

TOWN OF CUTLER BAY

OPERATING & CAPITAL BUDGET FISCAL YEAR 2008-09

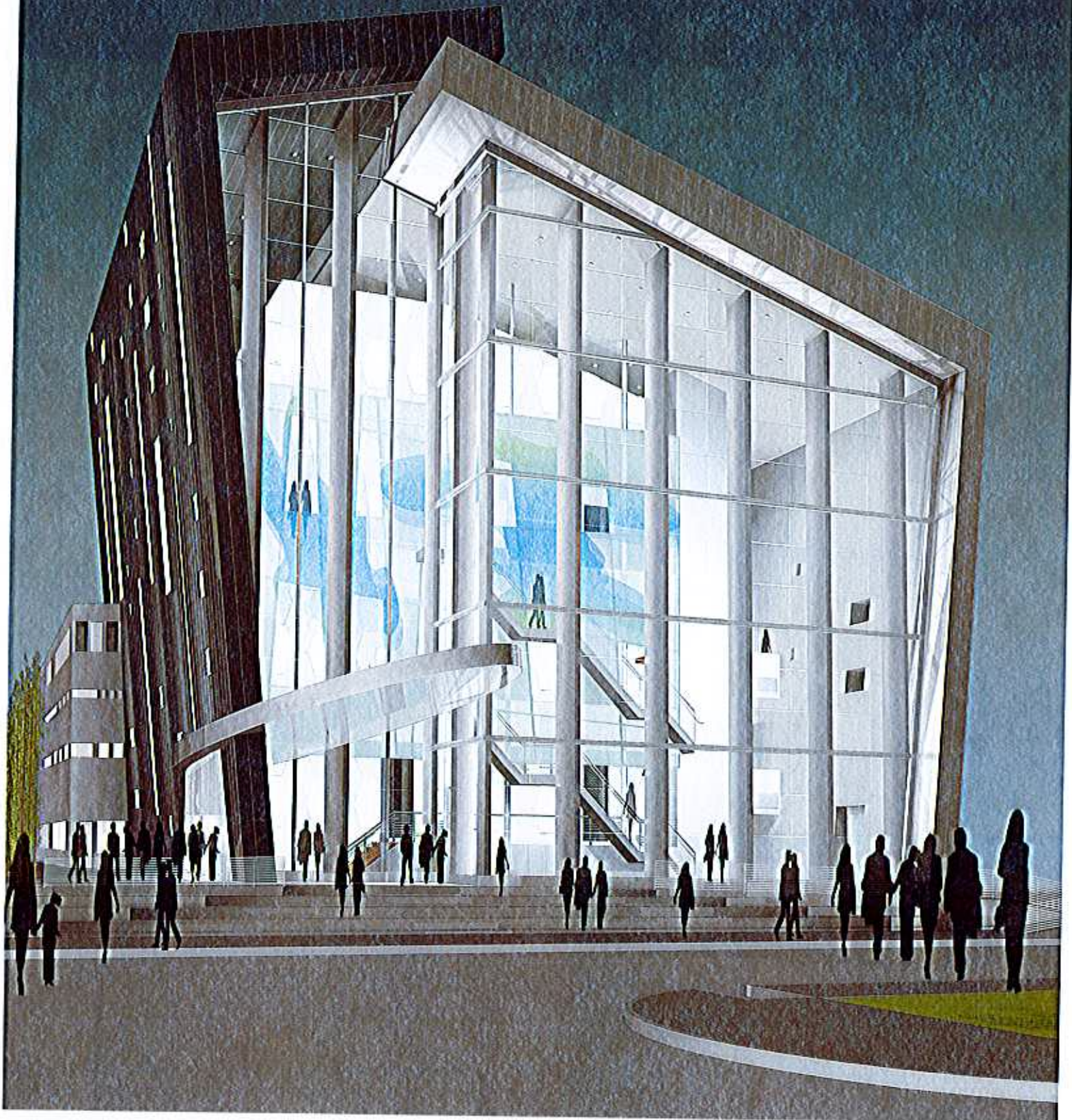


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INTRODUCTION AND MANAGER'S MESSAGE



Message from the Town Manager

Dear Honorable Mayor Vrooman, Town Council and Residents:

As we approach the end of the Town's second fiscal year, I am extremely proud of our extensive list of accomplishments and the quality and commitment of our staff and Council.

I deeply appreciate the opportunity to continue in my position as the first Town Manager for the Town of Cutler Bay. I have thoroughly enjoyed the support that I have had from the Council and the residents, of which there are now more than 40,000 by official count of the State of Florida. No longer will the phrase "small town" apply to Cutler Bay! We are one of the largest municipalities in Miami-Dade County.

Together, we have met many challenges and exceeded all expectations. Indeed, more and more people who once admittedly had opposed incorporation of the town and worked against its creation have increasingly gone on the record to say they now fully support the Town and its future growth.

This year's budget provides for a great number of improvements to our quality of life such as:

- Last year we initiated our annual series of numerous tree plantings, which we intend to continue until the entire town has beautiful trees along every street (we have budgeted as much on this issue last year and this year as Miami-Dade has budgeted for the entire county this year!);
- Roadway improvements, such as surface repairs and striping;
- Town-wide median beautification projects;
- Renovations and additions to existing parks, including the possibility of adding two new parks;
- Sidewalk repairs and replacements;
- Street sweeping and canal maintenance;
- Five additional police officers;



- The establishment of a FEMA community rating system that should help reduce property owners insurance rates;
- The implementation of new improvements in our Parks and initiatives in Public Works are major additions for the new fiscal year;
- The completion of several cornerstone assessments and master plans that will identify and enumerate the various needs for significant future year's improvements in our parks and our infrastructure;
- In the coming year, the Town will fully implement our own Stormwater Utility; and
- The Planning and Zoning Division led us through the development and completion of the Town's first Growth Management Plan.

Significant Progress And Many Accolades Have Been Attained

After two full years, many community observers, including county commissioners from other parts of the county, have praised the efficiency and speed of accomplishing goals set by the Council and by management.

It has been profoundly gratifying to me, and rewarding to our community, and especially our residents, to reap the rewards of a motivated and highly professional staff that treats each new issue with expertise, enthusiasm and where necessary, empathy. We have kept the focus on providing quick and easy access to Town administration and on providing excellent service.

During this period of time, we have passed many major milestones and established significant precedents including the creation of the first Town Comprehensive Plan, a Strategic Plan, a Parks Master Plan, a Stormwater Plan and have begun the expansion of our sustainability or "Green" Plan.

We are currently in the process of creating the first land development regulations under the new comprehensive plan. These land regulations or "zoning code" will be environmentally oriented from its inception to further our goal to become Florida's greatest "green town".

Specific Accomplishments Achieved By Cutler Bay's Leadership

The following is an abbreviated list of this year's accomplishments of the Cutler Bay team:

- Our excellent and extremely qualified Police Chief has continued to expand our police force with the addition of a new Captain and a new Lieutenant and has retained a full staff of highly trained, committed and experienced police officers and detectives. We are proud to report that their diligence has resulted in Cutler Bay achieving one of the lowest crime rates in the county;
- By maintaining a complete staff of highly-motivated, well-trained, committed and experienced department heads and their staffs, Cutler Bay Town Hall has earned the reputation of being a welcoming place where courteous, friendly employees treat all with dignity and politeness and are at the same time helpful and open;



- Revised an employee manual to communicate standards, including a high ethical standard and a very dedicated work ethic, that provides guidance on various aspects of employment. Our non-smoking policy has continued to the benefit of our staff and sets a precedent in South Florida as we have created a drug free and tobacco free working environment - one of the first in the nation;
- Completed plans and supervised the full build-out of a very user-friendly and efficient addition to our suite of offices. Additionally, we ensured that all work spaces were appropriately furnished, equipped and wired, in addition to providing significant security measures for the computerized information and for our employees, residents and digitized public records;
- Through creative procurement efforts, we received several surplus vehicles from Miami-Dade County and the Miami-Dade County School Board resulting in a savings of thousands of dollars for our budget. With these vehicles, we have developed a new type of emergency and public works vehicle and provided much needed mass transportation for our afterschool program as a result;
- In 2007, Cutler Bay conceived and initiated the legislative amendment that ensured that all new municipalities in the State remain exempt from the property tax cuts created by the special session of the legislature for up to five years. The legislature agreed with our assertion that new cities need the ability to generate the infrastructure and fund resources necessary to provide adequate services for the residents, which would be virtually impossible with the imposition of the tax cuts. It is due to this amendment that we are able to provide so many of the services that appear in this budget;
- Utilizing sound and conservative fiscal management, we avoided having to rely upon advantages negotiated in the Master Interlocal Agreement with the County, which were unique to Cutler Bay. We created a budget that was built substantially on fiscally conservative and educated assumptions of required funding levels (due to lack of substantial prior year expenditure records), but finished the year under budget in every administrative department, proving that the budgetary assumptions were sound;
- Even though fiscally prudent budgeting and frugal management resulted in surplus funds, which could be budgeted in the coming year, substantial funds are being recommended to increase the contingency funds continuing the rationale that new municipalities need to gather significant resources to be able to properly fund projects that are needed by a municipality with a population in excess of 40,000;
- Addressed the goals of our strategic plan in timely order;
- Created innovative approaches to our relationship with the County, which, among other great benefits, has resulted in new street signs being placed on our streets. Many of the old signs have been illegible since Hurricane Andrew in 1992. This was done at no cost to our residents;



- The creation of the Town's own Stormwater Utility was another milestone in our progress, which further moves control from the county to the town and its residents. It will result in a more local and immediate response to various issues. Completion of this authority will allow the Town to move forward with plans for roadway and drainage improvements; and
- The actual ownership of the parks, ownership of all non-county and state or federal public roads was achieved by the town after extensive negotiation with the county this year.

Increased Communication With The Residents

Our staff remains dedicated to ensuring that all individuals who enter Town Hall or who seek information in any other manner receive quick, honest and helpful responses. Additionally, we have made every effort to inform our residents of the Town's actions and have offered opportunities to interact with the Town. We have provided information as to how this is being accomplished below:

- Promptly responded to citizen and Council requests for additional information outlets to keep the residents better informed of our efforts to provide services;
- Made improvements to the Town website including a portal for residents to file complaints and know that they will receive attention and resolution. In addition, the website provides information regarding services, a calendar of meetings and events, and the ability to contact the Mayor, Council, Manager, Clerk and Town Attorney via e-mail. Of course, residents can contact the Town with issues and concerns by phone or by attending any of a number of meetings;
- Met with executives of the Miami Herald to work together with the town to create a better business atmosphere and to improve communication with our residents.
- Initiated an effort to empirically evaluate the market in Cutler Bay relative to attracting more businesses into the area, such as restaurants;
- Met the first goal of the Town's Strategic Plan by optimizing access to Town officials and providing consistent and updated information regarding the status of the Town. By any measure, we have met and surpassed that goal;
- We continue to reinvent our website, our direct mail program, our newsletter and we have begun a new online newsletter to further expand this important community outreach;
- Community outreach and involvement continue to be a priority in Cutler Bay. Our employees interact with citizens in a number of forums including Parks programs, permitting activities, homeowner and patrol officer meetings, complaint resolution, special committees and Town meetings. Town residents and visitors are always welcome and are encouraged to participate in Council meetings and workshops; and
- The Cutler Bay Police Departments Neighborhood Resource Unit (NRU) was established to address and resolve the community's public safety concerns while working with the residents to maintain a policy of open communication and cooperation between the citizens and the Town of Cutler Bay.



Highlighted Actions of the Town Council

The Town Council appointed the Charter Review Commission comprised of town residents and completed its first Charter Revision process. In March 2008, the Town held elections for a council seat and the Vice Mayor's seat. Our Charter Review questions have been prepared for a mail-out ballot to make it easier on our voters due to the length of not only our ballot questions, but the county's lengthy ballot. It is anticipated that this process will not only increase participation, but also be less expensive than the traditional voting booth method.

Ordinances

Legislation was passed to: help monitor illegal trash placement, unsightly commercial dumping areas and heavy solid waste hauling trucks damage to our roadways; impose fines on false burglar alarms that unnecessarily demand police time and resources; set aside significant funding to start a "green" or sustainability program for helping Cutler Bay become even more environmentally responsible; created a Business Tax Equity Study Board of residents who own or work for businesses in Cutler Bay to advise the Council of a more equitable fee structure; made it illegal to remove shopping carts from the place of business, which will help stop the carts from ending up on peoples yards or in the streets and sidewalks around town, the removal of these ill placed carts has been very expensive for our Town; established a Homeowners Association registration to improve the communication and coordination between many HOAs and the Town; established two moratoriums to prevent the building of homes or businesses that are not environmentally friendly until the town adopts regulations to clarify standards for such "green" building practices; and many other issues intended to improve the quality of life in Cutler Bay.

Resolutions

Resolutions are another form of legislation that the Town council uses for the betterment of its citizens. Resolutions were passed this year to: provide funding to secure expert assistance for developing our "Green Plan"; declare March 22, as World Water Day; create a Tree Master Plan; urge the reenactment of the Federal Assault Weapons Ban; enter into an agreement with the County Commission to make up to \$20 million in road improvements to Caribbean Boulevard and Old Cutler Road; create the Communications Committee to explore ways of improving communications for the Town; approve an agreement to bring high technology to improve the safety of some of our most dangerous intersections; create the Cutler Bay Town Foundation to provide corporations and individuals with an avenue by which to contribute to the town and its operations; develop a sidewalk and roadway assessment to help expedite the repair of our inherited maintenance issues and to improve safety; initiate a drainage improvement project at Cutler Ridge Elementary; support the naming of US-1 as Cutler Bay Boulevard; approve a mail ballot for our charter questions to gain a larger voter response and reduce costs; support legislation to eliminate plastic bags, which are a major environmental problem; and support the States' intent to purchase some 300 square miles of lands for the Everglades Restoration program, among many other well intended and necessary policies and directives.



In addition to the above the Mayor and Council each attend many meetings with residents and various groups in town and answer a great deal of requests for information, assistance and guidance. Their time on the dais during the Council meetings represents a very small part of their time and efforts as your representatives.

Community Services and Parks Progress:

Community Services and Parks

The Community Services and Parks Department is responsible for overseeing the maintenance of all of the Town's parks and recreational facilities and for conducting year-round programs, seasonal programs, and special events. The Department coordinates with local youth and adult leagues and organizations to provide year-round athletic programs and opportunities for Town residents. The Department acts as a liaison for, and coordinates the efforts of, the Parks and Recreation Advisory Committee, which was appointed by the Town Council.

Staffing

The Department staff includes six full-time employees - the Parks and Recreation Director, an Administrative Assistant, two Recreation Coordinators, an Aquatics Coordinator and a Park Service Aide. Full-time staffing is supplemented with additional part-time Park Services Aides and Pool Lifeguards. The FY08-09 budget proposes the addition of one full-time Park Service Aide and two part-time Park Service Aide positions, increasing the total number of full-time positions to seven.

Town Parks

The seven parks within the Town are categorized as neighborhood, mini or community parks. The four neighborhood parks are Bel Aire Park, Franjo Park, Saga Bay Park and Saga Lake Park. The two mini-parks are Lincoln City Park and Whispering Pines Park. The Town has one community park - Cutler Ridge Park.

The Department has several park improvement projects underway, utilizing remaining County bond funds, and has several additional park improvement projects planned for the coming fiscal year. The new projects will be funded mostly through grants acquired through the Florida Recreation Development Assistance Program (FRDAP), State Legislative Appropriations and Park Impact Fees. The planned park improvement projects include the following:

- Bel Aire Park Improvements - Funding in the amount of \$269,480 from available Park Impact Fees will provide for the relocation, re-sodding and re-lighting of the existing football/soccer/lacrosse field; installation of an irrigation system, covered bleachers, fencing and site amenities; and for planting additional shade trees and landscaping.
- Cutler Ridge Park & Pool Improvements - Safe Neighborhood Parks and Quality Neighborhood Improvements Program bond funds will provide for the construction of a parking lot, new athletic field, additional shade trees and an outdoor fitness (vita) course, lighting upgrades and covered seating as well as pool improvements including circulation system upgrades, and expanded pool deck.



- Saga Lake Park Improvements – Funding in the amount of \$148,540 from available Park Impact Fees will provide for the installation of a baseball/softball practice infield, a soccer practice field, walkway improvements, additional shade trees and landscaping, a small pavilion, outdoor fitness (vita) course, and various park amenities such as benches, trash receptacles, etc.
- Saga Bay Park Improvements – Florida Recreation Development Assistance Program (FRDAP) funding, a State Legislative Appropriation and required matching funding from the Town will result in approximately \$470,000 worth of improvements such as additional tennis courts with lighting, new playground equipment with handicapped accessible surfacing and shade structure, parking lot, restroom building and an outdoor fitness (vita) course.
- Franjo Park Shade Structures – Funding in the amount of \$20,000 is provided for the installation of shade structures over bleacher areas between the baseball fields.

The FY08-09 budget reflects the addition of one full-time and two part-time positions; additional planned maintenance of improved athletic fields; anticipated increases in utility costs; and vehicle maintenance costs (for one Town bus and one truck transferred from the Public Works Department).

The Parks and Recreation Department spent several months conducting meetings and gathering data to complete the Town's first Comprehensive Parks Master Plan that will be used to guide the development of the Town's parks and recreation system for the next 25 years. The four meetings (one with the Parks and Recreation Advisory Committee, two with the general public and one with the Town Council) resulted in nearly 150 recommendations/suggestions for improvements to the Town's existing system of park facilities.

The Town has worked out a lease agreement with Miami-Dade County Public Schools for the use of a portion of Cutler Ridge Elementary School for recreational activities. This will allow the Town to construct a new, lighted soccer field on the school site that can be used by the soccer programs weekday evenings and weekends to relieve some of the over-use of the existing soccer fields at Cutler Ridge Park.

Additionally, the following represents other outstanding achievements of the Department:

- Selected a design-build firm to complete park improvement projects at Cutler Ridge Park and Pool in the amount of \$1,000,000, to be funded through (SNP) and (QNIP) grant funds;
- The Cutler Ridge Park Playground shade structure was installed, partially funded through a grant obtained by Cutler Bay;
- Conducted an Earth Day clean-up at Lincoln City Park along with volunteers from Bay Community Church, Starbucks and ValleyCrest Landscape Maintenance, removing 40 yards of debris that had accumulated in and around the park over the last several years, and removing and mulching 20 yards of exotic plants that were crowding out the native plant species;
- Successfully held the second Town celebration at Cutler Ridge Park with a significantly higher attendance than the previous year; and
- continued a very successful summer after school program;



Public Works

Public Works is responsible for the maintenance of roads, sidewalks, public areas, beautification projects and the construction oversight of capital improvement projects. The Department is comprised of the Public Works Director, an administrative assistant and three maintenance workers.

The Town's three maintenance workers are referred to as the NEAT Team (Neighborhood Enhancement Action Team). They perform maintenance-type activities throughout the Town including removing litter, signs and shopping carts from swale areas, eliminating graffiti from public property, replacing street signs and repairing potholes. The NEAT team has picked up approximately 140.26 tons of debris from Town roadways and they were an integral part of the debris removal and emergency procedures during the recent Tropical Storm Fay event.

The County recently transferred all of the "local" roads to the Town, with the exception of the responsibility for all engineering on roadways including replacing stop and traffic control signs. The Town maintains a number of temporary stop signs that can be quickly placed when traffic lights do not function or stop signs are damaged. The Public Works Director is designated as the Town's emergency manager in the event of natural or other disasters.

The FY08-09 budget for the Department reflects the allocation of administrative support and rent, substantial increases to engage professional services for various assessment and master plans, increased road maintenance supplies, vehicle fuel and maintenance costs and construction costs. The budget increases reflect a higher level of activity in the Department as roadways are transferred and improvements are programmed. There are no new personnel requested for the coming year.

In the coming year, the Town will fully implement our own Stormwater Utility. The County evaluates certain criteria, such as completing a master plan, prior to granting the request to create the utility and thereby further separate our funds from the County. By establishing a Town Stormwater Utility, the Town will receive Stormwater utility fees and the Town will direct the use of the funds for drainage improvements as determined by the planning being done this year. Funds from this important utility will help defray many costs of the town, including partial salaries of several of our employees and their equipment. Due to these funding enhancements, we are able to provide greater resources to other areas of our budget.

Emergency Preparedness Projects

- The Town has prepared certain key intersections and made provisions to provide generators to power traffic signals at these critical intersections in our town as needed either before or after a disaster;
- The Director along with other Town staff including the Town Manager, the Mayor and Town Council completed National Incident Management System (NIMS) training;
- We secured a stock pile of temporary stop signs for traffic control after an emergency event;
- An emergency operation plan has been created and is being revised on an ongoing basis;



- The Town's emergency operations plan will address the effective and safe use of volunteers and the Town's Community Emergency Response or "CERT Team";
- Cutler Bay held its second Hurricane Awareness Fair at Southland Mall. This event was designed to both inform and assist residents within the Town of Cutler Bay in the preparation and aftermath of a storm. Various local government agencies including Cutler Bay's Police and Public Works Departments, along with the American Red Cross, Home Depot, State Farm Insurance, FP&L and other local businesses, participated by providing valuable information to the community;
- Successfully installed Emergency handheld radio and portable repeater system;
- Revised a disaster preparedness plan; and
- Enhanced not only an Emergency Operating Center but a backup Emergency Operating Center.

Finance

Our Conservative Approach To Financial Issues Is Paying Off

For fiscal year 2008-09, the Finance Department budget is presented as a stand-alone Department. In prior fiscal years, the functions of this Department were budgeted for within the General Government department. The Finance Director oversees the new Department and is supported by an Accounting Clerk and a Finance Clerk.

The Finance Department assists and supports all other departments of the Town in meeting their service objectives by allocating and monitoring the Town's financial resources, processing payroll, procuring goods and services and other financial transactions. In addition to accounting, budgeting, financial reporting, and payroll processing functions, this department is also responsible for ensuring compliance with the Town's ordinances related to local business tax receipts, burglar alarm and solid waste franchise fee registrations. The Finance Department also assists with certain human resource functions, as well as participates in risk management and loss prevention activities.

We have created the Finance Department at no additional cost to more accurately identify and budget for these growing responsibilities. It is imperative that we continue to track our revenues and expenditures in order to provide the greatest level of efficiency, surety and security for the funds of our residents. This year we have:

- Hired an outside CPA firm to audit the Town's financials for fiscal year 2007.
- Our second full year audit was completed and the Auditor (a CPA firm) issued an unqualified report which is the highest comment given in such audits.
- The Town has submitted the Comprehensive Annual Financial Report to the Government Finance Officers' Association for consideration of its annual Award for Excellence in Financial Reporting.
- Issued and updated the Town's first Accounting Policies and Procedures manual.
- Adopted the Town's first set of Financial Policies as part of the fiscal year 2008 budget.



- Completed a competitively bid process to select auditors. The new audit services contract that resulted represents significant cost savings to the Town.
- Brought greater efficiency to the processing and follow-up of burglar alarm, occupational license and solid waste franchise registrations and related reporting.
- Implemented new software for burglar alarm registrations and follow-up to facilitate compliance with the Town's ordinances.

Grants Received:

- A. Florida Department of Environmental Protection's Florida Recreation Development Assistance Program (FRDAP) –
 - Saga Bay Park Improvements in the amount of \$135,610
 - Park Acquisition in the amount of \$135,610
- B. United States Soccer Foundation (USSF) Field Enhancement Grant –
 - Cutler Ridge Park Field Enhancements in the amount of \$30,000.
- C. The Children's Trust –
 - Renewed funding for the Cutler Ridge Park After School Program in the amount of \$108,000
- D. Staples, Inc. –
 - Cutler Ridge Park finished second in the number of votes cast during the 2008 Staples Dream Park Challenge, resulting in an award of \$10,000 to Cutler Ridge Park for park improvements.
- E. Legislative Grants
 - Saga Bay Park Improvements in the amount of \$200,000
 - Park Acquisition in the amount of \$200,000
 - Stormwater Master Plan (partially funded by SFWMD \$200,000 Grant)-completed
 - Transportation Master Plan (grant application "approved" by the M.P.O. \$60,000 Grant)

Public Safety And Law Enforcement

The Town of Cutler Bay receives its police services from the Miami-Dade Police Department, Town of Cutler Bay Policing Unit. The Town Manager selects the head of this unit, which is referred to as the Cutler Bay Police Commander. The Town Manager also has cooperative control of the units' personnel in conjunction with the Miami-Dade Police Director. The Cutler Bay police unit commits its resources, in partnership with the community, to promote a safe and secure environment, free from crime and fear of crime, maintaining order and providing for the safe and expeditious flow of traffic and a high level of crime prevention initiatives to enhance the quality of life for our community. In addition to traditional police services, the Town of Cutler Bay Policing Unit embraces the community policing concept, while practicing our core values of integrity, respect, service and fairness. The Cutler Bay



Police Department responds to all calls for service in a timely and professional manner and ensures that all crimes are thoroughly investigated and those who are arrested are prosecuted.

Superior Quality

- The Town of Cutler Bay NRU participated in monthly Mall Watch meetings. Mall Watch was initiated to enable the Police Department to be more responsive to public safety at malls and to work together with business owners and residents to reduce crimes such as shoplifting, vehicle burglaries and robberies, by sharing and communicating crime trends;
- Cutler Bay police officers participated in the first annual Cutler Bay Harvest Ride in November of 2007 and the Spring Bike Ride in March of 2008. Our police also coordinated a bike safety rodeo and provided safety helmets for the children who participated in the rides. Citizens in the town along with the Police Department, rode 10 miles to promote family unity and the importance of health and exercise during these events; and
- The Town of Cutler Bay traffic squad issued approximately 10,000 citations since October of 2007, enforcing the traffic laws aggressively and issued approximately 2000 verbal warnings.

Community Development and Planning

Community Development includes the Planning & Zoning Division, Building Division, and Code Compliance Division. The Planning & Zoning Division is responsible for zoning plan review, zoning information and interpretations, consideration of administrative adjustments, and assists in analysis and preparation of recommendations to the Town Council on public hearing items for zoning variance and zoning district change requests. The Building Division is responsible for the review of building plans and issuance of building permits. Code Compliance is responsible for assuring that property owners meet their responsibilities in accordance with the Town's Ordinances, the Florida Building Code, and Miami-Dade County's codes and ordinances. The following highlights the outstanding commitment of the various divisions within the Department:

Growth Management Plan.

The Growth Management Plan set the framework for a "vision" of how the Town will guide development. Three aspects were emphasized: first, beginning a framework for Cutler Bay leading the way in developing green sustainable development; second, implementing charrettes developed with citizen input that will result in a pedestrian scale development that provides for a mixture of uses; and the third emphasis was increasing by more than 30% the areas designated in our environmentally sensitive areas adjacent to Biscayne National Park. Planning is now focusing on developing overall green strategies for future development. Recently, moratoriums have been adopted to provide time to develop green strategies for the Town and to ensure any development that does take place implements green building strategies. Over the



last year, planning has been responsible for eight ordinances and seven resolutions all aimed at increasing local guidance for development.

Planning and Zoning Division

- Conducted 12 Workshops to provide citizen access and involvement to determine the future of their town through five workshops for the Growth Management Plan, four Workshops for the Land Development Regulations, which essentially provide the framework of laws to implement the goals of the Growth Management Plan, and six Zoning Workshops for the review of various privately initiated construction projects in which the citizens and the Town Council participate;
- Provided leadership in green strategies, which has been a strong newly expressed initiative by our Town Council, with the issuance of a Request for Qualifications (RFQ) for Green Implementation Plan;
- Developed a Planned Unit Development ordinance to facilitate "green" development;
- Developed and implemented two moratoriums to assure "green" building practices while an overall strategy is being developed for the Town;
- Created and passed an ordinance to assure shopping carts are maintained on site;
- Revised our innovative Zoning Workshop ordinance to streamline the approval process;
- Amended the Religious Facilities Zoning requirements to assure compliance with federal law;
- Developed a Request for Proposals (RFP) for Building and permitting to assure the best and most efficient building permitting services possible;
- Processed nine site plan applications; and
- Processed 310 Certificates of Use.

Building Division

- Initiated implementation of a new building permit tracking program to expedite permitting information for our residents benefit;
- Processed approximately 1900 building applications;

Code Compliance Division

- Conducted annual boiler inspection program for 36 establishments;
- Closed 10 expired permits and reissued 20 expired permits from the initial year of operation to the current year;
- Trained to assure compliance with School Concurrency system.
- Conducted sweep of US-1 Discount Mall wherein 220 booths owned by 69 owners were inspected on one day without advance warning. Thirty seven of the owners of these booths lacked proper licenses and all have now complied. The most important issue of fire safety was addressed and now the Overall Electrical Wiring Plan has been received by the Town and is under review;



- Conducted educational sweeps for businesses with shopping carts that are affected by the new Ordinance. A total of 23 businesses were contacted and provided with a copy of the Ordinance;
- Conducted education sweeps visiting approximately 200 establishments in the US-1 and Old Cutler Road corridors to achieve compliance with the new business license requirements;
- Prepared and transmitted 20 Notices of Failure to Pay Fine for recordation;
- Prepared two liens for default hearing; and
- Issued 705 Courtesy Notices, Civil Infraction Notices, and Citations, of which 93 tickets were written.

Clerks Office

The mission of the Clerk's Office is to record and maintain an accurate record of the official actions of the Town Commission and Advisory Boards, serve as the local Elections Supervisor, provide notice of all required meetings, effect legal advertising, respond to public records requests, implement and maintain a records management program, administer publication and supplement of Town Codes, maintain custody of Town Seal and all Town records, assist in preparation of agenda items, prepare and distribute agenda packages and recaps, schedule Code Enforcement Hearings and provide administrative support to Special Master, provide clerical support to the Town Commission, and assist the Town Manager's Office with special projects.

This year the Clerk prepared 16 agendas for, and related minutes of, Council meetings and the associated Local Planning Agency meetings, processed 22 Ordinances and 70 Resolutions, drafted and posted notices in order to insure compliance with the Sunshine Law, supervised two elections, processed 670 lien searches, and prepared 26 proclamations that were issued by the Council.

Fiscal Background and Outlook

In June 2007, the Florida Legislature passed property tax reforms that have a significant impact on most local governments. However, the legislation specifically exempts municipalities that were incorporated within the previous five years. The exemption allows Cutler Bay not to be so severely impacted and; therefore, to build the Town's services and infrastructure for the next few years before the Town will have to implement the more drastic revenue rollback provisions.

The June 2007 legislation also includes amendments to the Florida Constitution that are related to "super" homestead exemptions. These amendments required 60 percent voter approval and were scheduled for consideration in the January 2008 elections. The passage of this amendment has meant significant reduction in revenues for all local governments in Florida and Cutler Bay is no exception. It is estimated that the individual homeowner with homestead exemption would save only \$160 annually due to this action, but the cut to local government budgets has multiplied to very large numbers; therefore severely limiting local governments from providing funding for the level of services that its residents may desire.

The impact of the amendment is extraordinarily difficult to fully assess even now, but it will continue to cause significant reductions to the Town's budget regardless of any



further action by the Town. The Town will continue funding operational and financial contingencies accordingly in a fiscally responsible way.

The Florida Taxation & Budget Reform Commission held a series of public hearings throughout the state between September 20, 2007, and December 5, 2007, making final recommendations to the Florida Legislature during the 2008 Legislative Session. The purpose of the public hearings was to avail the general public the opportunity to share their recommendations on taxation and budget issues with the members of the Commission. At the end of the process, the Commission recommended a Constitutional Amendment which, if approved by the states voters, would require the following: Commencing in the 2010-2011 fiscal year, the legislature shall be prohibited from requiring school districts to levy an ad valorem tax (property tax) as perhaps the major funding source (non-capital) for operating and maintaining our education system.

The legislature will be directed to replace this revenue reduction through one or more of the following options: the repeal of sales tax exemptions (except for certain current exemptions), certain spending reductions, or other revenues. If approved by the states courts for the ballot and subsequently by its voters, this will cause a major revision in all tax revenues and sources and will create great uncertainty for a portion of our budget.

Revenues

The Town's new legislative team did an excellent job securing over one million dollars (\$1,000,000) in an extremely frugal legislative session. These funds are for drainage projects (Stormwater), the acquisition of a park, the improvement of an existing park and the startup funding for a recycling program, which is part of our effort to provide a sustainable "green" government.

Based on information received from the Miami-Dade County Property Appraiser, the taxable value of property in the Town for fiscal year 2008-09 is approximately \$2.8 billion. This balance reflects the effect of new construction and improvements of approximately \$132 million that occurred in the Town over the past year.

The taxable value of property in the Town was negatively impacted by the affects of Amendment 1, which was passed by the Florida electorate in January 2008. The primary affect of this amendment is to provide for additional homestead exemptions, tangible property exemptions and homestead savings portability. Had this amendment not passed, the taxable value of property in the Town for 2008 would have been approximately \$3.05 billion. With the passage of Amendment 1, at the Town's proposed millage rate of \$2.4470 per \$1,000, the Town will be operating with approximately \$612,000 less ad valorem revenues than last year. Some municipalities have elected to increase their millage rate to recoup some of the revenues lost as a result of Amendment 1. However, the Town has made the decision to respect the wishes of the voters for property tax reform and will hold its millage rate constant.

In addition to the property tax reforms that will have an impact on future revenues, the State of Florida has been re-estimating its decreasing sales tax revenues. State economists recently warned that revenues would fall short by over a billion dollars



during the 2008-2009 State fiscal years, primarily due to lower sales tax collections. Ultimately, state shortfalls impact the Town through decreased state revenue sharing and other sales tax related revenues. Due to the uncertainty of lower current revenue estimates, as well as the certainty of future rollback provisions, this proposed FY08-09 budget includes extraordinary reserves to mitigate potential impacts.

Budget Process And Fiscal Philosophy

A combined tax reduction is approved for Cutler Bay

As noted above, the Town has elected to keep its millage rate consistent with the prior year amount of \$2.4470 per \$1,000. This rate is actually 3.94% **less** than the statutorily computed "roll-back" rate of \$2.5473 per \$1,000. Under State law, the Town could have brought in approximately \$282,000 in additional revenues by electing to enact a millage rate equal to the roll-back rate without it having been considered a tax increase. However, the Town Manager elected to hold the millage rate constant in his recommendation to the Town Council to pass the savings on to the citizens. **It is anticipated that the average tax savings to residents in Cutler Bay will be \$189.00 according to projections received from the county.**

The Town Charter calls for the Manager to submit the proposed Operating and Capital Budgets for all funds for the fiscal year beginning October 1 of each new fiscal year. The accompanying document represents that proposal and is presented for the review and consideration of the Council. The final budget for FY08-09 will be adopted by Ordinance by the Council following two special public hearings. We anticipate that the budget will be revised before the final budget adoption as revenues and expenditures are refined to reflect any changes directed by the Town Council.

Financial Reserves

The Town Manager has once again strongly recommended to the Council to continue building financial reserves that will allow significant improvements in the Town at some future date or to address unforeseen conditions that may occur in the coming year. We will also build prudent reserves to provide the resources necessary to help our citizens and businesses recover from disasters, such as hurricanes.

This year's budget includes a number of different general fund reserves. Based on the Government Finance Officer's Association (GFOA) recommended practices, we strive to maintain an unreserved fund balance of at least 10 percent of the operating revenues of the General Fund. Specifically, GFOA recommends keeping unreserved General Fund balance between 5-15% of operating revenues, or no less than 1-2 months of regular General Fund operating expenditures. Our unreserved/undesignated fund balance as of the end of the last fiscal year was 23% of general fund operating revenues, so we are well above the GFOA guideline, and the total unreserved fund balance, including the designated Contingency Reserve, was 30% of general fund operating revenues.

For FY 08/09, we budget to add to this reserve to bring its balance to \$2.5 million, which can be used in the event of any Town-related emergency or contingency. Additional reserves are budgeted in FY 08/09 to provide for potential grant matches



that may occur during the year and to provide reserves for prior year encumbrances, future expenditures, or contractual wage increases should such arise.

Notwithstanding the exemption won in the Special Session in 2007, the Town's FY08-09 budget includes a property tax reform reserve to mitigate possible future impacts. The reserve allows for the continuation of essential public services in future years. I recommend that the Town continue to contribute to this reserve at least in every fiscal year leading up to FY11/12 when the exemption passed last legislative session expires and the rollback will be applied to the Town's budget.

Conservative Fiscal Approach

The budget philosophy is based on the conservative fiscal approach of the Mayor, Council and the Town Manager. In particular, some revenues are budgeted at 95 percent of their estimates based on extensive research and others have been budgeted at an even more conservative rate of 85% of projection. That means that even though a particular source of funding may produce \$100.00 of revenue to the Town, the budget will only plan for \$95.00 or \$85.00 of income, thus leaving a minimum of 5 or 15 percent for any shortfall in that revenue stream.

I want to take this opportunity to thank Mayor Vrooman and the Council Members for their continued confidence in me as the first Town Manager for this new and excellent Town.

I look forward to the coming year and the challenges of continuing the rapid and high quality growth of a new and exciting organization from the ground up. With the leadership of the Town Council and support of the residents, the Town of Cutler Bay can reach its full potential as a "green town" of excellent service to the community.

Respectfully,



Steven J. Alexander
Town Manager



Town Profile

The Town of Cutler Bay was formed in November 2005 and is the newest incorporated municipality in Miami-Dade County. The Town is bordered on the north by the Town of Palmetto Bay and on all remaining sides by unincorporated Miami-Dade and the communities of West Perrine, South Miami Heights, and Goulds. The Town limits are generally SW 184th Street (Eureka Drive) on the north, the US 1 Busway on the west, SW 232rd Street on the south, and Biscayne Bay National Park on the east, forming a Town of approximately 10 square miles.

Demographics

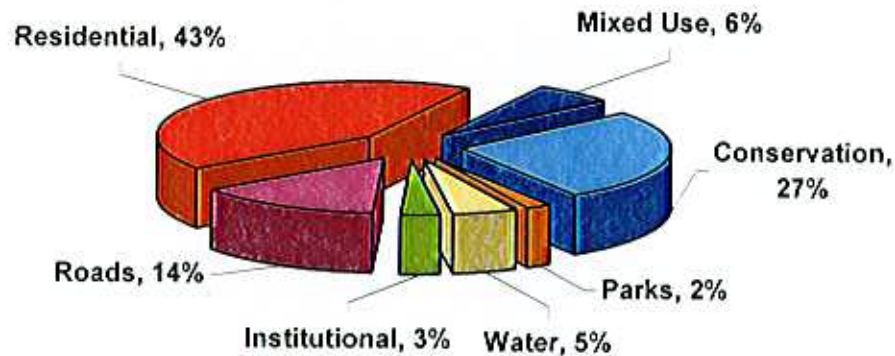
Current population estimates from the University of Florida, which provides the official population figures as used by the State of Florida, indicate an estimated 40,468 residents. At incorporation, the Cutler Bay area population was estimated at approximately 32,000 residents indicating a 26 percent growth rate since incorporation. Estimates of future growth indicate a population of 55,000 by 2020.

The Town is a dynamic community that includes a diversified mix of single and multi-family, residential, commercial, and public uses. The Town is characterized by established and developing residential communities and commercial development along US-1 and Old Cutler Road.

Figure 1 below represents the Town's land uses by broad categories based on the acreage.



Figure 1. Land Uses – Town of Cutler Bay, 2007



Economic Development

The Town proactively seeks economic development opportunities and is actively engaged with Vision 20/20, a group of committed individuals working to bring attention to the South Dade communities. The Town Council has adopted new zoning and development regulations that streamline growth complimentary to Town planning efforts for an economically sound based growth pattern that considers all the impacts of growth on its residents and businesses.

Three major, ongoing projects will spur the development of the Town Center and nearby areas:

- Old Cutler Road business district,
- South Dade Performing Arts Center, and
- Southland Mall/Town Center planning area.

Prior to the Town's existence, the community participated in



the Old Cutler Road charrette planning efforts. The Town is positioned to guide the development and enhancement of the Old Cutler Road area through planned public improvements. Figure 2 below is a representation of the landscaping and other public improvements that are proposed for Old Cutler Road and are included in the FY08-09 Capital Improvement Budget.

Figure 2. Charrette Rendering - Old Cutler Road Improvements



Forty-nine percent of the Town's land is classified in the broad categories of residential and commercial land use. There is no acreage in the Town of Cutler Bay that is classified as industrial. This land use profile is similar to that of nearby cities in that they are mostly comprised of residential properties relative to commercial, office and institutional uses.

The South Dade Performing Arts Center, a \$44 million project funded by tourism tax money, County bonds and state grants, is expected to be completed in late 2008. The building,



designed by Arquitectonica, will seat nearly 1,000 people in the main hall and will have an outdoor canal-side amphitheater. The South Dade hall occupies six acres next to the South Miami-Dade Government Center at Southwest 107th Avenue and SW 211th Street. Town and County planners feel that the Center will work as a catalyst for the continuing redevelopment of this important area.

The third major redevelopment project is across from the South Dade Performing Arts Center. Through the charrette planning processes, the community has envisioned an urban village around the cultural center and the Southland Mall area. Master plans tie in the County regional library, the South Dade Government Center and the Mall, and add housing, restaurants and local retail. In this area, a vital link is the planned eight-story Harmony mixed-use development. This project, which will have retail, office and residential uses, brings the vision of building a village center closer to reality. Already built and operating as of summer 2008 is the new, state-of-the-art Mercedes Benz automobile dealership, indicating economic and market trends will continue upward.

The Town is actively engaged in supporting the Miami-Dade School Board in their collaborative efforts with Miami-Dade County to bring a Magnet School to the area. This important new possibility would further revitalize a critical area in our quickly growing Town.

Through support for the major projects and proactive groups and ongoing charrette planning sessions, the Town continues to guide and enhance development opportunities.

Town Governance Philosophy

The Town's organizational chart reflects the Town's philosophy:

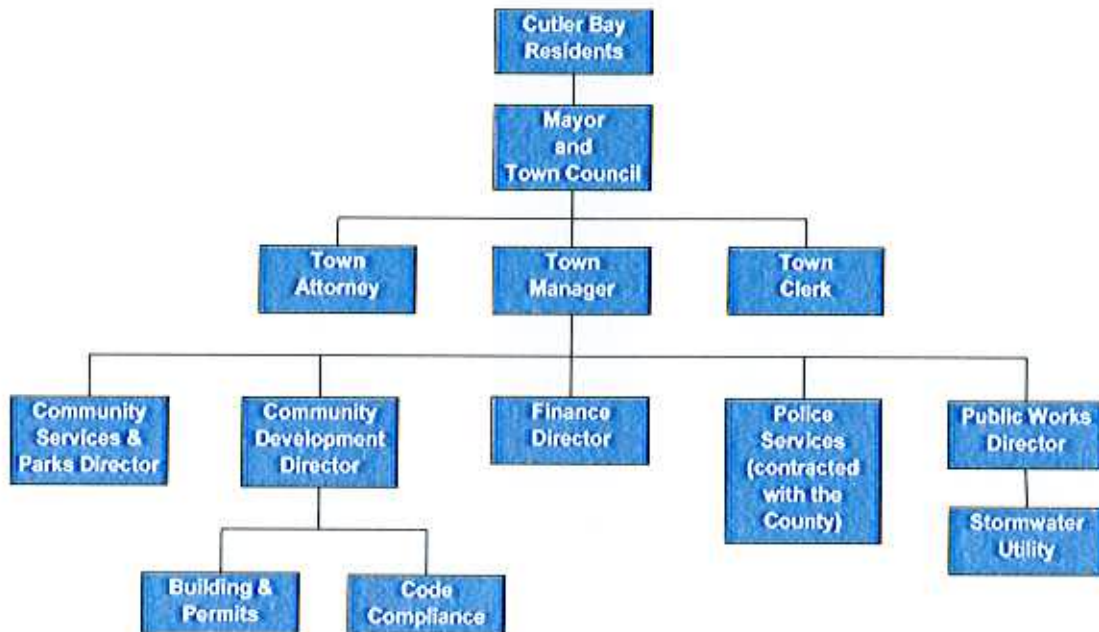
"To develop a fiscally efficient government with a highly qualified core staff and use private sector contractors to maximum benefit. However, when citizen contact is a critical component of our service, Town employees may, in fact, provide the best level of service possible".

Organizational Chart

The organizational chart changed slightly since last year's budget. The chart, published in last year's budget, was at that time, a plan — now department directors have been in place since October 2007, other positions have been filled and much was accomplished on behalf of Cutler Bay residents. Figure 3, below is a graphic of the organizational chart.



Figure 3. Town of Cutler Bay Organizational Chart



A limited number of Town employees function in the various departments to provide superior services to residents and visitors. In FY07-08, the Town has 33 full-time positions (including five elected officials) and 50 contracted police services positions. In addition, part-time and temporary personnel are added in the summer months to staff parks programs. Appendix A lists the current number of positions by department and proposed position for FY08-09.

Strategic Plan

The Town’s Strategic Plan is a guide for the Council and the Manager and sets many goals as distinguished from requirements. A set of strategic goals were formed as a result of citizen based planning efforts in 2006. The initiatives are implemented, funded and tracked as part of the Town’s ongoing business planning process. For reference, the nine goals and recent action steps are provided in Appendix B. This budget is designed to address each of the specific goals of the strategic plan.

Town Mission Statement

The Town’s Mission Statement is at the heart of actions by the Mayor, Council Members, the Town Manager and Town staff. The Mission Statement is below.



The Town Council will work to make Cutler Bay an excellent place to live, work and play. Cutler Bay's government will be creative, responsive and respectful in providing innovative and cost effective services to the community.



BUDGET OVERVIEW, POLICIES & REVENUES



Overview

A budget is a financial plan that allocates resources to deliver priority services, facilities and equipment. Budgeting is a complex process that results in a budget document, an accounting ledger, a spending plan and a system to review progress in meeting goals and to define and quantify new and updated goals.

The Budget Is A Spending Policy

The approved budget document is actually a spending policy created through recommendations by the Town Manager to the Town Council, which is the only body that can make it law, and is intended to authorize the Town Manager to make certain expenditures in order to accomplish the goals established by the Council. Certain steps are common to sound budget processes:

- Policy development,
- Financial planning,
- Service or operations planning,
- Communications.

For the FY08-09 fiscal year, the Council and the Town Manager have engaged in an ongoing dialogue about Town services and have engaged the community through the comprehensive plan process and other community workshops. Additionally, the Town Council meets each year with the Town Manager in a budget workshop to clearly state their budgetary instructions in advance of formal budget presentation. The Town Manager and his team built the budget based on this prior information and shaped it to meet the goals, objectives and strategies expressed by the Town Council who represent the interests of all of the Town's residents and businesses.

Increased local police presence, purchasing park space, beginning to care for our newly acquired infrastructure, and more fair code compliance are ongoing priorities for the Town



of Cutler Bay. The Proposed FY08-09 Budget addresses those priorities and also continues to deliver public works, parks, community development and other Town services at a high level of excellence. Most services have finally been transitioned from Miami-Dade County to the Town as well as the transfer of infrastructure assets. This is ahead of the schedule of other new municipalities in Miami-Dade County.

Budget Calendar

The budget process is driven by certain key dates as established by Florida Statutes. The Budget Calendar below notes the milestone dates along with actions specific to the Town of Cutler Bay.

July 1 - Miami-Dade County Property Appraiser certifies the taxable value of real property and personal property for the Town of Cutler Bay. This year's certified roll reflected an increase in property tax valuations of only .14 percent from \$2.808 billion for FY07-08 to \$2.812 billion for FY08-09.

Mid-July - Town Council adopted the proposed millage rate (the rate which is multiplied by the property tax roll to generate the funding level for the ad valorem revenues). The proposed millage rate (2.447) is used by the County Property Appraiser to calculate proposed property taxes in the notice mailed by Miami-Dade County to meet provisions of the Florida TRIM (Truth in Millage) statute.

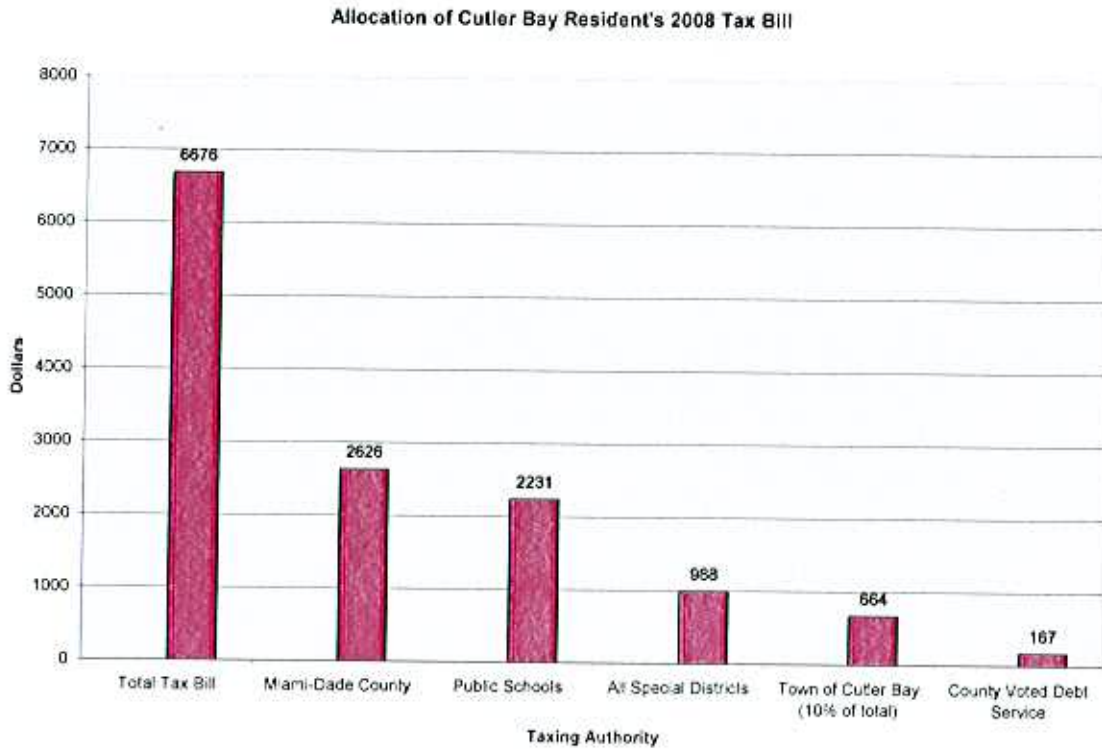
As recommended by the Town Manager, the Cutler Bay Town Council members voted not to increase the Town's tax rate leaving it the same as the prior year (the same as before incorporation) when they approved a tax rate for FY08-09 of 2.447 mils, (or \$2.447 for every \$1,000 of taxable property).

This rate is approximately 3.94% **less** than the statutorily computed "roll-back" rate. Virtually all residents of Cutler Bay who have homesteaded properties will in fact have a reduction in their tax bill in Cutler Bay as a result of the change to legislation during the Special legislative Session of 2007 and the Amendment 1 provision which was passed by the Florida electorate in January 2008. Florida's constitution limits the appraised value of a homestead to an increase of only three percent a year.

Figure 5 on the second following page, is a copy of the actual tax notice of a Cutler Bay resident who purchased their home in 2005. The house is appraised for \$321,200. After deducting \$50,000 for homestead exemption (only \$25,000 as relating to the school portion), the taxable value is \$271,200 (\$296,200 relating to the school portion). The total proposed tax bill for this resident is \$6,676. Figure 4 below is a graphic representation of where the tax dollars go.



Figure 4. Allocation of Cutler Bay Resident's FY08-09 Taxes



The Town of Cutler Bay portion is \$664, or only 10 percent, of the total bill. See sample resident's proposed TRIM notice on next page.



Figure 5 TRIM Notice

MIAMI-DADE DEPARTMENT OF PROPERTY APPRAISAL 05
 111 NM 1 STREET SUITE 710
 MIAMI, FLORIDA 33128-1904

**NOTICE OF PROPOSED
 PROPERTY TAXES
 AND PROPOSED OR ADOPTED
 NON-AD VALOREM ASSESSMENTS
 DO NOT PAY
 THIS IS NOT A BILL**

R/E FOLIO: 36
 MILLAGE CODE: 3600

The taxing authorities which levy property taxes against your property will soon hold Public Hearings to adopt budgets and tax rates for the next year. The purpose of these Public Hearings is to receive opinions from the general public and to answer questions on the proposed tax change and budget Prior To Taking Final Action. Each taxing authority may Amend or Alter its proposals at the hearing.

MIAMI FL
 33190-1277

Property Address

| Taxing Authority | Current Taxable Value | Your property taxes last year | Your taxes this year if proposed budget change is made | Your taxes this year if no budget change is made | A public hearing on the proposed taxes and budget will be held: |
|-------------------------------------|-----------------------|-------------------------------|--------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------|
| COUNTY | | | | | |
| Miami-Dade County | 271,200 | 2,580.52 | 2,626.47 | 2,562.59 | 9/04, 5:01 PM, COMMISSION CHAMBERS 111 NM 1 ST, MIAMI (786) 331-5321 |
| PUBLIC SCHOOLS | | | | | |
| By State Law | 296,200 | 1,455.82 | 1,526.25 | 1,399.72 | 9/10, 6:01 PM, SCHOOL BOARD AUDITORIUM 1450 NE 2 AVE, MIAMI, (305) 995-1226 |
| By Local Board | 296,200 | 786.41 | 707.03 | 756.11 | |
| MUNICIPAL | | | | | |
| Cutler Bay | 271,200 | 724.80 | 663.63 | 690.83 | 9/09, 7:00 PM, SO DADE REGIONAL LIBRARY 10750 SW 211 ST, 2 FL (305) 234-9262 |
| WATER MANAGEMENT | | | | | |
| SFWMD District Everglades CP | 271,200 | 158.35 | 144.98 | 154.88 | 9/10, 5:15 PM, SFWMD DIST AUDITORIUM 3301 GUN CLUB RD, B-1, HFB, FL (561) 684-0800 |
| | 271,200 | 26.48 | 24.25 | 25.90 | |
| INDEPENDENT DISTRICT | | | | | |
| Lakes by the Bay S. | | 694.78 | 694.78 | 694.78 | |
| F.I.N.O. | | | | | |
| Children's Trust | 271,200 | 125.09 | 114.23 | 115.02 | 9/05, 6:00 PM, COMM CTR, 56 N BROADWAY ST, FELLSMERE, FL (561) 627-3386 |
| VOTER APPROVED DEBT PAYMENTS | | | | | |
| County | 271,200 | 84.42 | 77.29 | 77.29 | SEE COUNTY PUBLIC HEARING ABOVE |
| School | 296,200 | 111.96 | 78.20 | 75.20 | |
| Fire | 271,200 | 12.44 | 11.59 | 11.59 | |
| TOTAL PROPERTY TAXES | | 7,171.29 | 6,675.86 | 6,576.09 | |
| | | COLUMN 1* | COLUMN 2* | COLUMN 3* | * SEE REVERSE SIDE FOR EXPLANATION |
| Your property value last year: | 2007 | Market Value 321,200 | Assessed Value 321,200 | Total Exemptions 25,000 | County Taxable Value 296,200 |
| Your property value this year: | 2008 | 321,200 | 321,200 | 50,000 | 271,200 |



Financial Policies

As part of the FY07-08 budget process, the Council adopted the policies enumerated below as part of the budget ordinance. During the course of the year, staff will develop these policies more fully and bring them forward for consideration and approval by the Council, so that a fully robust set of policies will be completed before the FY09-10 budget is prepared. Having a set of policies to guide our financial operations is especially important in light of the possible limitations on property tax revenues that may occur for FY09-10.

Operating Budget Policies

1. A goal of the budget is to include contingency and cash reserves totaling at least two months operating costs.
2. All new programs or service expansions shall be considered in light of the above goal, and unless demanded by an emergency, will not be implemented without an identified source of revenue or other service adjustments so as to maintain adequate reserves.

Capital Budget Policies

1. The Town will develop a five-year capital plan identifying revenues and expenditures for each capital project.
2. The capital plan will take into account needed equipment replacement and renovation based on useful life, infrastructure maintenance, population changes, service gaps, and information technology.
3. Priority will be given to projects that are necessary for health, life, and safety and those that reduce operating costs.
4. Capital projects shall be defined as those that have a life expectancy of five years and that cost \$50,000 or more.
5. The first year of the five-year plan will be used as the basis for the annual capital budget, and the development of the capital budget and the operating budget shall be coordinated.
6. The Town will use the most appropriate funding mechanism to pay for capital projects and will seek a mixture of pay-as-you-go and financings.
7. The term of any financings shall be consistent with the life expectancy of the capital project.
8. Pursuant to state law, financings will not be used for operating purposes except as permitted for cash flow



before tax receipts are received.

Revenue Policies

1. The Town will review all fees and charges as part of the annual budget process.
2. The Town will develop a mix of revenue sources to provide a diversified and stable revenue structure.
3. All revenues, excluding cash carryover and guaranteed revenues, will be budgeted at a maximum of 95 percent of expected values to allow for fluctuations in collections without affecting planned services.

Cash Management Policies

1. All funds will be deposited within 24 hours of receipt and, to the extent possible, by 2:00 p.m. on the day of receipt.
2. All funds will be invested in instruments consistent with those allowed by State law for county and municipal investments so as not to jeopardize the principal.

Financial Reporting Policies

1. An independent audit will be performed annually.
2. All annual financial reports will be in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

General Fund Revenues

The Town's General Fund receives the majority of the Town's operating revenues and accounts for the majority of the Town's expenditures for services. General Fund revenues are primarily unrestricted in nature and fund a variety of services including police patrol, general public works, town administration, and parks services.

The six major general fund revenues, other than carryover and transfers, are:

- ad valorem or property taxes,
- utility taxes,
- local government half cent sales taxes,
- state revenue sharing
- communications services taxes, and
- electrical franchise fees.

Other revenues include the local business tax receipts, interest earnings, and carryover, among others. The accompanying chart reflects the percentages of each revenue source as part of the proposed \$19.92 million proposed

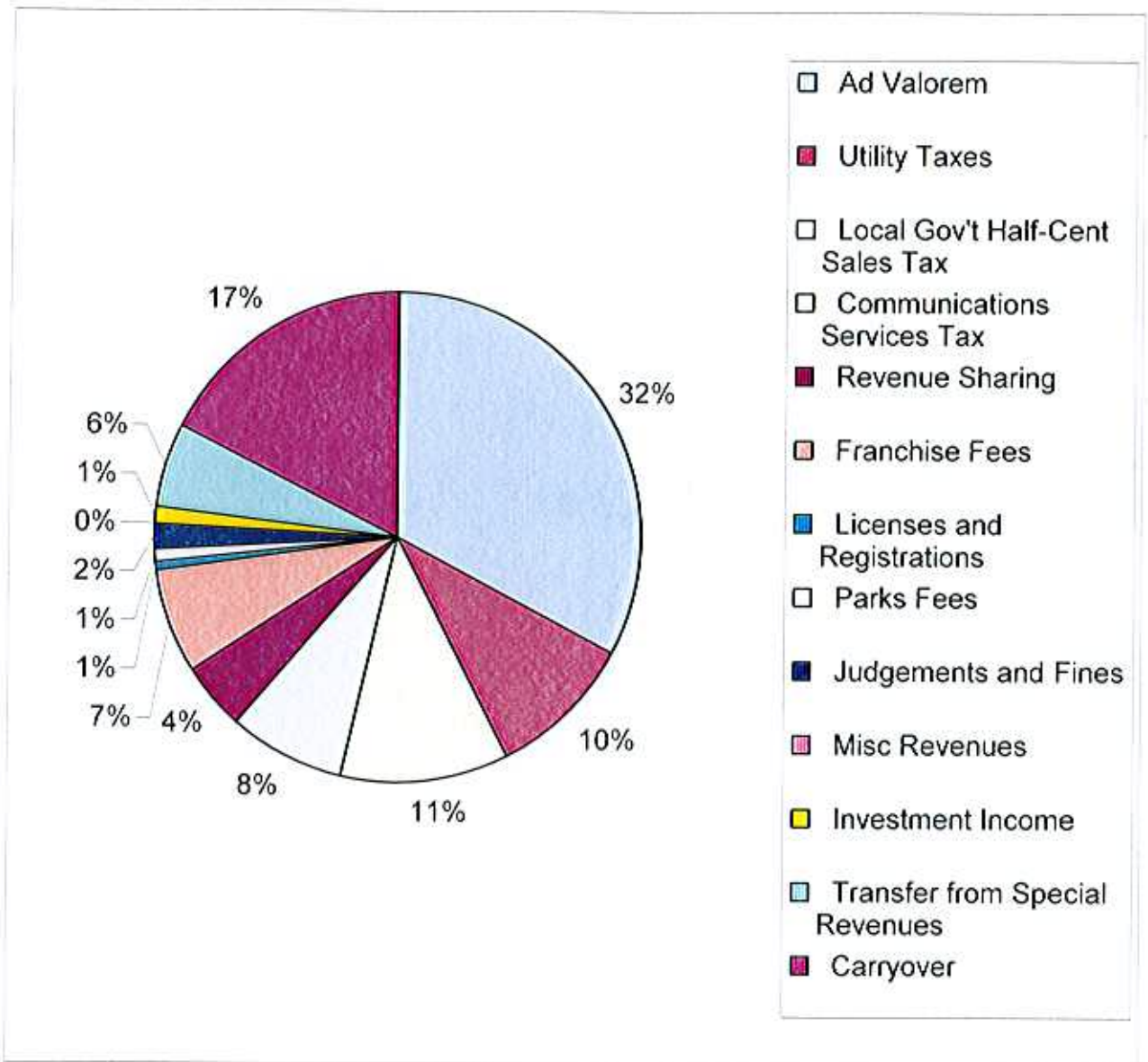


Operating Budget for FY08-09. State law requires counties but not municipalities to budget revenues at 95 percent of projected values. That requirement helps assure that actual revenues, which generally depend on next year's economy, will meet budgeted targets and cover expenses. As in FY07-08, this Budget primarily budgets revenues at 95 percent of the FY08-09 estimate, unless otherwise indicated at a more conservative rate.

Figure 6 below shows the Operating Revenues as a percentage of the total.



Figure 6. General Fund Operating Revenues



Ad valorem or property taxes are typically the predominant operating revenues for municipal governments.

Total Budget to Total Budget

FY07-08: \$20,301,340 FY08-09: \$19,922,616 - 2%
 This represents a 2% reduction in the total General Fund Budget this year from last year's amount.



***Ad Valorem or
Property Taxes***

Ad valorem (at value) taxes represent a levy on assessed real and personal property. Ad valorem taxes are known as property taxes, and the property tax levy generally is the single largest revenue source for municipalities. On July 1st, the County Property Appraiser delivered the Certified Adjusted Taxable Value to the Town for use in the FY08-09 budget. The assessed value minus homestead and other exemptions for the Town is \$2,812,486,129. That amount is only 0.14 percent larger than the taxable value (after adjustments by the Value Adjustment Board) in FY07-08. Of that increase, \$132 million is the result of new construction. This increase, however, was offset (reduced) approximately \$128 million by the effects of the passage of Amendment 1 by the Florida electorate in January 2008.

The amount of property taxes paid by a property owner depends on the taxable value of the property and on the millage rate (measured in dollars per \$1,000 of value) approved by the governing body of each taxing authority. The property tax levy is the product of the taxable value of property multiplied by the millage rate. Property in Cutler Bay is subject to the Town's municipal property taxes as well as those of the County, school board, and various special taxing authorities, such as the South Florida Water Management District. In addition, certain special assessments, such as that for solid waste disposal, fire and library services (which are set and levied by the County), are on the tax bill of affected properties.

The County Property Appraiser bases the taxable value on the market value of property in accordance with State law. The assessed value of a piece of property may differ from the market value. For example, while the market value of a property may increase or stay the same, Amendment 10 to the Florida Constitution limited the growth in assessed value for properties with homestead exemption to three percent or the growth in the consumer price index, whichever is lower. The taxable value may differ from the assessed value. Properties eligible for homestead exemption have the taxable value reduced by up to \$25,000. Eligible persons may also receive the Senior Homestead Exemption of an additional \$25,000. Other exemptions include those for disabled veterans, widows, and widowers. Passage of Amendment 1 in January 2008 by the Florida electorate provides for additional homestead exemptions, portability and other various changes which impact the taxable value of property.

The Town Council determines the number of mills to be applied to the assessed taxable value. For example, one mill change applied to the FY08-09 Certified Tax Value of \$2,812,486,129 produces a tax difference of \$2,812,486.

During a special session in June 2007, the State Legislature adopted various limitations on property taxes for FY07-08. However, the Legislature recognized the unique situation of new municipalities and did not limit the ability of such municipalities to increase the millage rate. The Town's Proposed Budget recommends a millage rate of



2.447 mills, the same millage as levied by the Town in FY07-08 and FY06-07. That rate was used to calculate the municipal tax levy in the Notice of Proposed Property Taxes that was mailed to each property owner in August. Should this millage rate be adopted at the final budget hearing on September 24, 2008, ad valorem taxes will total **\$6.538 million** (based on the 95% budget factor).

Utility Taxes

Utility service taxes are levied on consumer consumption of utility services provided in the Town. Utilities on which the tax is levied include electricity, gas, and water and sewer services. As noted in the FY07-08 Proposed Budget, prior to incorporation, utility taxes for the geographic area of the Town were not segregated from the total utility taxes collected by the County, and there was no history of utility taxes for the Town. The utility tax budget is based on large part from information we can obtain from the County as well as our limited historical experience. For FY08-09, the County is estimating utility tax revenues to be flat (no change) versus amounts from FY07-08, as a result of minimal growth and negative economic conditions.

The recommended FY08-09 budget for utility taxes, **\$1.91 million** (based on 95 percent of the projected revenue) was estimated from the history of collections in FY07-08, which reflected growth in population, and estimated a 5% decrease in usage as a result of the economic downturn in the area.

***Local
Government
Half Cent Sales
Tax***

In 1982, the State approved the sharing of approximately one-half cent of the six-cent sales tax with the counties and municipalities in the State that meet certain requirements. The distribution to the geographic area of each county is based on the sales tax collected by the state in that county. The allocation to county government and the municipalities in each county is made on the basis of each jurisdiction's population. The State provides revenue estimates for each jurisdiction. The budget, **\$2.265 million**, is recommended at 90 percent of the State's estimate for FY08-09. The Town Manager recommends this lower rate due to the State's continuing downgrades of the estimates over the past year as a result of the sluggish economic conditions in the State.

***State Municipal
Revenue
Sharing***

The State's Municipal Revenue Sharing Trust Fund receives about one-third of its revenue from gas taxes and the balance from sales taxes. The portion attributable to gas taxes is limited in use to transportation related activities, including transportation related public safety activities. Revenue Sharing is distributed to eligible municipalities by a formula based on municipal population, municipal sales tax collections and municipality's relative ability to raise revenue (a complex, multistep calculation based on a municipality's per capita property values and population in relation to statewide values).

