u>	<u>1,268,726</u>	<u>2,504,319</u>	<u>6,575,581</u>
Total primary government revenues	<u>\$ 7,778,516</u>	<u>\$ 6,862,843</u>	<u>\$ 6,727,348</u>	<u>\$ 7,300,095</u>	<u>\$ 6,147,606</u>	<u>\$ 7,152,768</u>	<u>\$ 8,327,393</u>	<u>\$ 8,398,815</u>	<u>\$ 13,666,807</u>	<u>\$ 26,854,042</u>
Net revenue (expense):										
Governmental activities	(17,995,336)	(18,759,848)	(18,428,014)	(17,645,485)	(18,596,608)	(17,498,370)	(17,172,988)	(21,300,538)	(18,141,828)	(15,228,844)
Business-type activities	(4,292)	(61,024)	(310)	303,680	(250,514)	(23,625)	216,495	(105,875)	965,833	5,022,332
Total primary government net revenues (expenses)	<u>\$ (17,999,628)</u>	<u>\$ (18,820,872)</u>	<u>\$ (18,428,324)</u>	<u>\$ (17,341,805)</u>	<u>\$ (18,847,122)</u>	<u>\$ (17,521,995)</u>	<u>\$ (16,956,493)</u>	<u>\$ (21,406,413)</u>	<u>\$ (17,175,995)</u>	<u>\$ (10,206,512)</u>

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 4,638,277	\$ 5,077,377	\$ 5,412,467	\$ 5,852,830	\$ 6,170,581	\$ 6,897,920	\$ 7,981,928	\$ 8,756,333	\$ 10,026,199	\$ 11,181,204
Utility taxes	3,026,608	3,137,950	3,202,656	3,224,375	3,424,120	3,651,893	3,860,621	4,350,404	4,512,323	4,620,865
Franchise fees based on gross receipts	1,319,529	1,080,786	1,452,706	1,340,786	1,804,006	2,498,625	2,928,299	3,244,281	3,119,306	3,217,920
Unrestricted intergovernmental revenue	6,281,535	6,390,738	7,102,045	6,510,769	5,848,630	6,527,188	7,536,192	7,939,645	7,762,134	7,691,848
Unrestricted interest earnings	73,330	70,576	149,147	200,047	138,138	41,773	107,899	1,072,129	1,179,335	861,098
Miscellaneous revenues	-	25,758	537,185	94,020	24,432	55,088	29,915	252,273	261,295	119,004
Gains (losses) on disposal of capital assets	-	-	-	-	5,750,705	-	-	-	-	-
Total governmental activities	<u>15,339,279</u>	<u>15,783,185</u>	<u>17,856,206</u>	<u>17,222,827</u>	<u>23,160,612</u>	<u>19,672,487</u>	<u>22,444,854</u>	<u>25,615,065</u>	<u>26,860,592</u>	<u>27,691,939</u>
Business-type activities:										
Interest earnings	1,354	2,597	5,057	3,848	326	89	-	-	-	4,196
Total business-type activities	<u>1,354</u>	<u>2,597</u>	<u>5,057</u>	<u>3,848</u>	<u>326</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,196</u>
Total primary government	<u>\$ 15,340,633</u>	<u>\$ 15,785,782</u>	<u>\$ 17,861,263</u>	<u>\$ 17,226,675</u>	<u>\$ 23,160,938</u>	<u>\$ 19,672,576</u>	<u>\$ 22,444,854</u>	<u>\$ 25,615,065</u>	<u>\$ 26,860,592</u>	<u>\$ 27,696,135</u>
Transfers										
Governmental activities	\$ -	\$ -	\$ (38,878)	(316,941)	(86,287)	(126,996)	(2,367,033)	(1,923,472)	(3,251,215)	(1,731,588)
Business-type activities	-	-	38,878	316,941	86,287	126,996	2,367,033	1,923,472	3,251,215	1,731,588
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ (2,656,057)	\$ (2,976,663)	\$ (610,686)	\$ (739,599)	\$ 4,477,717	\$ 2,047,121	\$ 2,904,833	\$ 2,391,055	\$ 5,467,549	\$ 10,731,507
Business-type activities	(2,938)	(58,427)	43,625	624,469	(163,901)	103,460	2,583,528	1,817,597	4,217,048	6,758,116
Total primary government	<u>\$ (2,658,995)</u>	<u>\$ (3,035,090)</u>	<u>\$ (567,061)</u>	<u>\$ (115,130)</u>	<u>\$ 4,313,816</u>	<u>\$ 2,150,581</u>	<u>\$ 5,488,361</u>	<u>\$ 4,208,652</u>	<u>\$ 9,684,597</u>	<u>\$ 17,489,623</u>

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund										
Nondisposable	\$ 456,977	\$ 426,781	\$ 432,821	\$ 390,662	\$ 493,083	\$ 468,869	\$ 137,155	\$ 260,146	\$ 239,093	\$ 227,987
Restricted	58,012	63,190	68,851	74,111	3,078,313	81,635	86,048	83,444	87,407	91,587
Assigned	2,000,000	2,000,000	1,000,000	1,000,000	-	-	-	-	-	-
Unassigned	18,014,568	16,260,846	17,093,506	16,670,523	10,154,003	18,829,956	22,587,151	26,274,306	28,367,742	27,386,508
Total general fund	<u>\$ 20,529,557</u>	<u>\$ 18,750,817</u>	<u>\$ 18,595,178</u>	<u>\$ 18,135,296</u>	<u>\$ 13,725,399</u>	<u>\$ 19,380,460</u>	<u>\$ 22,810,354</u>	<u>\$ 26,617,896</u>	<u>\$ 28,694,242</u>	<u>\$ 27,706,082</u>
 All other governmental funds										
Nondisposable	\$ -	\$ -	\$ 958	\$ 969	\$ 1,012	\$ 1,073	\$ 1,146	\$ 1,159	\$ 1,165	\$ -
Restricted	4,841,668	5,211,112	4,477,460	5,333,125	5,572,776	6,958,741	7,003,323	7,532,878	8,802,177	9,513,220
Unassigned	-	-	(958)	(969)	(1,012)	(1,073)	(1,146)	(1,159)	(1,710,134)	(3,090,701)
Total all other governmental funds	<u>\$ 4,841,668</u>	<u>\$ 5,211,112</u>	<u>\$ 4,477,460</u>	<u>\$ 5,333,125</u>	<u>\$ 5,572,776</u>	<u>\$ 6,958,741</u>	<u>\$ 7,003,323</u>	<u>\$ 7,532,878</u>	<u>\$ 7,093,208</u>	<u>\$ 6,422,519</u>

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
REVENUES										
Property taxes	\$ 4,638,277	\$ 5,077,377	\$ 5,412,467	\$ 5,852,830	\$ 6,170,581	\$ 6,897,920	\$ 7,981,928	\$ 8,756,333	\$ 10,026,199	\$ 11,181,204
Licenses and permits	1,037,219	1,029,704	1,339,332	1,198,224	1,002,412	1,247,021	1,680,289	1,158,838	1,175,561	1,337,104
Utility taxes	3,026,608	3,137,950	3,202,656	3,224,375	3,424,120	3,651,893	3,431,857	4,691,673	4,572,633	4,615,961
Franchise fees	1,319,529	1,080,786	1,452,706	1,340,786	1,804,006	2,498,625	2,928,299	3,244,281	3,119,306	3,217,920
Intergovernmental revenue	10,348,390	10,045,463	9,824,188	9,822,973	9,188,594	10,506,561	11,862,475	13,250,682	17,000,419	25,828,364
Charges for services	413,625	372,035	380,943	383,500	326,071	364,495	351,831	422,426	472,635	486,358
Interest and other	1,251,747	862,265	1,594,869	1,288,502	618,998	387,722	434,549	1,542,296	1,701,856	1,292,236
Total revenues	<u>22,035,395</u>	<u>21,605,580</u>	<u>23,207,161</u>	<u>23,111,190</u>	<u>22,534,782</u>	<u>25,554,237</u>	<u>28,671,228</u>	<u>33,066,529</u>	<u>38,068,609</u>	<u>47,959,147</u>
EXPENDITURES										
Current:										
General government	8,356,818	7,084,965	6,852,224	5,743,761	6,567,746	7,073,413	6,266,815	8,251,124	7,983,624	14,010,370
Public safety	8,981,112	9,782,445	9,434,650	10,038,756	10,310,449	10,070,627	10,204,217	10,958,099	11,846,227	12,457,523
Community development	1,222,815	1,343,494	1,490,476	1,360,530	1,302,025	1,409,942	1,600,826	1,978,219	2,103,476	2,025,323
Parks and recreation	1,995,324	2,151,812	2,274,376	2,193,182	1,871,880	2,099,639	2,541,382	3,056,108	3,766,827	3,741,761
Capital outlay	290,044	699,565	1,280,826	1,111,277	4,701,587	10,713,761	77,841	874,149	11,622,892	13,185,834
Debt service:										
Principal	1,487,545	1,527,948	1,570,168	1,614,081	1,572,184	4,182,138	1,336,752	1,404,916	1,503,207	1,356,122
Interest	464,240	424,647	381,534	336,879	292,870	487,079	801,886	878,644	984,465	1,109,475
Total expenditures	<u>22,797,898</u>	<u>23,014,876</u>	<u>23,284,254</u>	<u>22,398,466</u>	<u>26,618,741</u>	<u>36,036,599</u>	<u>22,829,719</u>	<u>27,401,259</u>	<u>39,810,718</u>	<u>47,886,408</u>
Excess (deficiency) of revenues over expenditures	(762,503)	(1,409,296)	(77,093)	712,724	(4,083,959)	(10,482,362)	5,841,509	5,665,270	(1,742,109)	72,739
Other financing sources (uses):										
Capital lease proceeds	-	-	-	-	-	-	-	595,299	-	-
Transfers	-	-	(38,878)	(316,941)	(86,287)	(126,996)	(2,367,033)	(1,923,472)	(3,251,215)	(1,731,588)
Debt proceeds	-	-	-	-	-	17,650,384	-	-	6,630,000	-
Net change in fund balances	<u>\$ (762,503)</u>	<u>\$ (1,409,296)</u>	<u>\$ (115,971)</u>	<u>\$ 395,783</u>	<u>\$ (4,170,246)</u>	<u>\$ 7,041,026</u>	<u>\$ 3,474,476</u>	<u>\$ 4,337,097</u>	<u>\$ 1,636,676</u>	<u>\$ (1,658,849)</u>
Debt service as a percentage of noncapital expenditures	<u>8.7%</u>	<u>8.8%</u>	<u>8.9%</u>	<u>9.2%</u>	<u>8.5%</u>	<u>18.4%</u>	<u>9.4%</u>	<u>8.6%</u>	<u>8.8%</u>	<u>7.1%</u>

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

<u>Fiscal Year</u>	<u>Property Taxes General Purpose</u>	<u>Utility Tax</u>	<u>Intergovernmental</u>	<u>Franchise Fees</u>	<u>Licenses and Permits</u>	<u>Charges for Services</u>	<u>Interest and Other</u>	<u>Total</u>
2016	\$ 4,638,277	\$ 3,026,608	\$ 10,348,390	\$ 1,319,529	\$ 1,037,219	\$ 413,625	\$ 1,251,747	\$ 22,035,395
2017	\$ 5,077,377	\$ 3,137,950	\$ 10,045,463	\$ 1,080,786	\$ 1,029,704	\$ 372,035	\$ 862,265	\$ 21,605,580
2018	\$ 5,412,467	\$ 3,202,656	\$ 9,824,188	\$ 1,452,706	\$ 1,339,332	\$ 380,943	\$ 1,594,869	\$ 23,207,161
2019	\$ 5,852,830	\$ 3,224,375	\$ 9,822,973	\$ 1,340,786	\$ 1,198,224	\$ 383,500	\$ 1,288,502	\$ 23,111,190
2020	\$ 6,170,581	\$ 3,424,120	\$ 9,188,594	\$ 1,804,006	\$ 1,002,412	\$ 326,071	\$ 618,998	\$ 22,534,782
2021	\$ 6,897,920	\$ 3,651,893	\$ 10,506,561	\$ 2,498,625	\$ 1,247,021	\$ 364,495	\$ 387,722	\$ 25,554,237
2022	\$ 7,981,928	\$ 3,431,857	\$ 11,862,475	\$ 2,928,299	\$ 1,680,289	\$ 351,831	\$ 434,549	\$ 28,671,228
2023	\$ 8,756,333	\$ 4,691,673	\$ 13,250,682	\$ 3,244,281	\$ 1,158,838	\$ 422,426	\$ 1,542,296	\$ 33,066,529
2024	\$ 10,026,199	\$ 4,572,633	\$ 17,000,419	\$ 3,119,306	\$ 1,175,561	\$ 472,635	\$ 1,701,856	\$ 38,068,609
2025	\$ 11,181,204	\$ 4,615,961	\$ 25,828,364	\$ 3,217,920	\$ 1,337,104	\$ 486,358	\$ 1,292,236	\$ 47,959,147

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

Fiscal Year	Real Property		Personal Property	Net Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value
	Residential Property	Commercial Property					
2016	\$ 1,557,646	\$ 423,811	\$ 67,257	\$ 2,048,714	2.3907	\$ 3,299,958	62.08%
2017	\$ 1,670,080	\$ 459,523	\$ 67,986	\$ 2,197,589	2.3907	\$ 3,604,247	60.97%
2018	\$ 1,799,450	\$ 461,921	\$ 67,729	\$ 2,329,100	2.3907	\$ 3,835,146	60.73%
2019	\$ 1,934,770	\$ 481,599	\$ 69,024	\$ 2,485,393	2.4323	\$ 4,061,828	61.19%
2020	\$ 2,063,647	\$ 485,946	\$ 70,943	\$ 2,620,536	2.4323	\$ 4,234,450	61.89%
2021	\$ 2,178,411	\$ 480,289	\$ 76,215	\$ 2,734,915	2.6198	\$ 4,344,592	62.95%
2022	\$ 2,324,389	\$ 482,060	\$ 83,061	\$ 2,889,510	2.8332	\$ 4,594,326	62.89%
2023	\$ 2,669,069	\$ 466,957	\$ 89,995	\$ 3,226,021	2.8332	\$ 6,010,676	53.67%
2024	\$ 2,987,641	\$ 562,264	\$ 108,218	\$ 3,658,123	2.8332	\$ 7,132,769	51.29%
2025	\$ 3,316,130	\$ 587,655	\$ 120,373	\$ 4,024,158	2.8332	\$ 7,739,575	51.99%

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

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

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

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

Fiscal Year	DIRECT RATES		OVERLAPPING RATES						Total Direct and Overlapping Rates
	Town of Cutler Bay		County			Special Districts			
	Operating Millage	Town Millage	County-wide	Debt Service	Fire	Library	School	State/Other	
2016	2.3907	2.3907	4.6669	0.4500	2.4293	0.2840	7.6120	0.8871	18.7200
2017	2.3907	2.3907	4.6669	0.4000	2.4282	0.2840	7.3220	0.8627	18.3545
2018	2.3907	2.3907	4.6669	0.4000	2.4282	0.2840	6.9940	0.8093	17.9731
2019	2.4323	2.4323	4.6669	0.4644	2.4207	0.2840	6.7330	0.7671	17.7684
2020	2.4323	2.4323	4.6669	0.4780	2.4207	0.2840	7.1480	0.7795	18.2094
2021	2.6198	2.6198	4.6669	0.4780	2.4207	0.2840	7.1290	0.7502	18.3486
2022	2.8332	2.8332	4.6202	0.4853	2.3965	0.2812	6.5890	0.7621	17.9675
2023	2.8332	2.8332	4.5740	0.4355	2.3965	0.2812	6.6990	0.7589	17.9783
2024	2.8332	2.8332	4.5740	0.4271	2.3965	0.2812	6.6020	0.7589	17.8729
2025	2.8332	2.8332	4.5740	0.4171	2.3965	0.2812	6.6330	0.7209	17.8559

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

Additional information:

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

Tax rate limits:

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

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

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

2025			2016		
Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Percentage Total Assessed Valuation
FLORIDA POWER & LIGHT COMPANY	\$ 57,255	1.4%	SOUTHLAND MALL PROPERTIES LLC	87,545	4.3%
SOUTH DADE SHOPPING LLC	52,669	1.3%	SOUTH DADE SHOPPING LLC	31,100	1.5%
BH SOUTH DIXIE SL MALL LLC	52,532	1.3%	FLORIDA POWER & LIGHT COMPANY	27,795	1.4%
BIJ MOTORS OF CUTLER BAY	33,716	0.8%	EQUITY ONE FL PORTFOLIO INC	16,510	0.8%
EQUITY ONE FL PORTFOLIO INC	29,458	0.7%	THE REALTY ASSOCIATES FUND IX L P	12,955	0.6%
BH ELECTRA SOUTHLAND PART 2 LLC	22,626	0.6%	BILL USSERY MOTORS OF CUTLER BAY	12,823	0.6%
OLD CUTLER PLAZA LLC	22,400	0.6%	ADVANCE BUSINESS ASSOCIATE LLP	11,798	0.6%
PUBLIX SUPER MARKETS INC	21,041	0.5%	A & E PARTNERS HOLDING LLC	9,870	0.5%
FLORIDA CITY GAS	17,770	0.4%	HEALTHSOUTH REHAB HOSP OF MIA LLC	9,746	0.5%
A & E PARTNERS HOLDING LLC	15,850	0.4%	QUAIL ROOST INVESTORS JOINT	9,600	0.5%
	<u>\$ 325,317</u>	<u>8.1%</u>		<u>\$ 229,742</u>	<u>11.3%</u>

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

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

Fiscal Year	Total Taxes 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
2016	\$ 4,897,861	\$ 4,599,179	93.9%	\$ 39,098	\$ 4,638,277	94.7%
2017	\$ 5,253,776	\$ 5,046,736	96.1%	\$ 30,641	\$ 5,077,377	96.6%
2018	\$ 5,568,179	\$ 5,353,508	96.1%	\$ 58,959	\$ 5,412,467	97.2%
2019	\$ 6,045,221	\$ 5,819,172	96.3%	\$ 33,658	\$ 5,852,830	96.8%
2020	\$ 6,373,930	\$ 6,136,688	96.3%	\$ 33,893	\$ 6,170,581	96.8%
2021	\$ 7,164,930	\$ 6,891,592	96.2%	\$ 6,328	\$ 6,897,920	96.3%
2022	\$ 8,186,560	\$ 7,903,153	96.5%	\$ 78,775	\$ 7,981,928	97.5%
2023	\$ 9,139,963	\$ 8,736,024	95.6%	\$ 20,309	\$ 8,756,333	95.8%
2024	\$ 10,364,194	\$ 8,736,024	95.6%	\$ 20,309	\$ 10,026,199	95.8%
2025	\$ 11,401,244	\$ 11,010,084	96.6%	\$ 171,120	\$ 11,181,204	98.1%

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

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

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

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Interlocal Debt	Notes Payable	Property Under Lease	Bonds	Interlocal Debt	Notes Payable	Property Under Lease	Bonds			
2016	\$ 2,622,565	\$ 12,798,526	\$ -	\$ -	\$ 1,903,665	\$ -	\$ -	\$ -	\$ 17,324,756	0.876%	\$ 385.84
2017	\$ 2,382,510	\$ 11,510,633	\$ -	\$ -	\$ 1,785,218	\$ -	\$ -	\$ -	\$ 15,678,361	0.715%	\$ 346.70
2018	\$ 2,133,640	\$ 10,189,335	\$ -	\$ -	\$ 1,662,618	\$ -	\$ -	\$ -	\$ 13,985,593	0.582%	\$ 308.24
2019	\$ 1,875,135	\$ 8,833,759	\$ -	\$ -	\$ 1,535,865	\$ -	\$ -	\$ -	\$ 12,244,759	0.487%	\$ 269.64
2020	\$ 1,606,585	\$ 7,530,125	\$ -	\$ -	\$ 1,404,679	\$ -	\$ -	\$ -	\$ 10,541,389	0.411%	\$ 232.13
2021	\$ 1,327,375	\$ 6,482,197	\$ -	\$ 14,702,115	\$ 1,268,932	\$ -	\$ -	\$ -	\$ 23,780,619	0.799%	\$ 522.88
2022	\$ 915,325	\$ 5,957,702	\$ 2,392,289	\$ 14,601,097	\$ 922,813	\$ -	\$ -	\$ -	\$ 24,789,226	0.768%	\$ 544.28
2023	\$ 640,010	\$ 5,420,203	\$ 2,395,487	\$ 14,500,079	\$ 809,436	\$ -	\$ 95,576	\$ -	\$ 23,860,791	0.694%	\$ 524.74
2024	\$ 350,550	\$ 11,499,374	\$ 1,732,568	\$ 14,399,061	\$ 690,454	\$ -	\$ 75,782	\$ -	\$ 28,747,789	0.813%	\$ 638.47
2025	\$ 239,645	\$ 10,934,886	\$ 1,051,839	\$ 14,298,043	\$ 565,485	\$ -	\$ 55,182	\$ -	\$ 27,145,080	n/a	\$ 602.88

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

n/a All data necessary for computation not available.

TOWN OF CUTLER BAY, FLORIDA
Direct and Overlapping Governmental Activities Debt
Fiscal Year Ended September 30, 2025
(amounts expressed in thousands, except as noted)

Jurisdiction	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to Cutler Bay
Miami-Dade County Schools (2)	\$ 1,068,352	0.84%	\$ 8,996
Miami-Dade County (3)	<u>2,227,070</u>	0.84%	<u>18,754</u>
Subtotal overlapping debt	3,295,422		27,750
Town of Cutler Bay direct debt	<u>26,524</u>	100.00%	<u>26,524</u>
Total direct and overlapping debt	<u><u>\$ 3,321,946</u></u>		<u><u>\$ 54,274</u></u>

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

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

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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	44,901	\$ 1,977,395	\$ 44,039	5.3%
2017	45,222	\$ 2,192,182	\$ 48,476	4.3%
2018	45,373	\$ 2,401,593	\$ 52,930	3.4%
2019	45,411	\$ 2,512,772	\$ 55,334	3.0%
2020	45,411	\$ 2,561,998	\$ 56,418	9.2%
2021	45,480	\$ 2,974,574	\$ 65,404	4.4%
2022	45,545	\$ 3,227,364	\$ 70,861	2.7%
2023	45,472	\$ 3,438,865	\$ 75,626	2.6%
2024	45,026	\$ 3,537,558	\$ 78,567	3.0%
2025	45,026	n/a	n/a	3.6%

- (1) Population estimate based on data published by the University of Florida, Bureau of Economic and Business Research.
- (2) Personal income is the Miami-Dade per capita personal income applied to the Cutler Bay population.
- (3) Per Capita Personal Income is for Miami-Dade County from the Federal Reserve Bank of St. Louis, Economic Research Division
- (4) Bureau of Labor Statistics, Unemployment Statistics, Miami-Fort Lauderdale-West Palm Beach, FL Metropolitan area (rate for September of year indicated).
- n/a Data not available.

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

2025			2016		
Employer	Employees	Percentage of Total	Employer	Employees	Percentage of Total
PUBLIX SUPERMARKETS	464	17.9%	ALORICA	1,537	47.0%
EAST RIDGE RETIREMENT VILLAGE	313	12.1%	EAST RIDGE RETIREMENT VILLAGE	272	8.3%
ALORICA	301	11.6%	PUBLIX SUPERMARKETS	205	6.3%
MERCEDES BENZ OF CUTLER BAY	260	10.0%	HEALTH SOUTH REHABILITATION	156	4.8%
HEALTH SOUTH REHABILITATION	187	7.2%	MERCEDES BENZ OF CUTLER BAY	143	4.4%
RAISING CANE RESTAURANT	150	5.8%	MACY'S	136	4.2%
MACY'S	136	5.3%	KMART	127	3.9%
OLIVE GARDEN	113	4.4%	McDONALD'S	100	3.1%
LA COLONIA MEDICAL CENTER	111	4.3%	OLIVE GARDEN	95	2.9%
ROSS STORES	110	4.2%	SEARS ROEBUCK & CO	93	2.8%
McDONALD'S	110	4.2%	BURLINGTON COAT FACTORY	91	2.8%
WINN DIXIE STORES	95	3.7%	JC PENNEY	91	2.8%
BURLINGTON COAT FACTORY	91	3.5%	WINN DIXIE STORES	79	2.4%
TOWN OF CUTLER BAY	79	3.1%	ROSS STORES	78	2.4%
JC PENNEY	70	2.7%	APPLEBEE'S	68	2.1%
	<u>2,590</u>	<u>100.0%</u>		<u>3,271</u>	<u>100.0%</u>

Source: Town of Cutler Bay local business tax registrations

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

Function	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Legislative	5	5	5	5	5	5	5	5	5	5
Clerk	3	3	3	3	3	3	3	3	3	3
General government	9.5	9.5	9.5	9	8.5	11	10	10.5	11.5	11.5
Community Development	7.5	7.5	7.5	6.5	5.5	7	9	9	9	10.5
Public Works	6	6	6	6	6	6	6	6	6	6
Parks	20	18	17.5	18.5	18.0	17	18.5	19.5	21.5	20.5
Public Safety:										
Police	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)
Civilian administrative staff	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>52</u>	<u>49</u>	<u>48.5</u>	<u>48.0</u>	<u>46.0</u>	<u>48.5</u>	<u>51.5</u>	<u>53.0</u>	<u>56.0</u>	<u>56.5</u>

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

Source: Town of Cutler Bay Finance Department

TOWN OF CUTLER BAY, FLORIDA
Operating Indicators By Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Public Safety										
Police:										
Number of emergency calls for service	1,214	1,172	1,150	1,263	855	749	870	991	1,175	1,305
Number of priority calls for service	947	973	871	826	826	719	761	767	757	677
Number of non-emergency calls for service	14,538	14,390	13,460	17,117	11,346	10,965	10,729	10,235	9,147	12,323
Number of arrests	906	677	553	499	226	193	206	254	248	306
Number of sworn personnel	53	55	55	55	55	55	55	55	53	55
Building and Zoning:										
Number of building permits issued	2,510	2,052	3,412	2,920	2,554	2,722	2,642	3,393	2,273	2,268
Number of certificates of use issued	88	87	90	68	53	81	99	69	96	150
Number of occupational licenses issued	893	968	982	986	932	929	982	974	996	1,083
Culture and Recreation										
Number of parks	9	10	10	10	10	11	11	11	12	12

Source: Various Town departments

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

	Fiscal Year									
Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Culture and Recreation										
Parks	9	10	10	10	10	11	11	11	12	12
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	3	3
Pickle Ball courts	-	-	-	-	-	-	-	-	7	7
Playgrounds	5	5	5	5	5	5	5	5	5	5
Soccer/Football/Lacrosse fields	5	5	5	5	5	5	5	5	5	5
Baseball fields	6	6	6	6	6	6	6	6	6	6
Picnic shelters	5	5	5	5	5	5	5	5	5	5
Canoe/Kayak launch	-	-	-	-	-	1	1	1	1	1
Public Works										
Streets (length in feet)	472,102	472,102	472,102	472,102	472,102	472,102	472,102	472,102	472,102	472,102
Sidewalks (area in square feet)	267,325	267,325	267,325	285,667	295,522	295,522	323,377	323,377	323,377	323,377

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

COMPLIANCE SECTION



Accountants
Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 29, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 29, 2026



Accountants
Advisors

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

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

Report on Compliance for the Major Federal Program and each Major State Project

Opinion on the Major Federal Program and each Major State Project

We have audited the Town of Cutler Bay, Florida's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Town's major federal program and each of the state projects for the fiscal year ended September 30, 2025. The Town's major federal program and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program and state projects for the fiscal year ended September 30, 2025.

Basis for Opinion on the Major Federal Program and each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of its major federal program and each state project as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 29, 2026

TOWN OF CUTLER BAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Number	Grant/Contract Number	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Passed through Florida Division of Emergency Management			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSFRF)	21.027	Y5064	\$ 8,903,012
Total U.S. Department of the Treasury			<u>8,903,012</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Florida Department of Transportation			
Highway Planning and Construction	20.205	G2H61	231,740
Highway Planning and Construction	20.205	G2U89	362,500
Highway Planning and Construction	20.205	G2J72	<u>65,196</u>
Total U.S. Department of Transportation			<u>659,436</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N109	7,351
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N050	<u>9,578</u>
Total U.S. Department of Justice			<u>16,929</u>
Total Expenditures of Federal Awards			<u>\$ 9,579,377</u>

TOWN OF CUTLER BAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

State Grantor/Pass-Through Entity/Program Title	CSFA Number	Grant/Contract Number	Total Federal Expenditures
FLORIDA DEPARTMENT OF TRANSPORTATION			
Public Transit Service Development Program	55.012	G2S38	\$ 225,382
Local Transportation Projects	55.039	G2J72	395,172
Total Florida Department of Transportation			<u>620,554</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Statewide Water Quality Restoration Projects	37.039	LPA0504	1,886,057
Biscayne Bay Water Quality Improvement Grant	37.112	C2301	1,886,057
Biscayne Bay Water Quality Improvement Grant	37.112	C2203	17,313
Total Florida Department of Environmental Protection			<u>3,789,427</u>
Total Expenditures of State Financial Assistance			<u>\$ 4,409,981</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 13,989,358</u>

TOWN OF CUTLER BAY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of the Town of Cutler Bay, Florida (the "Town") under programs of the federal and state government for the fiscal year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Rules of the Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for the Equitable Sharing Programs for Justice and Treasury which follow the *Guide to Equitable Sharing for State, Local and Tribal Law Enforcement Agencies*. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - CONTINGENCY

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

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X None reported

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

Unmodified opinion

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

_____ Yes X No

Identification of major federal program:

Federal Assistance

Listing Number

Federal Program or Cluster

21.027

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

State Financial Assistance

Internal control over major state projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X None reported

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

Unmodified opinion

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

_____ Yes X No

Identification of major state programs:

CSFA Number

State Project or Cluster

37.039

Statewide Water Quality Restoration

37.112

Biscayne Bay Water Quality Improvement Grant

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

Federal \$1,000,000
 State \$750,000

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

 X Yes _____ No

TOWN OF CUTLER BAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.



Accountants
Advisors

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

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

Report on the Financial Statements

We have audited the basic financial statements of Town of Cutler Bay, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 29, 2025.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for the Major Federal Program and State Projects and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated June 29, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 215.503(1), Florida Statutes.

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, was operating within the Town's geographical boundaries during the fiscal year under audit.

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the Town, the programs administrator or third-party administrator operating within the Town's geographical boundary is listed below:

Green Corridor PACE District

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the Town, the full name and contact information of each such program administrator and third-party administrator is listed below:

Green Corridor PACE District,
c/o Paul Winkeljohn, District Manager
Governmental Management Services - South Florida
5385 Nob Hill Rd., Sunrise, FL 33351

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 29, 2025



Accountants
Advisors

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

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

We have examined the Town of Cutler Bay, Florida's, (the "Town"), compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2024 to September 30, 2025. Management is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

We are required to be independent of the Town and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2024 to September 30, 2025.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 29, 2026



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

1. I am the Finance Director of the Town of Cutler Bay which is a local governmental entity of the State of Florida;
2. The governing body of the Town of Cutler Bay adopted Ordinance No. 09-15 implementing an impact fee; and
3. In accordance with Section 163.31801, Florida Statutes, to the best of my knowledge and belief, all impact fees for the period October 1, 2024 through September 30, 2025, and through the date hereof, were collected and expended by the Town of Cutler Bay, in full compliance with the spending period provision of Ordinance No. 09-15, and that funds expended from each impact fee account were used only to acquire, construct, or improve specific infrastructure needs.

FURTHER AFFIANT SAYETH NAUGHT.

Robert Daddario, Finance Director

STATE OF FLORIDA
COUNTY OF Miami-Dade

SWORN TO AND SUBSCRIBED before me this 2 day of June, 2026.

NOTARY PUBLIC

Print Name DEBRA BERNARD

Personally known ☒ or produced identification _____

Type of identification produced: _____



DEBRA BERNARD
Commission # HH 487127
Expires March 6, 2028

My Commission Expires: MARCH 6 2028

