

City of Stuart, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019



Photo: Michael Mortell

David Dyess
City Manager

Louis J. Boglioli, III, CGFO
Financial Services Director



**City of Stuart, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019**



Prepared by the Financial Services Department

City of Stuart, Florida
Comprehensive Annual Financial Report
September 30, 2019

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INTRODUCTORY SECTION



City of Stuart

121 S.W. Flagler Avenue
Stuart, Florida 34994
(772)288-5310

April 3, 2020

To the Honorable Mayor Mike Meier,
Members of the City Commission, and Citizens of the City of Stuart, Florida

State law requires that all local governments publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Stuart for the fiscal year ended September 30, 2019.

The report consists of management's representation concerning the finances of the City of Stuart. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Stuart has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Stuart's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Stuart's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Stuart's financial statements have been audited by MSL, PA., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Stuart for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Stuart's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Stuart's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Stuart, Florida is a municipal corporation of the State of Florida and was created in 1914. The City is the county seat of Martin County and is located on the broad St. Lucie River on the east coast of Florida approximately 120 miles north of Miami. The estimated 2019 population of the City was 16,504. The geographical jurisdiction of the City encompasses approximately 7.0 square miles of territory. The City is empowered to levy a property tax on real and personal properties located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Commission.

The City of Stuart has operated under the Commission-manager form of government since 1926. Policy making and legislative authority are vested in a governing commission consisting of the five members. The



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Commission is responsible for, among other things, enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various advisory boards, the City Manager, and City Attorney. The City Manager is responsible for implementing the policies adopted by the City Commission and for overseeing the day-to-day operations of the government. The City Manager is also charged with hiring department directors and with preparing the recommended annual budget for review and approval by the City Commission.

The City of Stuart provides a full range of services to its citizenry. These services include general government, police and fire rescue protection, public works, recreation and park facilities, building, planning and zoning services, economic and community development, and emergency management. In addition, the City operates a Water and Sewer Utility, Solid Waste Service and Stormwater Utility as enterprise activities and the Stuart Community Redevelopment Agency as a Special District Revenue fund.

The financial reporting entity (the City of Stuart) includes all funds of the primary government (i.e., the City of Stuart, as legally defined), as well as its component units. A component unit is a legally separate entity for which the City of Stuart is financially accountable or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City has identified one component unit and two related organizations. The Community Redevelopment Agency (CRA) is reported as a component unit of the City and is composed of the City Commission and two citizens appointed by the City Commission. The Stuart Housing Authority, organized for the purpose of providing housing for low-income families, is a related organization but does not meet the criteria necessary to be considered a component unit. The Tri County Risk Management Program (TRICO), a public entity risk pool of which the City is a member and enjoys one vote on the Board of Directors, is not considered a component unit of the City's reporting entity. Additional information can be found in Note 1 of the notes to the basic financial statements.

The annual budget serves as a foundation for the City of Stuart's financial planning and control systems. All departments of the City are required to submit requests for appropriations to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The Commission holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level. Therefore, management must have the City Commission's approval to reallocate resources into or out of the fund. The budget to actual comparison for the General Fund is included as required supplementary information following the notes to the basic financial statements.

Local Economy

The economy of the City and Martin County is a blend of tourism, service industries, light manufacturing, and construction. With slow growth continuing, the City saw growth in property values. The City continues to proactively pursue redevelopment in commercial properties and expanding residential housing developments. The economic condition of the area has improved during the past year, and the City was able to maintain its level of service with a slight decrease in the millage rate. Several major developments have been approved by the City which will expand the tax base in the future.



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Outlook

According to the Florida Office of Economic and Demographic Research, the Florida economy has returned to the prior peaks. In this regard, all of the personal income metrics, over one-half of the employment measures, and the total tourism and domestic visitor counts have exceeded the peak levels seen during the housing boom. Still other measures are posting solid year-over-year improvements, even if they are not yet back to peak performance levels. In August 2010, Florida experienced its first over-the-year increase in jobs since June 2007. Eight years later (July 2018), Florida's annual job growth rate has been positive for most of the past 96 months—the only exception being September 2017 when Florida lost jobs due to Hurricane Irma. The state passed its prior employment peak in May 2015.

Since Florida's economic outlook relies heavily on strong tourism growth, tourism-related revenue losses pose the greatest potential risk to the economic outlook. Threats to tourism can come from many different sources. The most likely sources are natural or manmade disasters, disease outbreaks, federal policy or administrative changes that make it harder or less attractive to travel, and heightened terrorist activity. In March 2019, the Governor declared an emergency for a country-wide pandemic. This will affect the City in the short term. It is too soon to determine what effect this will have in the long term.

Relevant Financial Policies

The City reviews and adopts a Fiscal Policy with each annual budgetary cycle, on a fiscal year basis. The Fiscal Policy incorporates budgetary policies and practices, financial policies and practices, and policies to promote joint public and private investment in the community.

The Fiscal Policy identifies the City's budgetary cycle from preparation to adoption. The process for amending the budget, the outline of legal level of budgetary control, as well as the use of revenues and appropriations are also addressed. The policy speaks to the use of funds from non-recurring revenue sources, the percentage makeup of Ad Valorem, or Property Taxes, of the total General Fund revenues, and process to apply for and subsequently accept any grants staff may want to acquire.

Additionally, the Fiscal Policy mandates the establishment of fund balance reserves for both the General Fund as well as the enterprise funds along with various contingencies and reserves for such future expenditures as capital replacement reserve. The General Fund maintains a reservation of fund balances equal to three months or 25% of the General Fund's personal services and operating costs of the current adopted budget.

As well, the Fiscal Policy also addresses long-range financial planning strategies, accounting and reporting practices, and establishes the capitalization thresholds and capital expenditure limits. The policy allows for the administration of investments and procurements through other external policies.

Major Initiatives

During fiscal year 2019, the City of Stuart achieved many significant accomplishments in furtherance of the goals and objectives established by the City Commission. The accomplishments included the following:

- Completed the PFC Treatment system.
- Completed the downtown streetscape and parking project.
- Purchased a front loader and rear loader for our Sanitation enterprise.
- Began construction on the Palm City Crosswalk project.
- Purchased a forklift.
- Entered an agreement to sell a parcel of land for development of a car wash.



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- Approved the Watermark RPUD for 284 multi-family units.
- Approved the Savannah Place Apartments for 280 multi-family units.
- Approved the Seaside RPUD consisting of 75 attached homes.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stuart for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the eighteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied 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 the September 30, 2019 Comprehensive Annual 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 would not have been accomplished without the efficient and dedicated services of the entire staff of the Financial Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. The unconditional cooperation of the other department directors and their staff is also greatly appreciated.

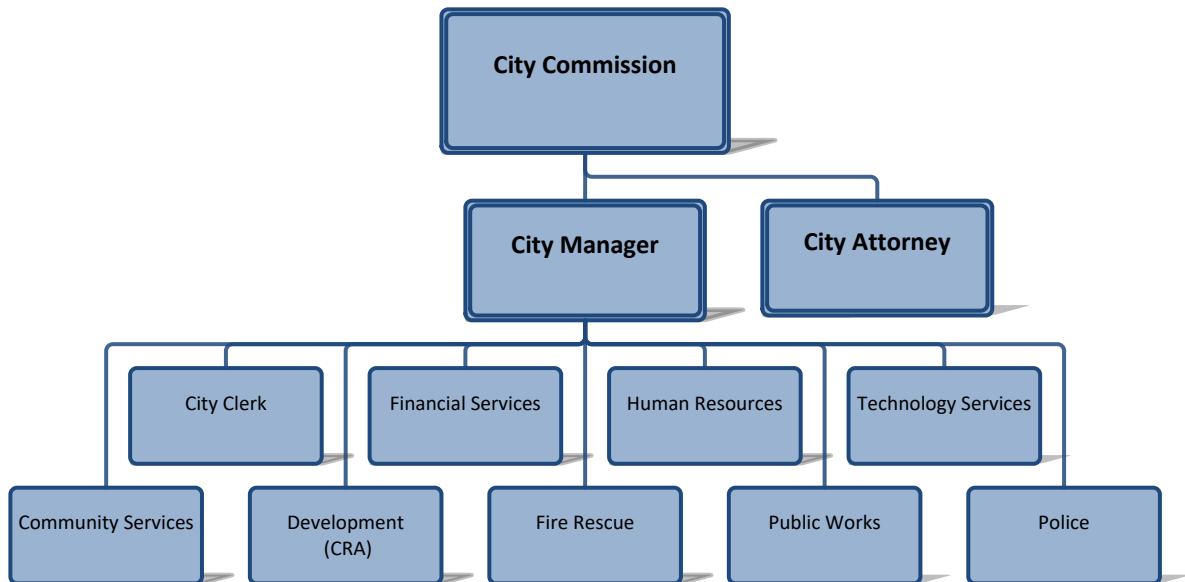
We also would like to express a special note of thanks to our independent certified public accountant, MSL, PA, for their cooperation and assistance. Their professional approach and high standards in the conduct of the independent audit of the City's financial records and transactions is greatly appreciated.

Sincere appreciation is also expressed to the City Commission for their leadership, and support in conducting the financial operations of the City in a responsible and progressive manner. With this support, the City can maintain a high degree of fiscal health and financial stability.

Respectfully submitted,


David Dyess
City Manager
Louis J. Boglioli, III CGFO
Financial Services Director

City of Stuart, Florida Organizational Chart





List of Principal Officials

City Commission

Mayor – Commissioner	Mike Meier
Vice-Mayor – Commissioner	Eula R. Clarke
Commissioner	Rebecca S. Bruner
Commissioner	Kelli Glass Leighton
Commissioner	Merritt Matheson

Appointed Officials

David E. Dyess – City Manager

Michael J. Mortell – City Attorney

Department Directors

Louis J. Boglioli, III	Financial Services Director
James E. Chrulski	Community Services Director
Darren Duke	Technology Services Director
Vince Felicione	Fire Chief
Kevin Freeman	Development Director
Mary Kindel	City Clerk
Rosamond Johnson	Human Resources Director
David Peters	Public Works Director
Joseph Tumminelli	Police Chief



Government Finance Officers Association

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

Presented to

**City of Stuart
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stuart, Florida (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, based on our audit, the financial statements referred to in the first paragraph 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 City as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020 on our consideration of the City'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2020



City of Stuart, Florida Management's Discussion and Analysis

The purpose of financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions or draw conclusions about an entity. As management of the City of Stuart, Florida (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

We encourage readers of these financial statements to consider the information included in the transmittal letter and in the other sections of the Comprehensive Annual Financial Report (CAFR) in conjunction with this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of resources of the City of Stuart exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$131,275,425 (*total net position*). Of this amount \$117,157,906 or 89.3% of the amount is invested in capital assets.
- The City's operations increased net position by \$4,620,184 with an increase of \$1,462,098 from governmental activities and an increase of \$3,158,086 from business type activities.
- At the close of the current fiscal year, the City of Stuart's governmental funds reported a combined ending fund balance of \$18,209,430, an increase of \$4,456,521 in comparison with the prior year. The governmental funds reflect \$94,189 in non-spendable, \$6,691,079 in restricted, \$624,850 in committed, and \$5,185,555 in assigned fund balances, leaving an unassigned fund balance of \$5,609,757.
- At the close of the current fiscal year, the City of Stuart's business-type activities reported a combined unrestricted net position of \$13,553,111. Total net position increased \$3,158,086 for all business-type activities.
- The City of Stuart's total outstanding long-term debt increased by \$476,172 during the fiscal year. The City reduced existing debt by \$1,736,393, acquired additional debt through the State of Florida for water system expansion for \$2,118,620 and acquired additional debt of \$93,945 for a water and sewer bond anticipation note.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Stuart's basic financial statements. The City of Stuart's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The focus of the *government-wide financial statements* is on the overall financial position and activities of the City of Stuart. Reporting is similar to that of a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities.

The *Statement of Net Position* presents financial and capital resources of the City. Assets and deferred outflows of resources, and liabilities and deferred inflows of resources are presented, with the net of these reported as net position. For example, the City reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the City. On the other hand, the City reports liabilities even though these liabilities might not be paid until several years into the future.

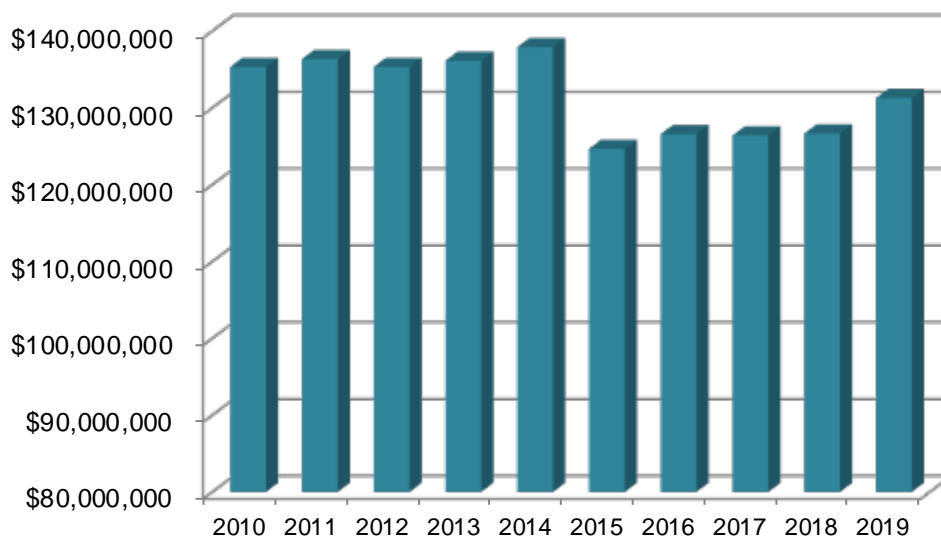


City of Stuart, Florida Management's Discussion and Analysis

CITY OF STUART, FLORIDA						
Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$20,873,429	\$17,441,167	\$25,792,698	\$21,458,227	\$ 46,666,127	\$ 38,899,394
Capital assets	83,147,007	83,795,662	65,340,801	64,401,360	148,487,808	148,197,022
Total assets	104,020,436	101,236,829	91,133,499	85,859,587	195,153,935	187,096,416
Deferred outflows of resources	8,074,374	8,925,697	2,148,939	2,460,641	10,223,313	11,386,338
Liabilities						
Current liabilities	4,509,524	5,617,457	4,951,931	4,367,076	9,461,455	9,984,533
Noncurrent liabilities	32,445,327	30,546,199	29,402,786	28,095,505	61,848,113	58,641,704
Total liabilities	36,954,851	36,163,656	34,354,717	32,462,581	71,309,568	68,626,237
Deferred inflows of resources	2,286,160	2,607,169	506,095	594,107	2,792,255	3,201,276
Net position						
Net investment in capital assets	76,756,813	76,940,970	40,401,093	40,477,154	117,157,906	117,418,124
Restricted	6,691,079	4,660,992	4,467,422	4,549,559	11,158,501	9,210,551
Unrestricted	(10,594,093)	(10,210,261)	13,553,111	10,236,827	2,959,018	26,566
Total net position	\$72,853,799	\$71,391,701	\$58,421,626	\$55,263,540	\$131,275,425	\$126,655,241

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

Net Position



The *Statement of Activities* presents the revenue and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when



City of Stuart, Florida Management's Discussion and Analysis

incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

CITY OF STUART, FLORIDA						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 5,309,782	\$ 4,742,479	\$ 18,443,468	\$ 17,395,381	\$ 23,753,250	\$ 22,137,860
Operating grants and contributions	2,602,012	1,181,807	-	-	2,602,012	1,181,807
Capital grants and contributions	-	-	892,920	284,972	892,920	284,972
General revenues:						
Property taxes	9,303,411	8,448,358	-	-	9,303,411	8,448,358
Other taxes	6,012,503	5,248,106	-	-	6,012,503	5,248,106
Other	7,320,219	7,043,924	625,469	27,925	7,945,688	7,071,849
Total revenues	30,547,927	26,664,674	19,961,857	17,708,278	50,509,784	44,372,952
Expenses:						
General government	\$9,961,070	\$7,955,772	-	-	9,961,070	7,955,772
Public safety	13,623,728	13,028,489	-	-	13,623,728	13,028,489
Parks and recreation	1,825,660	1,806,339	-	-	1,825,660	1,806,339
Physical environment	1,373,861	2,187,022	-	-	1,373,861	2,187,022
Transportation	2,459,933	1,944,583	-	-	2,459,933	1,944,583
Community redevelopment	629,335	740,161	-	-	629,335	740,161
Interest on long-term debt	219,933	275,761	-	-	219,933	275,761
Water and sewer	-	-	10,414,872	10,656,386	10,414,872	10,656,386
Sanitation	-	-	4,120,151	4,223,204	4,120,151	4,223,204
Stormwater	-	-	1,261,057	1,311,252	1,261,057	1,311,252
Total expenses	30,093,520	27,938,127	15,796,080	16,190,842	45,889,600	44,128,969
Increase/(decrease) in net position before transfers	454,407	(1,273,453)	4,165,777	1,517,436	4,620,184	243,983
Transfers	1,007,691	975,401	(1,007,691)	(975,401)	-	-
Increase/(decrease) in net position	1,462,098	(298,052)	3,158,086	542,035	4,620,184	243,983
Net position - beginning	71,391,701	71,689,753	55,263,540	54,721,505	126,655,241	126,411,258
Net position - ending	\$ 72,853,799	\$ 71,391,701	\$ 58,421,626	\$ 55,263,540	\$ 131,275,425	\$ 126,655,241

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, law enforcement, fire rescue, physical environment, transportation, community redevelopment, and parks and recreation. The business-type activities include water and sewer utility, sanitation services, and stormwater services.

The government-wide financial statements can be found immediately following this management's discussion and analysis.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.



City of Stuart, Florida Management's Discussion and Analysis

Governmental funds. Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period of time after the end of the fiscal year. Additionally, included on the balance sheet are the City's deferred inflows and deferred outflows of resources. The difference between a fund's total assets and deferred outflows and the fund's total liabilities and deferred inflows is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues and expenditures that were collected or paid during the current period, or very shortly after the end of the year.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because a different accounting basis is used to prepare the fund financial statements and the government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and three special revenue funds. Only the General Fund, the Leased Property Fund, and the CRA (Community Redevelopment Agency) Fund are to be considered major funds.

The City adopts an annual appropriated budget for its General Fund, Leased Property Fund and CRA Fund. A budgetary comparison statement has been provided for the General Fund, Leased Property Fund and CRA Fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its water and sewer, sanitation, and stormwater enterprises. The proprietary fund financial statements provide separate information for each of the three enterprise funds, all of which are considered to be major



City of Stuart, Florida Management's Discussion and Analysis

funds. The City adopts an annual appropriated budget for each enterprise fund.

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 financial information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's proportionate share of its liability of the Florida Retirement System Pension Plans and progress in funding its obligation to provide other postemployment benefits for employees of the City.

Government-wide Financial Analysis

The City's total net position balance of \$131,275,425 at September 30, 2019 is \$4,620,184 or a 3.6 percent increase compared to the 2018 balance of \$126,655,241. The increase in net position is a result of a \$3,158,086 increase from business-type operations and a \$1,462,098 increase from governmental operations. Changes in net position over time can be a useful indicator of financial position.

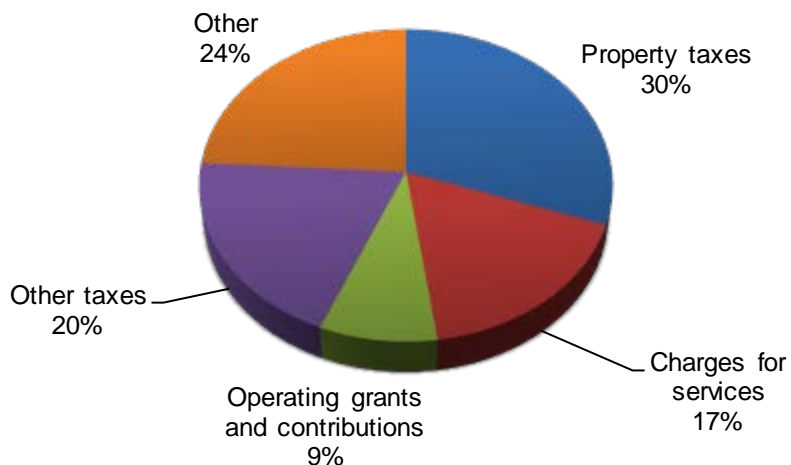
By far, the largest portion of the City's net position, \$117,157,906 (89.3 percent), reflects its investment in capital assets (e.g., land, land improvements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$11,158,501, or 8.5 percent, represents resources that are restricted for specific uses. There was an increase in the restricted net position of \$1,947,950. This increase is attributable to the collection of fees related to the sewer expansion projects and an increase in governmental restricted net position.

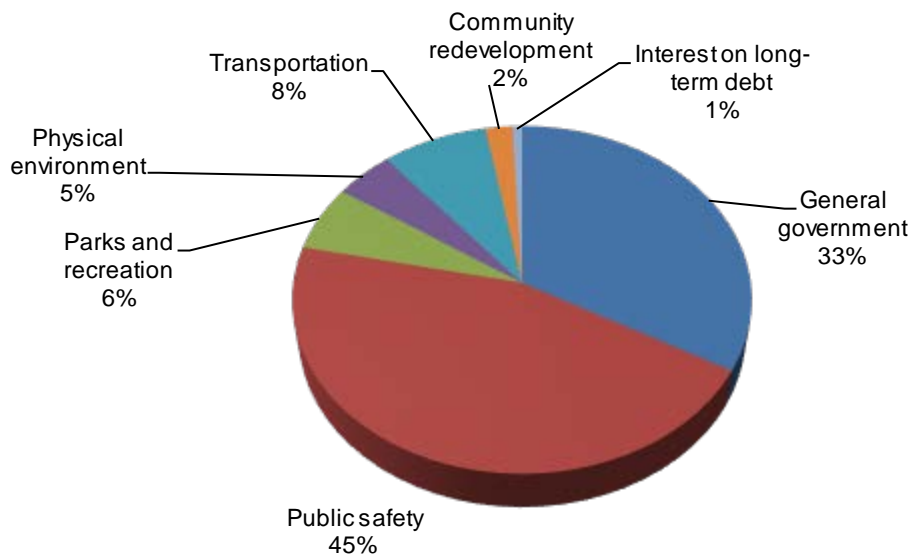
Governmental Activities

Governmental activities increased the City's net position by \$1,462,098. Total revenues increased by \$3,883,253. Property tax revenue increased by \$855,053 (10.1 percent) from the previous year. This increase is a result of increases in property values and millage rate. Other tax revenue increased by \$764,397 (14.6 percent) as a result of an increase in tax incremental revenue. Expenses increased by \$2,155,393 (7.7 percent) mainly in General Government (\$2,005,298), Public Safety (\$595,239) and Transportation (\$515,350). The Public Safety increases were a result of wage increases. The General Government increase was a result of an increase in the net pension liability.

Revenues by source - Governmental Activities



Expenses by source - Governmental Activities





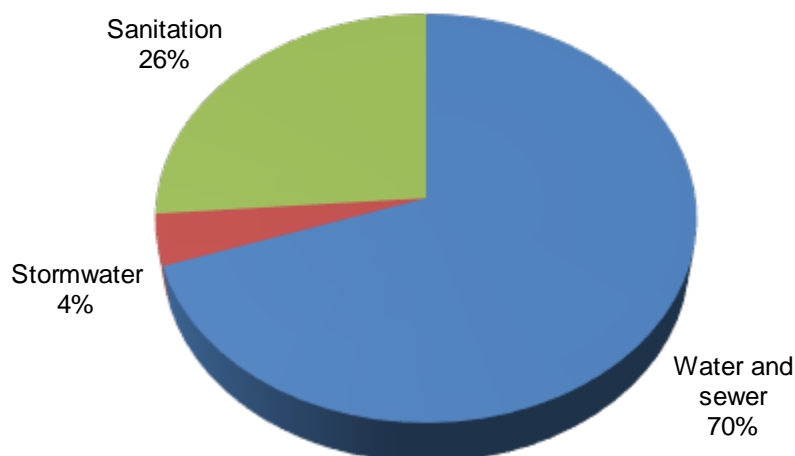
City of Stuart, Florida Management's Discussion and Analysis

Business-type Activities

The City operates three enterprises that comprise its business-type activities; water and sewer utilities, sanitation, and stormwater. All enterprise funds are classified as major funds.

The City's net position for business-type activities at September 30, 2019 was \$58,421,626 or 5.7 percent, or \$3,158,086, more than fiscal year 2018. Overall, the business-type activities generated an operating income of \$3,497,630. Water and sewer rates were increased in 2019 in anticipation of a major expansion of the City's water plant.

Revenues by source - Business-type Activities



Activity expenses for the Water and Sewer Fund decreased from \$10,656,386 in 2018 to \$10,414,872 in 2019. The reduced expenses were related to a reduction in debt service interest and personnel expenses. Water and sewer increased its net position by \$4,188,822.

Activity expenses for the Sanitation Fund decreased from \$4,223,204 in 2018 to \$4,120,151 in 2019. This reduction was a result of decreased personnel costs and operating expenses. Sanitation reduced its net position by \$455,947.

Activity expenses in the Stormwater Fund decreased from \$1,311,252 in 2018 to \$1,261,057 in 2019. Stormwater decreased its net position by \$574,789. Depreciation on infrastructure is the main cause for the decrease in net position.

Financial Analysis of the Government's Funds

The City used fund accounting to ensure and demonstrate compliance with finance related requirements.



City of Stuart, Florida Management's Discussion and Analysis

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,209,430, a total increase of \$4,456,521 from the prior year; of which an increase of \$3,261,059 is attributable to the General Fund, an increase of \$241,074 is attributable to the Leased Property Fund and an increase of \$954,388 is attributable to the Community Redevelopment Agency Fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$5,609,757. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23.6 percent of fiscal year 2020 General Fund operating expenditures.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$11,285,172, \$1,698,751 for the Sanitation Fund, and \$569,188 for the Stormwater Fund. The total increase/(decrease) in net position for these funds was \$4,188,822, (\$455,947), and (\$574,789), respectively.

The Water and Sewer Fund continues to make major improvements to the water and sewer delivery system. The Water and Sewer Fund established a discounted fee for upfront payment by customers for the Sewer Expansion program.

General Fund Budgetary Highlights

The difference between the original and final amended expenditure budget for 2019 was a decrease of \$2,589,731. The difference between the original and final amended revenue budget for 2019 was an increase of \$1,244,918. The City generated a variance of \$985,308 between the amended and actual results of operations. The main source of the variance is impact fees which are not budgeted.

Budget amendments – Differences between the original budget and the final amended budget were \$2,987,589. The significant budget amendments approved during the fiscal year are:

- \$150,000 was appropriated to construct crosswalks on Palm City Road.
- \$84,675 was appropriated for remediation of the Public Safety Complex.
- Reduction in capital appropriations for vehicles. The City obtained new vehicles through an operating lease arrangement.



City of Stuart, Florida Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$148,487,807 (net of accumulated depreciation). This amount in capital assets includes land, improvements other than buildings, buildings, machinery and equipment, furniture and fixtures, infrastructure, system improvements, and construction in progress. The City of Stuart's capital assets for the current fiscal year increased slightly with a net decrease for governmental funds of \$648,655 and business-type funds increased \$939,441.

City of Stuart - Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$11,449,079	\$ 9,364,439	\$ 6,584,865	\$ 6,333,178	\$ 18,033,944	\$ 15,697,617
Buildings and improvements	9,501,889	10,098,907	381,544	409,396	9,883,433	10,508,303
Improvements other than buildings	12,062,067	12,161,254	52,865,467	55,333,657	64,927,534	67,494,911
Equipment	2,388,320	2,670,164	2,316,446	2,096,938	4,704,766	4,767,102
Infrastructure	46,811,924	48,187,109	-	-	46,811,924	48,187,109
Construction in progress	933,728	1,313,789	3,192,479	228,191	4,126,207	1,541,980
	<u>\$83,147,007</u>	<u>\$83,795,662</u>	<u>\$65,340,801</u>	<u>\$64,401,360</u>	<u>\$148,487,808</u>	<u>\$148,197,022</u>

Major capital asset additions during the current fiscal year included the following:

- Completion of the PFC treatment system at the Water Plant for \$2,364,103.
- Donation of two parcels of land with a value of \$2,084,640.
- Purchase of a front loader sanitation truck for \$272,129.
- Purchase of land for a new Public Works complex for \$251,687.
- Purchase of a rear loader sanitation truck for \$244,548.
- Completion of design of the Dolphin Sewer expansion for \$237,870.
- Initial design of a new water treatment plant for \$152,056.

Additional information can be found in Note 5 of the "Notes to the Basic Financial Statements".

Noncurrent Liabilities. At the end of the current fiscal year, the City of Stuart had debt outstanding of \$32,285,122. This amount represents revenue bond debt and notes and direct borrowings. Other noncurrent liabilities at the end of the current fiscal year included \$2,651,166 in compensated absences, \$2,691,095 for other post-employment benefits (OPEB), and net pension liability of \$27,712,395.

City of Stuart - Debt Outstanding

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation bonds	\$ 5,560,000	\$ 5,845,000	\$ -	\$ -	\$ 5,560,000	\$ 5,845,000
Revenue bonds	573,264	635,753	16,870,736	17,770,247	17,444,000	18,406,000
Notes and direct borrowings	256,930	373,939	9,024,192	7,184,012	9,281,122	7,557,951
	<u>\$ 6,390,194</u>	<u>\$ 6,854,692</u>	<u>\$25,894,928</u>	<u>\$24,954,259</u>	<u>\$32,285,122</u>	<u>\$31,808,951</u>

Additional information of the City's long-term debt can be found in Note 6 of the "Notes to the Basic Financial Statements".



City of Stuart, Florida Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

- Ad Valorem property taxes increased slightly for the 2019 fiscal year and are conservatively projected to grow approximately 3% into the future.
- The Florida legislature is again considering various proposals relating to the elimination of local government revenues, Florida State Retirement pension reform and limits to business taxes. Potential legislation could have a significant impact on a local government's ability to maintain or improve services to residents. The City is carefully monitoring these initiatives and their future impact on the City's ability to function at the same level of service.
- Health insurance coverage cost increased 10% for the basic plan and 20% for the buy-up plan. 2018 health insurance costs far exceeded the actuarial projections. The City remains self-insured and continues to fund the Employee Family Wellness Clinic. The City increased the total funding for health insurance to maintain an actuarially sound plan.
- The Fleet Replacement Reserve will be phased out for most rolling stock. The City will be utilizing a purchase replacement strategy through an agreement with Enterprise Fleet services. Large vehicles such as garbage trucks and fire trucks will remain funded through the fleet replacement reserve.
- The City levied a Fire Assessment fee for 2019. The Fire Assessment fee rates remained the same.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

Requests for Information

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Additional information is also available on the City's website at www.cityofstuart.us. If you have any questions about this report or would like additional information, please contact:

Financial Services Director
City of Stuart
121 S.W. Flagler Avenue
Stuart, FL 34994

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City of Stuart, Florida
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and cash equivalents	\$ 2,003,794	\$ 4,680,162	\$ 6,683,956
Investments	16,818,276	16,822,035	33,640,311
Accounts receivable, net	1,007,077	1,250,757	2,257,834
Due from other government	950,093	270,490	1,220,583
Inventories	92,095	-	92,095
Other assets	2,094	2,005,035	2,007,129
Restricted cash and investments	-	764,219	764,219
Capital assets, net of accumulated depreciation			
Nondepreciable	12,382,807	9,777,344	22,160,151
Depreciable	70,764,200	55,563,457	126,327,657
Total assets	104,020,436	91,133,499	195,153,935
Deferred outflow of resources			
Loss on refundings	-	955,220	955,220
Related to pension	7,910,448	1,149,458	9,059,906
Related to other post employment benefits	163,926	44,261	208,187
Total deferred outflows of resources	8,074,374	2,148,939	10,223,313
Liabilities			
Accounts payable	956,939	1,127,142	2,084,081
Accrued liabilities	700,434	79,447	779,881
Due to other governments	43,263	-	43,263
Unearned revenue	882,241	448,782	1,331,023
Customer deposits	39,483	1,150,160	1,189,643
Accrued interest	58,321	356,641	414,962
Other liabilities	41,639	-	41,639
Claims payable	85,298	-	85,298
Noncurrent liabilities			
Due within one year	1,701,906	1,789,759	3,491,665
Due in more than one year			
Compensated absences	885,729	213,104	1,098,833
Bonds and notes	5,951,999	24,393,791	30,345,790
Net pension liability	23,488,631	4,223,764	27,712,395
Other postemployment benefits	2,118,968	572,127	2,691,095
Total liabilities	36,954,851	34,354,717	71,309,568
Deferred inflows of resources			
Related to pensions	2,161,794	472,516	2,634,310
Related to other post employment benefits	124,366	33,579	157,945
Total deferred inflows of resources	2,286,160	506,095	2,792,255
Net Position			
Net Investment In capital assets	76,756,813	40,401,093	117,157,906
Restricted for:			
Renewal and replacement	-	900,000	900,000
Building permits	1,448,266	-	1,448,266
Infrastructure improvement	444,423	406,198	850,621
Impact fee requirements	2,578,524	2,803,203	5,381,727
Law enforcement	138,098	-	138,098
Health insurance	78,422	-	78,422
Grant programs	25,343	-	25,343
Community redevelopment	1,978,003	-	1,978,003
SRF reserve	-	358,021	358,021
Unrestricted	(10,594,093)	13,553,111	2,959,018
Total Net Position	\$ 72,853,799	\$ 58,421,626	\$ 131,275,425

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Statement of Activities
Year ended September 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating				
	Expenses	Charges for	grants and	Capital grants	Governmental	Business-type	Total
		services	contributions		Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 9,961,070	\$ 198,808	\$ 2,084,640	\$ -	\$ (7,677,622)	\$ -	\$ (7,677,622)
Public safety	13,623,728	4,249,018	71,912	-	(9,302,798)	-	(9,302,798)
Parks and recreation	1,825,660	82,521	347,920	-	(1,395,219)	-	(1,395,219)
Physical environment	1,373,861	112,173	-	-	(1,261,688)	-	(1,261,688)
Transportation	2,459,933	667,262	97,540	-	(1,695,131)	-	(1,695,131)
Community redevelopment	629,335	-	-	-	(629,335)	-	(629,335)
Interest on long-term debt	219,933	-	-	-	(219,933)	-	(219,933)
Total governmental activities	30,093,520	5,309,782	2,602,012	-	(22,181,726)	-	(22,181,726)
Business-type activities:							
Water and sewer	10,414,872	12,858,338	-	892,920	-	3,336,386	3,336,386
Sanitation	4,120,151	4,835,574	-	-	-	715,423	715,423
Stormwater	1,261,057	749,556	-	-	-	(511,501)	(511,501)
Total business-type activities	15,796,080	18,443,468	-	892,920	-	3,540,308	3,540,308
Total	\$ 45,889,600	\$ 23,753,250	\$ 2,602,012	\$ 892,920	(22,181,726)	3,540,308	(18,641,418)
General revenues:							
Property taxes					9,303,411	-	9,303,411
Utility taxes					2,871,372	-	2,871,372
Franchise fees					1,675,783	-	1,675,783
Sales tax					1,810,439	-	1,810,439
Gas tax					698,354	-	698,354
Local business tax					632,338	-	632,338
Incremental property tax					1,092,424	-	1,092,424
State shared revenues, unrestricted					2,446,883	-	2,446,883
Miscellaneous					1,449,838	-	1,449,838
Unrestricted investment earnings					603,892	554,024	1,157,916
Gain on disposal of capital assets					51,399	71,445	122,844
Transfers					1,007,691	(1,007,691)	-
Total general revenue and transfers					23,643,824	(382,222)	23,261,602
Change in net position					1,462,098	3,158,086	4,620,184
Net position - beginning					71,391,701	55,263,540	126,655,241
Net position - ending					\$ 72,853,799	\$ 58,421,626	\$ 131,275,425

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Community Redevelopment Agency	Leased Property Fund	Non-Major Infrastructure Tax Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,430,588	\$ 194,978	\$ 378,228	\$ -	\$ 2,003,794
Investments	13,655,054	1,898,243	820,556	444,423	16,818,276
Accounts receivable, net	817,481	700	188,896	-	1,007,077
Due from other governments	950,093	-	-	-	950,093
Inventories	92,095	-	-	-	92,095
Prepaid items	2,094	-	-	-	2,094
Total assets	\$ 16,947,405	\$ 2,093,921	\$ 1,387,680	\$ 444,423	\$ 20,873,429
Liabilities					
Accounts payable	\$ 882,943	\$ 73,748	\$ 248	\$ -	\$ 956,939
Accrued liabilities	680,434	20,000	-	-	700,434
Due to other governments	38,508	159	4,596	-	43,263
Unearned revenue	751,325	2,441	128,475	-	882,241
Customer deposits	36,075	-	3,408	-	39,483
Matured bonds payable	41,639	-	-	-	41,639
Total liabilities	2,430,924	96,348	136,727	-	2,663,999
Fund balances					
Nonspendable:					
Inventories	92,095	-	-	-	92,095
Prepays	2,094	-	-	-	2,094
Restricted:					
Building permits	1,448,266	-	-	-	1,448,266
Infrastructure improvement	-	-	-	444,423	444,423
Impact fee requirements	2,578,524	-	-	-	2,578,524
Law enforcement	138,098	-	-	-	138,098
Health insurance	78,422	-	-	-	78,422
Grant programs	25,343	-	-	-	25,343
Community redevelopment	-	1,978,003	-	-	1,978,003
Committed:					
Capital replacement	-	-	624,850	-	624,850
Assigned:					
Health insurance	921,578	-	-	-	921,578
Capital replacement	800,000	-	626,103	-	1,426,103
Contractual obligations	1,171,907	19,570	-	-	1,191,477
Pavement management	800,000	-	-	-	800,000
Landfill closure	80,092	-	-	-	80,092
Tree replacement	770,305	-	-	-	770,305
Unassigned	5,609,757	-	-	-	5,609,757
Total fund balances	14,516,481	1,997,573	1,250,953	444,423	18,209,430
Total liabilities and fund balances	\$ 16,947,405	\$ 2,093,921	\$ 1,387,680	\$ 444,423	\$ 20,873,429

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida

Reconciliation of the Balance Sheet to Statement of Net Position September 30, 2019

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances - governmental Funds	\$ 18,209,430
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 11,449,079	
Construction in Progress	933,728	
Buildings and improvements, net of \$7,331,254 accumulated depreciation	9,501,889	
Equipment, net of \$8,007,370 accumulated depreciation	2,388,320	
Improvements other than buildings, net of \$10,689,981 accumulated depreciation	12,062,067	
Infrastructure, net of \$36,033,669 accumulated depreciation	<u>46,811,924</u>	
Total capital assets, net		83,147,007

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	(6,390,194)	
Claims payable	(85,298)	
Compensated absences	(2,149,440)	
Accrued interest on long-term debt	<u>(58,321)</u>	
Total liabilities		(8,683,253)

Deferred inflows, deferred outflows and long term liabilities related to pensions.

Deferred outflows related to pensions	7,910,448	
Deferred inflows related to pensions	(2,161,794)	
Net pension liability	<u>(23,488,631)</u>	
Total pension related		(17,739,977)

Deferred inflows and long term liabilities related to other postemployment benefits.

Deferred outflows related to other postemployment benefits	163,926	
Deferred inflows related to other postemployment benefits	(124,366)	
Other postemployment benefits payable	<u>(2,118,968)</u>	
Total postemployment benefit related		<u>(2,079,408)</u>

Net position of governmental activities	<u><u>\$ 72,853,799</u></u>
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The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Statement of Revenues, Expenditures, and changes in Fund Balances
Governmental Funds

Year ended September 30, 2019

	General Fund	Community Redevelopment Agency	Leased Property Fund	Non-Major Infrastructure Tax Fund	Total Governmental Funds
Revenues					
Ad valorem taxes	\$ 9,303,411	\$ -	\$ -	\$ -	\$ 9,303,411
Intergovernmental	5,473,048	1,092,424	-	-	6,565,472
Utility taxes	2,871,372	-	-	-	2,871,372
Franchise fees	1,675,783	-	-	-	1,675,783
Charges for services	1,825,752	-	-	-	1,825,752
Assessments	1,228,727	-	-	-	1,228,727
Licenses and permits	1,315,619	1,275	-	-	1,316,894
Local business tax	632,338	-	-	-	632,338
Impact fees	938,409	-	-	-	938,409
Fines and forfeitures	247,312	-	-	-	247,312
Interest	550,656	53,236	-	-	603,892
Rental Income	48,521	-	803,198	-	851,719
Miscellaneous	321,604	24,739	2,140,503	-	2,486,846
Total revenues	<u>26,432,552</u>	<u>1,171,674</u>	<u>2,943,701</u>	<u>-</u>	<u>30,547,927</u>
Expenditures					
Current:					
General government	5,273,900	-	135,450	-	5,409,350
Public safety	13,085,557	-	-	-	13,085,557
Parks and recreation	1,450,691	-	-	-	1,450,691
Physical environment	1,211,544	-	-	-	1,211,544
Transportation	2,081,819	-	-	-	2,081,819
Community redevelopment	-	306,744	-	-	306,744
Capital outlay	771,522	12,799	2,084,640	-	2,868,961
Debt service:					
Principal	464,498	-	-	-	464,498
Interest	219,933	-	-	-	219,933
Total expenditures	<u>24,559,464</u>	<u>319,543</u>	<u>2,220,090</u>	<u>-</u>	<u>27,099,097</u>
Revenues over (under) expenditures	<u>1,873,088</u>	<u>852,131</u>	<u>723,611</u>	<u>-</u>	<u>3,448,830</u>
Other financing sources (uses)					
Transfer in	2,186,308	798,337	-	-	2,984,645
Transfer out	(798,337)	(696,080)	(482,537)	-	(1,976,954)
Total other financing sources (uses)	<u>1,387,971</u>	<u>102,257</u>	<u>(482,537)</u>	<u>-</u>	<u>1,007,691</u>
Net change in fund balance (deficit)	3,261,059	954,388	241,074	-	4,456,521
Fund balance beginning	<u>11,255,422</u>	<u>1,043,185</u>	<u>1,009,879</u>	<u>444,423</u>	<u>13,752,909</u>
Fund balance ending	<u>\$ 14,516,481</u>	<u>\$ 1,997,573</u>	<u>\$ 1,250,953</u>	<u>\$ 444,423</u>	<u>\$ 18,209,430</u>

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida

Statement of Revenues, Expenditures, and changes in Fund Balances

Governmental Funds

Year ended September 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 4,456,521
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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 and reported as depreciation expense.

Capital outlay	2,868,961	
Additions related to capital projects	91,087	
Depreciation expense	<u>(3,514,191)</u>	(554,143)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but does not have any effect on net position.

464,498

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until it is due, rather than as it accrues.

The details of the differences are as follows:

Increase in compensated absences	(40,180)	
Increase in other postemployment benefits payable	(306,801)	
Decrease in claims payable	(35,674)	
Decrease in accrued interest on long-term debt	4,725	
Increase in net pension liability	(1,972,920)	
Change in pension related deferred inflows and outflows	(706,047)	
Change in other postemployment benefit deferred inflows and outflows	<u>152,119</u>	(2,904,778)

Change in net position of governmental activities	<u>\$ 1,462,098</u>
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The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Assets				
Current assets				
Cash and cash equivalents	\$ 3,616,397	\$ 573,359	\$ 490,406	\$ 4,680,162
Investments	13,583,648	3,015,131	223,256	16,822,035
Accounts receivable, net	998,282	207,913	44,562	1,250,757
Due from other government	270,490	-	-	270,490
Restricted cash and cash equivalents	176,183	-	-	176,183
Total current assets	<u>18,645,000</u>	<u>3,796,403</u>	<u>758,224</u>	<u>23,199,627</u>
Non Current Assets				
Restricted cash and cash equivalents	181,838	-	-	181,838
Restricted investments	406,198	-	-	406,198
Sewer plan receivable	2,005,035	-	-	2,005,035
Capital assets:				
Land	72,260	326,327	6,186,278	6,584,865
Construction In progress	3,169,141	23,338	-	3,192,479
Buildings and improvements	592,670	266,466	-	859,136
Improvements other than buildings	88,997,010	124,517	19,712,042	108,833,569
Equipment	3,984,332	3,456,831	605,127	8,046,290
Infrastructure	143,176	-	242,511	385,687
Less accumulated depreciation	<u>(49,972,336)</u>	<u>(2,163,965)</u>	<u>(10,424,924)</u>	<u>(62,561,225)</u>
Total capital assets	<u>46,986,253</u>	<u>2,033,514</u>	<u>16,321,034</u>	<u>65,340,801</u>
Total noncurrent assets	<u>49,579,324</u>	<u>2,033,514</u>	<u>16,321,034</u>	<u>67,933,872</u>
Total assets	<u>68,224,324</u>	<u>5,829,917</u>	<u>17,079,258</u>	<u>91,133,499</u>
Deferred outflow of resources				
Deferred outflows of resources from losses on refundings	955,220	-	-	955,220
Related to pension	874,564	230,532	44,362	1,149,458
Related to other postemployment benefits	33,393	9,368	1,500	44,261
Total deferred outflows of resources	<u>1,863,177</u>	<u>239,900</u>	<u>45,862</u>	<u>2,148,939</u>
Total assets and deferred outflow of resources	<u>\$ 70,087,501</u>	<u>\$ 6,069,817</u>	<u>\$ 17,125,120</u>	<u>\$ 93,282,438</u>

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Liabilities and Net Position				
Current liabilities and current assets				
Accounts payable	\$ 414,977	\$ 688,135	\$ 24,030	\$ 1,127,142
Accrued liabilities	57,231	16,877	5,339	79,447
Unearned revenue	448,782	-	-	448,782
Compensated absences	235,792	46,961	5,869	288,622
Customer deposits	689,153	461,007	-	1,150,160
Current portion bonds and loans payable	1,446,343	-	54,794	1,501,137
Accrued interest payable	351,623	-	5,018	356,641
Total current liabilities	<u>3,643,901</u>	<u>1,212,980</u>	<u>95,050</u>	<u>4,951,931</u>
Non-current liabilities:				
Loans payable	8,457,851	-	-	8,457,851
Revenue bonds payable, net	15,509,000	-	426,940	15,935,940
Compensated absences	174,097	34,673	4,334	213,104
Other post employment benefits	431,652	121,099	19,376	572,127
Net pension liability	3,204,755	863,922	155,087	4,223,764
Total noncurrent liabilities	<u>27,777,355</u>	<u>1,019,694</u>	<u>605,737</u>	<u>29,402,786</u>
Total liabilities	<u>31,421,256</u>	<u>2,232,674</u>	<u>700,787</u>	<u>34,354,717</u>
Deferred inflows of resources				
Related to pensions	360,038	97,770	14,708	472,516
Related to other post employment benefits	25,334	7,108	1,137	33,579
	<u>385,372</u>	<u>104,878</u>	<u>15,845</u>	<u>506,095</u>
Total liabilities and deferred inflows	<u>31,806,628</u>	<u>2,337,552</u>	<u>716,632</u>	<u>34,860,812</u>
Net Position				
Net investment in capital assets	22,528,279	2,033,514	15,839,300	40,401,093
Restricted for:				
Renewal and replacement	900,000	-	-	900,000
Capital outlay	406,198	-	-	406,198
SRF	358,021	-	-	358,021
Impact fee requirements	2,803,203	-	-	2,803,203
Unrestricted	11,285,172	1,698,751	569,188	13,553,111
Total Net Position	<u>38,280,873</u>	<u>3,732,265</u>	<u>16,408,488</u>	<u>58,421,626</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 70,087,501</u>	<u>\$ 6,069,817</u>	<u>\$ 17,125,120</u>	<u>\$ 93,282,438</u>

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida

Statement of Revenues, Expenses, and changes in Net Position

Proprietary Funds

Year ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Operating revenues				
Charges for services	\$ 12,839,736	\$ 4,835,574	\$ 749,556	\$ 18,424,866
Miscellaneous	18,602	-	-	18,602
Total operating revenues	<u>12,858,338</u>	<u>4,835,574</u>	<u>749,556</u>	<u>18,443,468</u>
Operating expenses				
Personnel expenses	3,391,920	1,078,118	266,309	4,736,347
Operating expenses	2,793,124	2,613,828	185,227	5,592,179
Depreciation	2,832,600	271,314	772,017	3,875,931
Pension liability	559,533	156,891	24,957	741,381
Total operating expenses	<u>9,577,177</u>	<u>4,120,151</u>	<u>1,248,510</u>	<u>14,945,838</u>
Operating income (loss)	<u>3,281,161</u>	<u>715,423</u>	<u>(498,954)</u>	<u>3,497,630</u>
Non-operating revenues (expenses)				
Interest income	467,850	77,745	8,429	554,024
Interest expense	(686,863)	-	(12,547)	(699,410)
Gain on sale of capital assets	59,895	10,400	1,150	71,445
Other non-operating revenues (expenses)	<u>(150,832)</u>	<u>-</u>	<u>-</u>	<u>(150,832)</u>
Total non-operating revenues (expenses)	<u>(309,950)</u>	<u>88,145</u>	<u>(2,968)</u>	<u>(224,773)</u>
Income (loss) before contributions and transfers	<u>2,971,211</u>	<u>803,568</u>	<u>(501,922)</u>	<u>3,272,857</u>
Capital contributions	892,920	-	-	892,920
Transfers in	1,023,685	-	-	1,023,685
Transfers out	<u>(698,994)</u>	<u>(1,259,515)</u>	<u>(72,867)</u>	<u>(2,031,376)</u>
Change in net position	<u>4,188,822</u>	<u>(455,947)</u>	<u>(574,789)</u>	<u>3,158,086</u>
Net position - beginning	<u>34,092,051</u>	<u>4,188,212</u>	<u>16,983,277</u>	<u>55,263,540</u>
Total Net position - ending	<u>\$ 38,280,873</u>	<u>\$ 3,732,265</u>	<u>\$ 16,408,488</u>	<u>\$ 58,421,626</u>

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2019

	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Operating activities				
Cash received from customers	\$ 11,218,044	\$ 5,297,083	\$ 711,286	\$ 17,226,413
Cash payments to suppliers for goods and services	(2,075,367)	(1,490,959)	(120,671)	(3,686,997)
Cash payments to employees for services	(3,359,210)	(1,051,775)	(265,225)	(4,676,210)
Net cash provided by operating activities	5,783,467	2,754,349	325,390	8,863,206
Noncapital financing activities				
Transfer in from other funds	1,023,685	-	-	1,023,685
Transfers out to other funds	(698,994)	(1,259,515)	(72,867)	(2,031,376)
Net cash used in noncapital financing activities	324,691	(1,259,515)	(72,867)	(1,007,691)
Capital and related financing activities				
Acquisition and construction of capital assets	(4,004,291)	(842,538)	(11,292)	(4,858,121)
Proceeds from State Revolving Fund Loan	2,118,620	-	-	2,118,620
Proceeds from Bond anticipation note	93,945	-	-	93,945
Capital contributions and grants	892,920	-	-	892,920
Principal paid on State Revolving Fund Loan	(372,384)	-	-	(372,384)
Principal paid on revenue bonds and notes	(847,000)	-	(52,511)	(899,511)
Interest expense and fiscal agent fees	(686,863)	-	(12,547)	(699,410)
Net cash used in capital and related financing activities	(2,805,053)	(842,538)	(76,350)	(3,723,941)
Investing activities				
Interest income	467,850	77,745	8,429	554,024
Purchase of investments	(2,380,766)	(610,371)	(10,241)	(3,001,378)
Net cash provided by (used in) investing activities	(1,912,916)	(532,626)	(1,812)	(2,447,354)
Net change in cash and cash equivalents	1,390,189	119,670	174,361	1,684,220
Cash and cash equivalents				
Beginning of year	2,584,229	453,689	316,045	3,353,963
End of year	3,974,418	573,359	490,406	5,038,183
Cash and cash equivalents classified as:				
Unrestricted assets	3,616,397	573,359	490,406	4,680,162
Restricted assets	358,021	-	-	358,021
\$ 3,974,418	\$ 573,359	\$ 490,406	\$ 5,038,183	
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	3,281,161	715,423	(498,954)	3,497,630
(Increase) Decrease in assets and deferred outflows and Increase (Decrease) in liabilities and deferred inflows:				
Adjustments not affecting cash:				
Depreciation	2,832,600	271,314	772,017	3,875,931
Pension liability adjustment	411,854	115,484	18,372	545,710
Other post employment benefits	65,687	19,290	6,305	91,282
Deferred outflows	253,616	50,124	7,962	311,702
Deferred inflows	(66,663)	(18,627)	(2,722)	(88,012)
Changes in assets and liabilities:				
Accounts receivable	(47,727)	49,422	(16,774)	(15,079)
Due from other governments	(125,616)	-	-	(125,616)
Accounts payable	93,795	564,758	6,743	665,296
Unearned revenue	191,570	-	-	191,570
Compensated absences	(34,039)	660	(4,341)	(37,720)
Other assets and liabilities	(1,072,771)	986,501	36,782	(49,488)
Total adjustments	2,502,306	2,038,926	824,344	5,365,576
Net cash provided by operating activities	\$ 5,783,467	\$ 2,754,349	\$ 325,390	\$ 8,863,206

The notes to the financial statements are an integral part of these statements.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Stuart, Florida (the “City”) was incorporated in 1914 under the general law. This incorporation was validated by an Act of the State Legislature, Section 165.041 and 165.061. The City covers an area of approximately 7.0 square miles. The City operates under a Commission-Manager form of government and has an elected City Commission (5 members) and provides services to approximately 16,504 residents in the form of fire protection, law enforcement, water and sewer, sanitation, stormwater, culture and recreation, planning and zoning, and general administrative services. The powers of the City Commission include the ability to enact legislation, adopt budgets, determine policies, and appoint the City Manager and City Attorney.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City’s accounting policies are described below.

a. Financial Reporting Entity

The financial statements are prepared in accordance with governmental accounting standards, which establish standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The accompanying financial statements present the City and its component unit, for which the City is financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government’s operations. Other than the operations of the primary government, the accompanying statements include the Community Redevelopment Agency (the “CRA”).

The CRA was established in 1998 by Resolution 84-98 under Chapter 163, Florida Statutes, for the purpose of carrying out redevelopment activities for certain areas existing in the City. Subsequent actions, Resolution 131-02, Ordinance 2076-06, Resolution 82-2010, Resolution 09-2016 and Resolution 68-2019, amended and expanded the life of the CRA until the end of fiscal year 2050. The CRA’s governing board is substantially the same as the City Commission. In addition, the CRA’s budget is subject to the approval of the City Commission. The CRA is included in the City’s reporting entity as a blended component unit, due to the composition of its governing board and the financial burden associated with ad valorem tax allocations, presented as a major special revenue fund.

Related Organizations

Stuart Housing Authority (the “Authority”) – The Stuart Housing Authority was organized for the purpose of providing housing for low-income families. The City of Stuart appoints the governing board but the City’s accountability for this organization does not extend beyond making these appointments. The City has no financial benefit or burden from the Authority and there is no fiscal dependency between the City and the Authority. Therefore, the financial statements of the Authority are excluded from the reporting entity.

Tri-County Risk Management Program (“TRICO”) – TRICO is a multi-geographical public entity risk pool of which the City is a member. The City, along with the other three members, makes an actuarially determined contribution to the pool in exchange for transferring the risk of loss for its property and casualty and workers’ compensation coverage to the pool. The pool is administered by a third-party administrator. The City has one vote on the Board of Directors, which is composed of one person from each of the four members’ cities and counties. Because the City’s vote does not constitute a majority and TRICO is not fiscally dependent on the City, TRICO is not considered a component of the City’s reporting entity.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

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 City and its component unit. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment; such expenses include indirect costs charged on a centralized basis to recover administrative costs. 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 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. All remaining non-major governmental funds are aggregated and reported as other governmental funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 when they are received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

c. Measurement Focus, Basis of Accounting and Basis of Presentation

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other postemployment benefits, self-insurance, and compensated absences and claims and judgments, are recorded only when payment is due.

Revenues of the City which are susceptible to accrual under the modified accrual basis include property taxes, utility taxes, simplified communication service tax, local business tax, franchise fees, sales taxes, fuel taxes, grant revenue, interest revenue, charges for services, rental income, and certain intergovernmental revenue. All other revenue items are measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Community Redevelopment Agency – This special revenue fund is used to account for all sources and uses of financial resources provided by increased ad valorem tax value in the geographically designated area. Resources are consumed in operations and improvements specifically designated by the CRA.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Leased Property Fund – This special revenue fund is used to account for the activities related to City real properties leased or rented for public and private ventures. The revenues reflected in this fund have been committed by the City. Resources are consumed to fund upkeep and maintenance on the properties and all excess resources are maintained in the fund balance of the fund or transferred to the General Fund for other purposes.

The City's reports the following non-major governmental funds:

Infrastructure tax – This special revenue fund is used to account for all sources of infrastructure tax revenue.

The City reports the following major proprietary funds in the basic financial statements:

Water and Sewer Fund – This fund accounts for the operating activities related to providing water treatment and distribution services, and sewage treatment to all areas within the City limits and certain districts outside the City limits.

Sanitation Fund – This fund accounts for the operating activities related to the solid waste operations.

Stormwater Fund – This fund accounts for the construction and maintenance of the City's stormwater systems and pollution from stormwater runoff.

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 City's water and sewer, sanitation, and stormwater funds are charges to customers for services. Operating expenses for the enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions, sanitation, and stormwater operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

d. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of overnight repurchase agreements and investments with Seacoast National Bank, Florida Cooperative Liquid Asset Securities System (FLCLASS), and Public Trust Advisors (PTA). For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash equivalents.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Pooled Cash and Investments

Resources of all funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds.

The City's repurchase agreement and tax certificate investments are reported at cost, which approximates fair value. The City's investments in PTA Funds are reported at fair value or net asset value, which approximates fair value.

Receivables and Payables

Activities 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". (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds (i.e., amounts owed for goods/services rendered to a fund by another fund in the reporting entity) are reported as "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".

Transactions for services rendered or facilities provided are recorded as revenue in the receiving fund and as expenditures in the disbursing fund. Transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in or out.

Inventories and Prepaid Items

All inventories are valued at cost in both governmental and proprietary fund types. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. However, due to efficiencies of operation, many of the supplies are consumed as needed and are ordered in accordance with just-in-time principles, eliminating the need for most inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported as expenditures during the period benefited by the prepayment (consumption method).

Restricted Assets

In 2006, 2007 and 2011, the City issued water and sewer revenue refunding and improvement bonds to make improvements and extensions to the Water and Sewer Utility of the City and to refund certain then outstanding revenue bonds. In addition, the water and sewer bond covenants require that certain funds be established and specify the order in which pledged proceeds are to be deposited into these funds.

Restricted assets are classified as noncurrent if they are for acquisition or construction of capital assets, for liquidation of long-term debt, or are for other than current operations.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

The balance of the restricted asset accounts are as follows:

Debt Service Payments	\$ 176,183
Total current restricted - business	176,183
 Sewer expansion	 406,198
SRF Reserve	181,838
Total noncurrent restricted - business	588,036
 Total fair value	 \$ 764,219

Capital Assets

Capital assets, which include property, utility plant and equipment, and certain infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business- type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are recorded at actual cost or estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Utility plant, building and improvement	10-30 Years
Infrastructure	10-100 Years
Machinery and equipment	3-10 Years

Upon disposal of capital assets, the related cost and accumulated depreciation are removed from the accounts with gains or losses on disposal reported currently.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement section represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. For the current year the City reports deferred outflows of \$955,220 for deferred losses on refinancing of debt, \$9,059,906 related to pensions, and \$208,187 related to other postemployment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has deferred inflows related to pensions of \$2,634,310 and \$157,945 related to other postemployment benefits.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Unearned Revenue

Governmental and enterprise funds defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds and enterprise funds are as follows:

	General Fund	Community Redevelopment Agency	Leased Property Fund	Total Governmental Activities	Enterprise Funds
Unearned revenue:					
Contractor escrows	\$ 1,800	\$ -	\$ -	\$ 1,800	\$ -
Business tax	523,936	-	-	523,936	-
Unearned grants	25,343	-	-	25,343	-
Miscellaneous unearned revenue	191,338	2,441	-	193,779	-
Disaster relief	8,908	-	-	8,908	-
Unearned rent	-	-	128,475	128,475	-
Unearned sewer expansion	-	-	-	-	406,198
Unapplied credit	-	-	-	-	42,584
Total unearned revenue	<u>\$ 751,325</u>	<u>\$ 2,441</u>	<u>\$ 128,475</u>	<u>\$ 882,241</u>	<u>\$ 448,782</u>

Compensated Absences

Police officers, Fire fighters, and General employees of the City are entitled to paid time off. Upon resignation, retirement, termination, or death employees are paid in one lump sum for accrued paid time off as of the last day of employment. Fire fighters who retire or resign in good standing with more than five years of service receive 50% of accumulated sick leave. Police officers who retire or resign in good standing with more than five years of service receive 55% of accumulated sick leave.

Accumulated paid time off and the benefits associated with them are accrued when incurred in the government-wide and proprietary fund financial statements. The governmental fund financial statements report only the compensated absences liability payable from expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental funds, compensated absences are liquidated by the general fund.

Long-Term Obligations

In the government-wide financial statements and proprietary 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 premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Fund Equity

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance may be reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and the long-term amount of advances to other funds.

Restricted – This component consist of amounts that are subject to externally enforceable legal restrictions, which are imposed either (a) by third parties, such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to asses, levy, charge or otherwise mandate payment of resources (form external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, the City Commission. Such formal action may be in the form of an ordinance or resolution dependent upon the nature of the matter, may be equally binding and may only be modified or rescinded by a subsequent formal action. The City Commission established a Capital Replacement policy for the Leased Property Fund which committed funds as of September 30, 2019.

Assigned – This component consists of amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) City Commission, or (b) pursuant to adopted policy approved by the City Commission, the City Manager or other subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes. Included in this category is any fund balance carry-forward used to balance the subsequent year's budget.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance amount.

In determining the classification of total spendable fund balance remaining at the end of the fiscal year, when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy that expenditures will be applied first to restricted fund balance and then to unrestricted fund balance (committed, assigned, and unassigned). When unrestricted fund balance (committed, assigned, or unassigned) is available for use, it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

Property Taxes

Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1. They are due March 31 and become delinquent April 1. On June 1, delinquent taxes are offered for sale in the form of tax certificates. These taxes are collected by the County and are remitted to the City.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Assessed values are established by Martin County Property Appraiser for all properties in the County at approximately fair market value. The County bills and collects all property taxes for the City. The assessed value of property at January 1, 2018, upon which the 2019 levy was based, was approximately \$1.9 billion.

Under Florida law, the assessment of all properties, and the collection of all Martin County, municipal, school district and special district property taxes are consolidated in the offices of the Martin County Property Appraiser and Martin County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to 10 mills (\$10 per \$1,000 of assessed valuation) for general governmental services other than general obligation debt service. To the extent required by voter approved general obligation debt, unlimited amounts may be levied to pay debt service. The millage rate levied to finance general governmental services for the 2019 fiscal year was 4.75 mills (\$4.75 per \$1,000 of assessed valuation).

Utility Billings

Utility customers are billed monthly on a cycle basis. Unbilled revenue is recognized in the accompanying financial statements based upon estimates of revenue for services rendered between billing cycle dates and fiscal year end.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing collectability of accounts receivable, valuation of postretirement obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

All governmental funds budgets are prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America (GAAP). However, certain governmental funds are combined with the General Fund for financial reporting purposes but are separately budgeted. The budgets for the enterprise funds are prepared on an accrual basis and are consistent with GAAP except that depreciation, amortization, and gain/losses on the disposal of assets are not budgeted, capitalized net interest costs on funds borrowed to finance the construction of capital assets are budgeted as interest income and interest expense, capital outlays are budgeted as expense, and debt proceeds and principal payments are respectively budgeted as revenue and expense. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are as follows:

The City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources, and appropriations of fund balances.

Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation. Prior to October 1st, the budget is legally enacted through passage of a resolution.

Budgeted amounts are as originally adopted or as amended. No significant revisions to the budget were required in 2019. There were several supplemental amendments which included re-appropriation of prior year encumbrances during fiscal year ended September 30, 2019.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

The level of control (level at which expenditures may not exceed budget) is at the fund level. Unexpended balances of appropriations lapse at year end.

Formal budgetary integration is employed as a management control device during the year for all funds which have a legally adopted budget, including the General Fund, Community Redevelopment Fund, Leased Property Fund, Water and Sewer Fund, Stormwater Fund, and Sanitation Fund. The Infrastructure Tax Fund does not legally adopt a budget.

New Accounting Standards

Effective October 1, 2018, the City implemented the following GASB Pronouncements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The balance of bank deposits was \$438,843 as of September 30, 2019.

Deposits are insured by the Federal Depository Insurance Corporation or by collateral 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 another 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 deemed as insured or collateralized with securities held by the City or its agent in the City's name.

Investments

The investments are detailed below with the credit ratings and maturity ranges:

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Investment Type	Fair Value Method	Credit Rating (S&P)	Maturity Range	Fair Value
<u>Investments Measured by Fair Value Level</u>				
Federal Home Loan Mortgage Corp	Level 2	AA+	04/2020-11/2020	\$ 1,256,973
Federal National Mortgage Association	Level 2	AA+	11/2019-04/2021	813,550
US Treasury Notes	Level 2	AA+	10/2019-06/2024	10,466,962
Corporate Notes	Level 2	AAA.. A+	11/2019-08/2022	2,170,319
Total Investments Measured at Fair Value				14,707,804
<u>Investments Measured at Net Asset Value</u>				
FL Class Investment Pool		AAAm		19,310,899
Total Investments Measured at Net Asset Value				19,310,899
<u>Cash and Cash Equivalents and Investments Measured at Amortized Cost</u>				
Repurchase Agreement				6,403,133
Money Market Funds				27,678
Martin County Tax Certificates				129
Cash on with fiscal agent				200,000
Bank Deposits				438,843
Total Measured at Amortized Cost				7,069,783
Total Cash and Cash Equivalents and Investments				<u>\$ 41,088,486</u>
Statement of Net Position:				
Cash and cash equivalents and investments - unrestricted				\$ 40,324,267
Restricted assets:				
Cash, cash equivalents and investments - Business				764,219
Total, primary government				<u>\$ 41,088,486</u>

The City's investments in the Florida Cooperative Liquid Assets Securities System (FL Class), a public entity investment trust organized under the laws of the State of Florida, are presented at Net Asset Value (NAV), which reflects fair value. The objectives of FL Class are to generate investment income while maintaining safety and liquidity. There are no restrictions or terms and conditions on the City in redeeming the investment and the City has no unfunded commitments related to this investment.

The City follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of investments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quote prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under GASB Statement No. 72 are described below:

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical asset in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology include the following:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in inactive markets
- Inputs other than quoted prices that are observable for the assets
- Inputs that are derived principally from or corroborated by observable market data by correlation or other mean

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques but may also include the use of market prices of assets that are not directly comparable to the subject asset.

Investment Policy

The City is authorized to invest in those instruments authorized by the Florida Statutes. The objectives of the City's investment policy are to provide safety of principal, liquidity of funds, and the optimal rate of return on investments at the time of investment. The policy provides that the maximum maturity shall never exceed five years from the date of purchase and includes the following investments:

1. Florida PRIME Fund, as administered by the Florida State Board of Administration.
2. Negotiable direct obligations, or obligations of the principal and interest of which are unconditionally guaranteed by the United States Government.
3. Bonds, debentures or notes, guaranteed as to principal and interest by the United States Government Agencies, provided such obligations are backed by the full faith and credit of the United States Government.
4. Bonds, mortgage-backed securities, debentures, or notes that may be subject to call, issued, or guaranteed as to principal and interest by United States Government Sponsored Enterprises (Federal Instrumentalities) that are non-full faith and credit agencies, limited to the following: Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its district banks (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (Freddie-Mac), including Federal Home Loan Mortgage Corporation participation certificates.
5. Investment in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or Federal Instrumentality for payment of principal and a guarantee of timely payment.
6. Non-negotiable interest-bearing time deposits, including Certificates of Deposit or savings accounts in banks organized under the laws of this State or the United States and doing business in this State.
7. Negotiable Certificates of Deposit.
8. State and/or local government taxable and/or tax-exempt debt, general obligation, and/or revenue bonds.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

9. Shares of any open-end or no-load money market mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. Section 270.2a-7, which stipulates that money market mutual funds must have an average weighted maturity of 60 days or less and a weighted average life of 120 days or less.
10. Shares of open-end, no-load, institutional class mutual funds with fluctuating net asset values (NAV) provided that such funds are registered under the Investment Company Act of 1940. The prospectus must indicate that the funds average duration is maintained at 3 years or less and the fund invests exclusively in investment instruments as authorized by this policy.
11. Repurchase agreements composed of only those investments based on the requirements set forth by the City's Master Repurchase Agreement.
12. Bankers' acceptances which are issued by a domestic bank.
13. Commercial paper of any United States company.
14. Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States
15. Intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.
16. Tax Lien Certificates, as authorized by the City Commission through Resolution No. 54-2010 to allow the City to purchase Tax Lien Certificates for real property within Martin County, Florida.

Interest Rate Risk – The City will minimize the risk that the market value of securities in the Investment Portfolio will fall due to changes in general interest rates by 1) structuring the Investment Portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and 2) investing operating funds (non-short-term and long-term funds) primarily in shorter-term securities, local government investment pools, money market mutual funds or interest bearing time deposits, or savings accounts.

Credit Risk – The City will minimize credit risk of loss due to the failure of the security by 1) limiting investments to the authorized investments in the Policy; 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and 3) diversifying the Investment Portfolio to protect against losses on individual securities.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2019 for the City's major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Community Redevelopment Agency	Leased Property Fund	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
Receivables:							
Customer receivables and unbilled revenue	\$ 205,817	\$ -	\$ -	\$1,080,868	\$ 235,529	\$ 50,332	\$1,572,546
Franchise and utility	513,619	-	-	-	-	-	513,619
Other	98,045	700	188,896	-	-	-	287,641
Total	817,481	700	188,896	1,080,868	235,529	50,332	2,373,806
Less allowance for uncollectibles	-	-	-	(82,586)	(27,616)	(5,770)	(115,972)
Total receivables, net	<u>\$ 817,481</u>	<u>\$ 700</u>	<u>\$ 188,896</u>	<u>\$ 998,282</u>	<u>\$ 207,913</u>	<u>\$ 44,562</u>	<u>\$2,257,834</u>

NOTE 4 – INTERFUND TRANSFERS

Transfers

Transfers are used to move unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization, including amounts provided as subsidies or matching funds for various grant programs.

In the year ended September 30, 2019, the government made the following one-time transfers:

Transfer to	Transfer from	Amount
General Fund	Water and Sewer Fund	\$ 698,994
General Fund	Sanitation Fund	259,515
General Fund	Stormwater Fund	72,867
General Fund	Leased Property Fund	482,537
General Fund	CRA Fund	672,395
CRA Fund	General Fund	798,337
Water and Sewer Fund	CRA Fund	23,685
Water and Sewer Fund	Sanitation Fund	1,000,000
		<u>\$ 4,008,330</u>

Transfers between the funds are used to fund various activities of the City, such as charges for service and development expenses from major and non-major funds to the General Fund.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

NOTE 5 – CAPITAL ASSETS

Capital assets at September 30, 2019 are listed below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,364,439	\$ 2,084,640	\$ -	\$11,449,079
Construction in progress	1,313,789	253,585	(633,646)	933,728
Total capital assets, not being depreciated	<u>10,678,228</u>	<u>2,338,225</u>	<u>(633,646)</u>	<u>12,382,807</u>
Capital assets, being depreciated:				
Buildings and improvements	16,830,643	2,800	(300)	16,833,143
Improvements other than buildings	22,066,605	685,443	-	22,752,048
Equipment	10,383,297	476,137	(463,744)	10,395,690
Infrastructure	82,845,593	-	-	82,845,593
Total capital assets, being depreciated	<u>132,126,138</u>	<u>1,164,380</u>	<u>(464,044)</u>	<u>132,826,474</u>
Less accumulated depreciation for:				
Buildings and improvements	6,731,736	599,818	(300)	7,331,254
Improvements other than buildings	9,905,350	784,631	-	10,689,981
Equipment	7,713,133	754,558	(460,321)	8,007,370
Infrastructure	34,658,485	1,375,184	-	36,033,669
Total accumulated depreciation	<u>59,008,704</u>	<u>3,514,191</u>	<u>(460,621)</u>	<u>62,062,274</u>
Total capital assets, being depreciated, net	<u>73,117,434</u>	<u>(2,349,811)</u>	<u>(3,423)</u>	<u>70,764,200</u>
Governmental activities capital assets, net	<u>\$83,795,662</u>	<u>\$ (11,586)</u>	<u>\$ (637,069)</u>	<u>\$83,147,007</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,333,178	\$ 251,687	\$ -	\$ 6,584,865
Construction in progress	228,191	3,007,038	(42,750)	3,192,479
Total capital assets, not being depreciated	<u>6,561,369</u>	<u>3,258,725</u>	<u>(42,750)</u>	<u>9,777,344</u>
Capital assets, being depreciated:				
Buildings and improvements	859,136	-	-	859,136
Improvements other than buildings	109,388,176	960,942	(1,129,862)	109,219,256
Equipment	7,864,649	638,456	(456,815)	8,046,290
Total capital assets, being depreciated	<u>118,111,961</u>	<u>1,599,398</u>	<u>(1,586,677)</u>	<u>118,124,682</u>
Less accumulated depreciation for:				
Buildings and improvements	449,739	27,853	-	477,592
Improvements other than buildings	54,054,519	3,429,131	(1,129,861)	56,353,789
Equipment	5,767,712	418,947	(456,815)	5,729,844
Total accumulated depreciation	<u>60,271,970</u>	<u>3,875,931</u>	<u>(1,586,676)</u>	<u>62,561,225</u>
Total capital assets, being depreciated, net	<u>57,839,991</u>	<u>(2,276,533)</u>	<u>(1)</u>	<u>55,563,457</u>
Business-type activities capital assets, net	<u>\$64,401,360</u>	<u>\$ 982,192</u>	<u>\$ (42,751)</u>	<u>\$65,340,801</u>

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Depreciation expense was charged to functions/programs as follows:

Governmental activities :

General government	\$ 1,738,029
Public safety	538,171
Physical environment	162,317
Transportation	378,114
Community redevelopment	322,591
Parks and recreation	374,969
Total depreciation expense - governmental activities	<u>\$ 3,514,191</u>

Business-type activities :

Water and sewer	\$ 2,832,600
Sanitation	271,314
Stormwater	772,017
Total depreciation expense - business-type activities	<u>\$ 3,875,931</u>

NOTE 6 – NONCURRENT LIABILITIES

The following is a summary of changes in long-term debt of the City for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities :					
General Obligation Bonds	\$ 5,845,000	\$ -	\$ (285,000)	\$ 5,560,000	\$ 295,000
Revenue Bonds	635,753	-	(62,489)	573,264	65,206
Notes and direct borrowings	373,939	-	(117,009)	256,930	77,989
Total governmental activities	<u>\$ 6,854,692</u>	<u>\$ -</u>	<u>\$ (464,498)</u>	<u>\$ 6,390,194</u>	<u>\$ 438,195</u>
Business-type activities :					
Revenue Bonds	\$ 17,770,247	\$ -	\$ (899,511)	\$ 16,870,736	\$ 934,794
Notes and direct borrowings	7,184,012	2,212,565	(372,384)	9,024,193	566,344
Total business-type activities	<u>\$ 24,954,259</u>	<u>\$ 2,212,565</u>	<u>\$ (1,271,895)</u>	<u>\$ 25,894,929</u>	<u>\$ 1,501,138</u>
Total	\$ 31,808,951	\$ 2,212,565	\$ (1,736,393)	\$ 32,285,123	\$ 1,939,333

General obligation bonds are payable from ad valorem taxes. Debt service on revenue bonds and notes and direct borrowings is payable from available non-ad valorem revenues. Compensated absences are generally liquidated by the General Fund for governmental activities and by net revenues of the applicable proprietary funds for business-type activities.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

The following is a summary of debt service requirements to maturity for the fiscal year ended September 30, 2019.

Governmental Activities					
Fiscal Year Ending September 30	Bonds		Notes and Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2020	\$ 360,206	\$ 195,307	\$ 77,989	\$ 10,308	\$ 643,810
2021	367,923	184,092	48,627	7,209	607,851
2022	385,639	172,647	50,591	5,244	614,121
2023	393,356	160,646	52,633	3,201	609,836
2024	405,639	148,416	27,090	1,076	582,221
2025-2029	2,070,501	545,598	-	-	2,616,099
2030-2034	2,150,000	214,834	-	-	2,364,834
Total	<u>\$ 6,133,264</u>	<u>\$ 1,621,540</u>	<u>\$ 256,930</u>	<u>\$ 27,038</u>	<u>\$ 8,038,772</u>

Business-Type Activities					
Fiscal Year Ending September 30	Revenue Bonds		Notes and Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2020	\$ 934,794	\$ 626,110	\$ 698,632	\$ 134,821	\$ 2,394,358
2021	966,078	592,577	480,230	126,988	2,165,873
2022	998,361	559,438	488,216	119,003	2,165,019
2023	1,028,644	525,189	496,351	110,868	2,161,052
2024	1,065,361	491,195	504,640	102,580	2,163,775
2025-2029	5,442,498	1,847,754	2,653,103	382,991	10,326,346
2030-2034	6,435,000	666,843	2,238,870	174,035	9,514,748
2035-2039			1,464,150	36,340	
Total	<u>\$ 16,870,736</u>	<u>\$ 5,309,105</u>	<u>\$ 9,024,193</u>	<u>\$ 1,187,627</u>	<u>\$ 30,891,171</u>

General Obligation Bonds, Series 2014

On August 5, 2014 the City took advantage of favorable interest rates in the bond market and issued general obligation bonds, Series 2014, in the amount of \$6,900,000, with \$6,854,068 being used to refund the Series 2004 general obligation bonds. The total refunding generated an economic gain (difference between the present values of the debt service on the old and new debt) of \$777,547 and a cash flow savings of \$1,054,841, through reduction of debt service payments.

General obligation bonds are direct obligations and pledge the full faith and credit of the government, which are payable from ad valorem revenues appropriated by the City in its annual budget. As of September 30, 2019, the City had a net outstanding balance of \$5,560,000.

The Bonds are payable annually beginning July 1, 2015 through July 2034. The interest is payable semiannually on January 1 and July 1, at an interest rate of 3.26%.

City of Stuart, Florida
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Year ended September 30, 2019

Non-Ad Valorem Refunding Revenue Note Series 2012

On March 29, 2012 the City took advantage of favorable interest rates in the bond market and issued a Non-Ad Valorem Refunding Note, Series 2012, in the amount of \$1,830,000, with \$994,385 being used to refund the Florida Municipal Loan Council Revenue Bonds, Series 2002A ("FMLC") reported in the governmental activities. The total refunding generated an economic gain (difference between the present values of the debt service on the old and new debt) of \$424,820 and a cash flow savings of \$667,290, through reduction of debt service payments. The original FMLC issue was for improvements to the Fire Station, the Recreation Center, and sidewalks with the remainder to fund stormwater improvements.

The note is payable annually beginning May 2013 through May 2027. Interest is payable semiannually on May 1 and November 1 at a rate of 2.45%.

Fire Protection Assessment Revenue Note, Series 2014

On August 1, 2014 the City issued a Fire Protection Revenue Note, Series 2014, in the amount of \$200,000. The Note was issued to finance the cost of a portion of the acquisition of certain fire protection equipment. The note is payable semi-annually, from January 2015 through July 2019. Interest is payable semi-annually on January 1 and July 1, at an annual rate of 1.6%.

Police Radio Equipment Loan 2016

On April 15, 2016 the City obtained a loan in the amount of \$118,175. The loan was issued to finance the cost of police radio equipment. The loan is payable annually, from April 2017 through April 2020. Interest is payable annually on April 15, at an annual rate of 3.81%.

Fire Rescue Radio Equipment Loan 2016

On April 15, 2016 the City obtained a loan in the amount of \$165,426. The loan was issued to finance the cost of fire rescue radio equipment. The loan is payable annually, from April 2017 through April 2023. Interest is payable annually on April 15, at an annual rate of 4.03%.

Fire Rescue Equipment Loan 2017

On October 6, 2017, the City obtained a loan in the amount of \$173,038. The loan was issued to finance the cost of fire rescue equipment. The loan is payable annually, from February 2018 through February 2024. Interest is payable annually on February 15, at an annual rate of 3.97%.

Water and Sewer Revenue Bonds

The City issued Public Utilities Revenue Refunding Bonds and Notes in the amounts of \$19,310,000 in 2003, \$8,129,000 in 2006, and \$7,142,000 and \$4,923,000 in 2007 for the purposes of making improvements and extensions to the Water and Sewer Utility of the City and to refund certain then outstanding revenue bonds. The City refunded \$14,430,000 of the 2003 issuance in 2007 and \$4,061,000 of the 2007B issuance in 2011. These refundings can be seen in the Advance Refundings Resulting in Defeasance of Debt section of this note.

The ordinances require a monthly transfer to restricted asset accounts of amounts equal to one-sixth of the interest becoming due on the next interest payment date and one-twelfth of the amount of principal due on the next payment date. The ordinances also require that the restricted assets include an aggregate balance equal to the maximum amount of principal and interest becoming due in any succeeding year for all issues outstanding.

The ordinances also require that certain funds be established and specify the order in which pledged proceeds are to be deposited into these funds. These funds, and the order of priority in which proceeds

City of Stuart, Florida
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are deposited, are as follows: Revenue Fund, Sinking Funds, Capital Improvement Fund – Renewal and Replacement Account, and Acquisition or Construction Fund.

In conjunction with the issue of the Series 2003 Bonds, a surety bond in the amount of the debt service reserve requirement substitutes for the establishment of a bond sinking fund.

The bond resolutions of the Series 2006, 2007, and 2011 debt issues require a debt service reserve requirement of an amount equal to the lesser of the (1) maximum amount of principal and interest on the respective bond series becoming due in the current or any succeeding fiscal year, or (2) 125% of the average annual amount of principal and interest on the bonds, or (3) 10% of the principal amount of the bonds or the issue price of the bonds, if the bonds have more than a de minimus amount of original issue discount or premium.

Stormwater Refunding Revenue Note

On March 29, 2012 the City took advantage of favorable interest rates in the bond market and issued a Non-Ad Valorem Refunding Note, Series 2012, in the amount of \$1,830,000, with \$835,615 being used to refund the Florida Municipal Loan Council Revenue Bonds, Series 2002A ("FMLC") reported in the Stormwater fund. The total refunding generated an economic gain (difference between the present values of the debt service on the old and new debt) of \$424,820 and a cash flow savings of \$667,290, through reduction of debt service payments.

The original FMLC issue was for stormwater improvements and the remainder for general government projects. The bonds are payable from non-ad valorem revenues appropriated by the City in its annual budget. For the current year, principal and interest paid and total non-ad valorem revenues were \$67,184 and \$14,617,291, respectively.

The bonds are payable annually beginning May 2013 through May 2027. Interest is payable semiannually on May 1 and November 1 at a rate of 2.45%.

State Revolving Fund Loan - 2010

In 2010, the City entered into a loan agreement with the State of Florida Department of Environmental Protection to construct a reclaimed water system, of which total draws amounted to loan total \$2,831,779 as of September 30, 2013. The loan specifies semiannual loan payments of \$89,027 including interest at 2.42%. The revenues pledged for the repayment of the loan are net water and sewer utility system revenues after payment of debt service on the City's Water and Sewer Revenue Bonds and any refunding bonds issued to refund such bonds, provided such bonds do not increase annual debt service during the repayment period of the loan.

The loan is payable beginning June 2011 through December 2030. Interest is payable semiannually on June 15 and December 15 at a rate of 2.42%.

State Revolving Fund Loan – 2014

On June 27, 2014, the City entered into a loan agreement with the State of Florida Department of Environmental Protection to construct a water distribution center. The total loan was \$5,416,932. The loan specifies semiannual loan payments of \$161,334 including interest at 1.59%. The revenue pledges for the repayment of the loan are net water and sewer utility system revenues after payment of debt service on the City's Water and Sewer Revenue bonds and any refunding bonds issued to refund such bonds, provided such bonds do not increase annual debt service during the repayment period of the loan.

The loan is payable beginning December 2017 through June 2037; interest is payable semiannually on June 15 and December 15 at a rate of 1.59%.

City of Stuart, Florida
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Bond Anticipation Note

The City issued a Public Utility Special Obligation Bond Anticipation Note not to exceed \$1,500,000. There was one borrowing in fiscal year 2019 for \$93,945 against the bond anticipation note. The note bears interest at 3.22%. The note matures on May 15, 2020.

Advance Refunding Resulting in Defeasance of Debt

The outstanding balance of the City's defeased debt, all of which relates to the Water and Sewer Fund, consisted of the following at September 30, 2019:

Public Utilities Revenue Refunding Bond	Series 1997	\$ 3,810,000
Public Utilities Refunding and Improvement Bond	Series 2003	7,680,000
Public Utilities Refunding and Improvement Bond	Series 2003	<u>6,750,000</u>
Total		<u>\$ 18,240,000</u>

Other Noncurrent Liabilities

The following is a summary of changes in other noncurrent liabilities for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities :					
Compensated absences	\$ 2,109,260	\$ 1,251,625	\$ (1,211,445)	\$ 2,149,440	\$ 1,263,711
Other postemployment benefits	1,812,167	306,801	-	2,118,968	-
Net Pension Liability	21,515,711	1,972,920	-	23,488,631	-
Total governmental activities	<u>\$ 25,437,138</u>	<u>\$ 3,531,346</u>	<u>\$ (1,211,445)</u>	<u>\$ 27,757,039</u>	<u>\$ 1,263,711</u>
Business-type activities :					
Compensated absences	532,084	290,311	(320,669)	501,726	288,621
Other postemployment benefits	480,845	91,282	-	572,127	-
Net Pension Liability	3,678,054	545,710	-	4,223,764	-
Total business-type activities	<u>\$ 4,690,983</u>	<u>\$ 927,303</u>	<u>\$ (320,669)</u>	<u>\$ 5,297,617</u>	<u>\$ 288,621</u>

NOTE 7 – LEASE INCOME

The City is a lessor on various ground lease agreements. The City's total lease revenue for year ended September 30, 2019 is \$851,719. The historical cost of the property leased total \$4,740,624, with a net book value of \$3,217,609. The future minimum lease payments for all non-cancelable leases are as follows:

Fiscal year ended September 30:	Amount
2020	\$ 706,904
2021	748,669
2022	775,899
2023	775,400
2024	789,987
Thereafter	43,490,527
	<u>\$ 47,287,386</u>

City of Stuart, Florida
Notes to the Basic Financial Statements
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NOTE 8 – EMPLOYEE RETIREMENT SYSTEM

Florida Retirement System General Information

All the employees of the City government participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-8000, or from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications.

The net pension liability, deferred outflows/inflows of resources related to pensions (net of City contributions subsequent to the measurement date) and pension expense related to these retirement plans are summarized as follows for September 30, 2019.

	FRS	HIS	Total
Deferred outflow	\$ 8,190,699	\$ 869,207	\$ 9,059,906
Deferred inflow	\$ 1,953,227	\$ 681,083	\$ 2,634,310
Net pension liability	\$ 22,628,847	\$ 5,083,548	\$ 27,712,395

a. Pension Plan

Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided

Benefits under the Pension Plan are completed based on age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of

City of Stuart, Florida
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their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The contribution rates were:

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Contribution Rates July 1, 2018 to June 30, 2019			
Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	8.26%	11.26%
Special Risk	3.00%	24.50%	27.50%
Elected Officers'	3.00%	40.77%	43.77%
Senior Management Service	3.00%	24.06%	27.06%
Deferred Retirement Option Program	N/A	14.03%	14.03%

Contribution Rates July 1, 2019 to June 30, 2020			
Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	8.47%	11.47%
Special Risk	3.00%	25.48%	28.48%
Elected Officers'	3.00%	48.82%	51.82%
Senior Management Service	3.00%	25.41%	28.41%
Deferred Retirement Option Program	N/A	14.60%	14.60%

The City's contributions to the Pension Plan totaled \$2,723,381 for the fiscal year ended September 30, 2019.

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

At September 30, 2019, the City reported a liability of \$22,628,847 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's Fiscal 2019 contributions relative to the Fiscal 2018 contributions of all participating members. At June 30, 2019, the City's share was 0.0657%, which was a decrease of 0.0015% percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$5,467,481. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Stuart, Florida
Notes to the Basic Financial Statements
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	Deferred Outflows of Resources 09/30/2019	Deferred Inflows of Resources 09/30/2019
Difference between expected and actual experience	\$ 1,342,184	\$ (14,043)
Changes in assumptions	5,812,063	-
Net Difference Between projected and actual earnings on Pension Investments	-	(1,251,946)
Changes in proportion and differences between City contributions and proportionate share of contributions	456,393	(687,238)
City contributions subsequent to the measurement date	580,059	-
Total	\$ 8,190,699	\$ (1,953,227)

The deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date, totaling \$580,059, will be recognized as a reduction of the net pension liability in the subsequent plan year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense in the subsequent fiscal period as follows:

Fiscal Year Ending September 30:	Amount
2020	\$ 1,998,372
2021	584,570
2022	1,585,893
2023	1,159,265
2024	210,085
Thereafter	119,228
	\$ 5,657,413

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25% average, including inflation
Discount rate	6.90% net pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table with Scale NP-2018 details in valuation report. The actuarial assumptions used in the July 1, 2019 valuation were based on the results on an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension 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

City of Stuart, Florida
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the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates 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%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate	10.0%	6.7%	6.1%	11.7%
Private equity	11.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
Total	<u>100.0%</u>			
Assumed Inflation – Mean			2.6%	1.7%

¹ As outlined in the FRS Pension Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 6.90%, which is a decrease from 7.00% used to determine the total pension liability in the prior year. The Pension 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 calculation of the total pension liability is equal to the long-term expected rate of return.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9%) or one percentage point higher (7.9%) than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
City's proportionate share of the net pension liability at September 30, 2019	\$ 39,117,741	\$ 22,628,847	\$ 8,857,831

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2019, the City reported de minimis amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2019.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

b. HIS Plan

The 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 State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2019, 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. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may 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, 2019, the HIS contribution for the period through September 30, 2019 was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. 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 legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$255,059 for the fiscal year ended September 30, 2019.

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

At September 30, 2019, the City reported a liability of \$5,083,548 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's Fiscal 2019 contributions relative to the Fiscal 2018 contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.0454%, which was a decrease of 0.0013% from its proportionate share measured as of September 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$365,395. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Stuart, Florida
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Year ended September 30, 2019

	Deferred Outflows of Resources 09/30/2019	Deferred Inflows of Resources 09/30/2019
Difference between expected and actual experience	\$ 61,745	\$ (6,225)
Changes in assumptions	588,624	(415,488)
Net Difference Between projected and actual earnings on HIS Investments	3,280	
Changes in proportion and differences between City contributions and proportionate share of contributions	146,717	(259,370)
City contributions subsequent to the measurement date	68,841	-
Total	\$ 869,207	\$ (681,083)

The deferred outflows of resources related to the HIS Plan resulting from City contributions to the HIS Plan subsequent to the measurement date, totaling \$68,841, will be recognized as a reduction of the net pension liability in the subsequent plan year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense in the subsequent fiscal period as follows:

Fiscal Year Ending September 30:	Amount
2020	\$ 81,411
2021	58,604
2022	40,402
2023	(40,577)
2024	(25,030)
Thereafter	4,473
	\$ 119,283

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.60%
Salary increases	3.25% average, including inflation
Discount rate	3.50%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Discount Rate

The discount rate used to measure the total pension liability was 3.50%. 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 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 City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.50%, which is an decrease from 3.87% used to determine the total pension liability in the prior year, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
City's proportionate share of the net pension liability at September 30, 2019	\$ 5,803,131	\$ 5,083,548	\$ 4,484,217

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At September 30, 2019, the City reported de minimis amounts payable for outstanding contributions to the HIS Plan.

City of Stuart, Florida
Notes to the Basic Financial Statements
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c. Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Certain employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during Fiscal 2019, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

Class	Employee and Employer Contribution Rate to Member Account
Regular	6.30%
Special Risk	14.00%
Elected Officers'	11.34%
Senior Management Service	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated balance. For the fiscal year ended September 30, 2019, the information for forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$479,011 for the fiscal year ended September 30, 2019.

City of Stuart, Florida
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NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, natural disasters and employee health and medical claims. These risks are managed as follows:

Property and Casualty Risks

These risks relate to third party liability claims, property damage claims, workers' compensation claims, and public employee bond and comprehensive crime loss. In October 1987, the City entered into an interlocal agreement with Martin County, City of Port St. Lucie, and St. Lucie County to form the Tri-County Risk Management Program (TRICO), a public entity risk pool. TRICO, a self-insured fund, was organized to develop, implement, and administer a multi-district cooperative property and casualty risk management program for the member cities and counties in which risk of loss is transferred to TRICO. The City makes an annual actuarially determined contribution to TRICO and the interlocal agreement and by-laws of TRICO call for it to be self-sustaining through member contributions. However, the City is subject to supplemental contributions in the event of a deficiency except to the extent that the deficiency results from a specific claim against another member in excess of the coverage available, then such deficiency is solely the responsibility of that member. Payments paid by the City of Stuart to TRICO have been charged to the various funds which receive benefit from the risk management coverage. During the year ended September 30, 2019 the City paid premiums of approximately \$916,359 for general property, casualty and worker's compensation.

As of September 30, 2019, TRICO has no contribution deficiency.

It is TRICO's policy to reinsure through commercial carriers for specific workers' compensation and property loss claims in excess of \$300,000 and \$200,000, respectively. The City has not had any significant reduction in insurance coverage from coverage's in the prior year and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

In addition, the City is covered by Florida Statutes under the Doctrine of Sovereign Immunity, which generally limits the amount of liability of the City to individual claims of \$200,000 or \$300,000 for all claims relating to the same incident.

The City became self-insured for employee health insurance, effective October 1, 2011. As permitted by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and related Insurance Issues*, the City accounts for its self-insurance assets, liabilities, fund balance and activities in the general fund.

The City's self-insurance plan covered claims up to \$110,000 per individual. The City purchased excess stop loss coverage on an individual basis where individual claims exceeded the \$110,000 limit.

The claims liabilities of \$85,298 reported in the governmental activities is based on management's estimates. The estimated liability is based upon claims that have been submitted as well as management's estimate of claims incurred but not reported. Changes to the claims liability for the years ended September 30, 2019 and September 30, 2018 are as follows:

Fiscal Year Ending	Balance October 1	Additions	Claims Payments	Balance September 30
9/30/2019	\$ 120,972	\$ 2,469,847	\$ 2,505,521	\$ 85,298
9/30/2018	\$ 145,581	\$ 3,215,203	\$ 3,239,812	\$ 120,972

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City entered a consent order on January 22, 1980 with the Florida Department of Environmental Protection (FDEP) to close the City's old landfill in accordance with Florida Statutes and FDEP regulations. In connection with this closure, the City prepared a groundwater monitoring plan and remedial action plan and has been addressing the requirements with those plans.

The City anticipates continued monitoring into the future. The FDEP has indicated annual monitoring will continue to be a requirement for the closed landfill. The annual monitoring activities and associated costs are ongoing. All annual monitoring costs are funded by current and future rental activities on the landfill site; a liability has not been recorded for contingent future obligations.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to providing retirement benefits through FRS, the City administers a single employer defined other postemployment benefit plan (OPEB) which allows retirees to purchase health, life and dental benefits at the same rate as active employees. To be eligible for this benefit, the employee must retire from the City and have no break between active employment and retirement. The retirees pay all premiums for the coverage elected.

Plan Description

The Other Postemployment Benefits Plan (Plan) is a single employer defined benefit plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City must offer similar health care benefits for retired employees as it does to active employees. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at the blended group (implicitly subsidized) premium rates for both active and retired employees for health, dental, and life insurance benefits. These 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 OPEB Plan on average than those of active employees. All the City's employees may become eligible for those benefits if they reach normal retirement age (as defined by the pension or investment option) and are activating their pension upon separation from service. The OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Benefits Provided

A retired employee and their dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. The Plan provides an explicit subsidy as described above.

Employees Covered by Benefit Terms

At October 1, 2017, the following employees were covered by the benefit terms:

Active participants	238
Retirees, beneficiaries, and disabled members	13
Covered spouses	5
Total participants	<hr/> 256

Total OPEB Liability

The City's total OPEB liability of \$2,691,095 was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2019. The beginning OPEB liability increased by \$398,074 due to change in discount rate.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions:

Inflation Rate	2.60%
Salary Increase Rate(s)	3.25%
Discount Rate	3.58%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

Mortality rates for non-disabled participants were based on the RP-2000 mortality tables, projected generationally with Improvement Scale BB. Mortality Rates for disabled participants were based on the RP-2000 mortality tables with no projection.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the week closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Changes to the Total OPEB Liability

	Increase and (Decrease) in Total OPEB Liability
Total liability, September 30, 2018	\$ 2,293,021
Changes for the year	
Service Cost	159,303
Interest	100,689
Differences between expected and actual experience	-
Change of assumptions	225,536
Change of benefit terms	-
Benefit payments	(87,454)
Net change in total OPEB liability	398,074
Reporting period ending September 30, 2019	\$ 2,691,095

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ending September 30, 2018, to 3.58% for the reporting period ending September 30, 2019.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage- point lower or one percentage-point higher than the current discount rate:

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

	<u>1% Decrease</u> <u>2.58%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.58%</u>	<u>1% Increase</u> <u>4.58%</u>
Total OPEB Liability	\$ 3,142,346	\$ 2,691,095	\$ 2,330,831

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>3.00% - 7.50%</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u> <u>4.00% - 8.50%</u>	<u>1% Increase</u> <u>5.00% - 9.50%</u>
Total OPEB Liability	\$ 2,170,466	\$ 2,691,095	\$ 3,390,708

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$266,282. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u> <u>09/30/2019</u>	<u>Deferred Inflows</u> <u>of Resources</u> <u>09/30/2019</u>
Changes in assumptions	\$ 208,187	\$ (157,945)
Total	<u>\$ 208,187</u>	<u>\$ (157,945)</u>

The total amount reported as deferred outflows of resources related to OPEB, totaling \$50,242 will be recognized in the OPEB expense as follows:

<u>Fiscal Year Ending</u> <u>September 30:</u>	<u>Amount</u>
2020	\$ 2,990
2021	2,990
2022	2,990
2023	2,990
2024	2,990
Thereafter	35,292
	<u>\$ 50,242</u>

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

NOTE 12 – ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at September 30, 2019:

General Fund	Community Redevelopment Agency	Total Governmental Totals
<u>\$ 1,194,285</u>	<u>\$ 19,570</u>	<u>\$ 1,213,855</u>

NOTE 13 – REDEVELOPMENT TRUST FUND

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from the Redevelopment Trust Fund (CRA) for the fiscal year ended September 30, 2019:

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Ad valorem taxes received from City of Stuart	\$ 796,337	
Ad valorem taxes received from Martin County	1,092,424	
Miscellaneous revenue	28,014	
Interest	53,236	
 Purpose of withdrawals:		
Administrative expenses		\$ 171,359
Property lease		29,555
Memberships and training		1,534
Insurance		10,130
Repair & maintenance		1,500
Promotional items		9,071
Printing, office supplies and other operating		64,793
Sidewalk improvements		12,799
Micro transit operations		100,000
Riverwalk deck replacement		315,631
Dixie Highway sidewalk		32,630
US 1 beautification		33,456
Channel Sewer Basin		23,685
FEC Fern Street		13,573
Extended Code Enforcement		21,630
Bike lanes		29,894
Housing rehabilitation		100,000
Beautification		44,382
	<u>\$ 1,970,011</u>	<u>\$ 1,015,622</u>

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2019

NOTE 14 – PLEDGED REVENUES

Utility Revenues Pledged

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$19.3 million in water system revenue bonds issued in December 2003, \$8,129,000 in 2006, \$7,142,000 and \$4,923,000 in 2007. Proceeds from the bonds provided financing for the construction of 47 projects involving improvements to the Water Treatment Plant, Wastewater Treatment Plant, introduction of sanitary sewer service in areas not previously served, and upgrades in the distribution and collection systems. The bonds are payable solely from water customer net revenues and the longest bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 65 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$22,179,841. For the current year, principal and interest paid was \$1,489,305.

Non-Ad Valorem Refunding Revenue Pledged

The City has pledged future non-ad valorem revenues to repay a \$1,830,000 Note secured in 2012 to fund fire rescue equipment upgrades. Total principal and interest remaining on the Note is \$637,991 through May 2027. For the current year, principal and interest paid was \$78,071.

NOTE 15 – SUBSEQUENT EVENTS

The City finalized the sale of a piece of property located at 2375 S. Kanner Highway and received \$1.2 million in proceeds.

REQUIRED SUPPLEMENTARY INFORMATION

City of Stuart, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund

Year ended September 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$ 9,202,696	\$ 9,303,411	\$ 9,303,411	-
Intergovernmental	4,856,002	5,370,262	5,473,048	102,786
Utility taxes	2,721,173	2,854,340	2,871,372	17,032
Franchise fees	1,828,644	1,822,490	1,675,783	(146,707)
Charges for services	2,029,690	1,734,952	1,825,752	90,800
Assessments	1,314,594	1,228,727	1,228,727	-
Licenses and permits	1,107,867	1,315,619	1,315,619	-
Local business tax	630,000	632,338	632,338	-
Impact fees	-	-	938,409	938,409
Fines and forfeitures	120,349	223,223	247,312	24,089
Interest	170,000	550,656	550,656	-
Rental income	44,800	48,521	48,521	-
Miscellaneous	134,562	320,756	321,604	848
Total revenues	<u>24,160,377</u>	<u>25,405,295</u>	<u>26,432,552</u>	<u>1,027,257</u>
Expenditures				
Current:				
General government	5,782,955	4,350,404	4,350,404	-
Public safety	12,868,939	13,115,028	13,085,557	29,471
Parks and recreation	1,658,992	1,450,691	1,450,691	-
Physical environment	2,440,271	2,135,040	2,135,040	-
Transportation	2,196,994	2,039,870	2,081,819	(41,949)
Capital outlay	1,474,784	742,051	771,522	(29,471)
Debt service:				-
Principal	464,505	464,498	464,498	-
Interest and fiscal charges	219,805	219,933	219,933	-
Total expenditures	<u>27,107,246</u>	<u>24,517,515</u>	<u>24,559,464</u>	<u>(41,949)</u>
Excess of revenues over (under) expenditures	<u>(2,946,869)</u>	<u>887,780</u>	<u>1,873,088</u>	<u>985,308</u>
Other financing sources (uses)				
Debt proceeds	-	-	-	-
Transfers in	3,743,206	2,898,146	2,186,308	(711,838)
Transfers out	(796,337)	(798,337)	(798,337)	-
Total other financing sources (uses)	<u>2,946,869</u>	<u>2,099,809</u>	<u>1,387,971</u>	<u>(711,838)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 2,987,589</u>	<u>3,261,059</u>	<u>\$ 273,470</u>
Fund balance - beginning			<u>11,255,422</u>	
Fund balance - ending			<u>\$ 14,516,481</u>	

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

City of Stuart, Florida**Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual****Community Redevelopment Agency**

Year ended September 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Postive (Negative)
Revenues				
Intergovernmental	\$ 1,105,132	\$ 1,092,424	\$ 1,092,424	-
Interest	-	53,236	53,236	-
Miscellaneous	-	26,014	26,014	-
Total revenues	<u>1,105,132</u>	<u>1,171,674</u>	<u>1,171,674</u>	<u>-</u>
Expenditures				
Current:				
Community redevelopment	913,994	306,744	306,744	-
Capital outlay	<u>100,000</u>	<u>12,799</u>	<u>12,799</u>	<u>-</u>
Total expenditures	<u>1,013,994</u>	<u>319,543</u>	<u>319,543</u>	<u>-</u>
Excess of revenues over expenditures	<u>91,138</u>	<u>852,131</u>	<u>852,131</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	796,337	798,337	798,337	-
Transfers out	<u>(887,475)</u>	<u>(696,080)</u>	<u>(696,080)</u>	<u>-</u>
Total other financing sources (uses)	<u>(91,138)</u>	<u>102,257</u>	<u>102,257</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 954,388</u>	<u>954,388</u>	<u>\$ -</u>
Fund balance - beginning			<u>1,043,185</u>	
Fund balance - ending			<u>\$ 1,997,573</u>	

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

City of Stuart, Florida**Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual****Leased Property Fund****Year ended September 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Rental income	\$ 782,160	\$ 801,937	\$ 803,198	1,261
Interest	-	-	-	-
Miscellaneous	-	2,140,503	2,140,503	-
Total revenues	<u>782,160</u>	<u>2,942,440</u>	<u>2,943,701</u>	<u>1,261</u>
Expenditures				
Current:				
General government	330,960	135,450	135,450	-
Capital outlay	-	2,084,640	2,084,640	-
Total expenditures	<u>330,960</u>	<u>2,220,090</u>	<u>2,220,090</u>	<u>-</u>
Excess of revenues over expenditures	<u>451,200</u>	<u>722,350</u>	<u>723,611</u>	<u>1,261</u>
Other financing sources (uses)				
Transfers out	(451,200)	(482,537)	(482,537)	-
Total other financing sources (uses)	<u>(451,200)</u>	<u>(482,537)</u>	<u>(482,537)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 239,813</u>	241,074	<u>\$ 1,261</u>
Fund balance - beginning			<u>1,009,879</u>	
Fund balance - ending			<u>\$ 1,250,953</u>	

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

City of Stuart, Florida

Required Supplementry Information

Schedule of Changes in Net OPEB Liability and Related Ratios

Year ended September 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 159,303	\$ 174,060
Interest	100,689	88,518
Differences between expected and actual experience	-	-
Change of assumptions	225,536	(186,663)
Change of benefit terms	-	-
Benefit payments	<u>(87,454)</u>	<u>(80,594)</u>
Net change in total OPEB liability	<u>398,074</u>	<u>(4,679)</u>
Total OPEB Liability - beginning	<u>2,293,021</u>	<u>2,297,700</u>
Total OPEB Liability - ending	<u>\$ 2,691,095</u>	<u>\$ 2,293,021</u>
Covered payroll	\$ 14,098,066	\$ 13,654,301
Total OPEB liability as a percentage of covered employee payroll	19.1%	16.8%

Note: This schedule will not present ten years' of fiscal information until 2028, as amounts prior to 2018 are not available.

City of Stuart, Florida

Required Supplementary Information

Schedule of proportionate share of Net Pension Liability

Florida Retirement System

Year ended September 30, 2019

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>
City's proportion of the net pension liability	0.0657%	0.0672%	0.0696%	0.0674%	0.0622%	0.0654%	0.0695%
City's proportionate share of the net pension liability	\$ 22,628,847	\$ 20,245,130	\$ 20,598,428	\$ 17,015,382	\$ 8,036,252	\$ 3,992,955	\$ 11,962,480
City's covered payroll	\$ 15,058,537	\$ 14,836,140	\$ 14,666,676	\$ 14,612,204	\$ 11,748,727	\$ 12,055,715	\$ 11,788,979
City's proportionate share of the net pension liability as a percentage of its covered payroll	150.27%	136.46%	140.44%	116.45%	68.40%	33.12%	101.47%
Pension Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

* Represents the measurement date, period applied in the City's following fiscal year.

Note 1: This schedule will not present ten years' of fiscal information until 2022, as amounts prior to 2013 are not available.

Note 2: The long-term expected rate of return used to determine total pension liability was decreased from 7.60% used in 2016 to 7.10% in 2017.

City of Stuart, Florida

Required Supplementry Information

Schedule of contributions

Florida Retirement System

Year ended September 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 2,723,381	\$ 2,516,066	\$ 2,456,872	\$ 2,356,695	\$ 1,755,186	\$ 1,759,675
Contributions in relation to the contractually required contribution	2,723,381	2,516,066	2,456,872	2,356,695	1,512,609	1,447,667
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,577</u>	<u>\$ 312,008</u>
City's covered payroll	\$ 15,058,537	\$ 14,653,990	\$ 15,098,592	\$ 14,612,204	\$ 11,625,739	\$ 12,088,898
Contributions as a percentage of covered payroll	18.09%	17.17%	16.27%	16.13%	13.01%	11.98%

Note 1: This schedule will not present ten years' of fiscal information until 2022, as amounts prior to 2014 are not available.

City of Stuart, Florida

Required Supplementary Information

Schedule of proportionate share of Net Pension Liability

Health Insurance Subsidy

Year ended September 30, 2019

	2019*	2018*	2017*	2016*	2015*	2014*	2013*
City's proportion of the net pension liability	0.0454%	0.0468%	0.0480%	0.0461%	0.0452%	0.0472%	0.0469%
City's proportionate share of the net pension liability	\$ 5,083,548	\$ 4,948,635	\$ 5,128,310	\$ 5,371,670	\$ 4,613,793	\$ 4,409,971	\$ 4,083,803
City's covered payroll	\$ 15,365,049	\$ 15,352,445	\$ 15,471,345	\$ 15,160,752	\$ 13,951,663	\$ 14,028,924	\$ 13,628,509
City's proportionate share of the net pension liability as a percentage of its covered payroll	33.09%	32.23%	33.15%	35.43%	33.07%	31.43%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

* Represents the measurement date, period applied in the City's following fiscal year.

Note 1: This schedule will not present ten years' of fiscal information until 2022, as amounts prior to 2013 are not available.

Note 2: The long-term expected rate of return used to determine total pension liability was decreased from 7.60% used in 2016 to 7.10% in 2017.

City of Stuart, Florida

Required Supplementary Information

Schedule of proportionate share of Net Pension Liability

Health Insurance Subsidy

Year ended September 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 255,059	\$ 250,173	\$ 261,822	\$ 251,669	\$ 188,051	\$ 172,072
Contributions in relation to the contractually required contribution	255,059	250,173	261,822	251,669	183,897	158,161
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,154</u>	<u>\$ 13,911</u>
City's covered payroll	\$ 15,365,049	\$ 15,070,652	\$ 15,471,345	\$ 15,146,016	\$ 13,827,277	\$ 14,162,267
Contributions as a percentage of covered payroll	1.66%	1.66%	1.69%	1.66%	1.33%	1.12%

Note 1: This schedule will not present ten years' of fiscal information until 2022, as amounts prior to 2014 are not available.

STATISTICAL SECTION

Statistical Section

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

Contents	Pages
Financial trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	68-77
Revenues Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal sales tax.	78-81
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	82-87
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	88-89
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	90-92

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF STUART, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
Governmental activities				
Net investment in capital assets	\$ 76,756,813	\$ 76,940,970	\$ 75,751,252	\$ 76,052,844
Restricted	6,691,079	4,660,992	5,039,323	4,814,202
Unrestricted	(10,594,093)	(10,210,261)	(9,100,822)	(8,723,874)
Total governmental activities net position	<u>\$ 72,853,799</u>	<u>\$ 71,391,701</u>	<u>\$ 71,689,753</u>	<u>\$ 72,143,172</u>
Business-type activities				
Net investment in capital assets	\$ 40,401,093	\$ 40,477,154	\$ 42,175,303	\$ 44,101,995
Restricted	4,467,422	4,549,559	3,545,510	2,488,716
Unrestricted	13,553,111	10,236,827	9,000,692	7,848,162
Total business-type activities net position	<u>\$ 58,421,626</u>	<u>\$ 55,263,540</u>	<u>\$ 54,721,505</u>	<u>\$ 54,438,873</u>
Primary government				
Net investment in capital assets	\$ 117,157,906	\$ 117,418,124	\$ 117,926,555	\$ 120,154,839
Restricted	11,158,501	9,210,551	8,584,833	7,302,918
Unrestricted	2,959,018	26,566	(100,130)	(875,712)
Total primary government net position	<u>\$ 131,275,425</u>	<u>\$ 126,655,241</u>	<u>\$ 126,411,258</u>	<u>\$ 126,582,045</u>

Note: In FY2015, the City implemented GASB 68 and 71 pension standards which reduced the net position of the total primary government by \$14,622,626.

CITY OF STUART, FLORIDA

NET POSITION BY COMPONENT (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 74,741,415	\$ 75,991,723	\$ 78,067,839	\$ 78,740,219	\$ 79,492,106	\$ 76,789,485
5,453,131	5,415,909	5,210,463	4,146,109	3,745,205	4,634,567
(8,632,808)	2,110,095	564,460	49,608	565,191	2,282,195
<u>\$ 71,561,738</u>	<u>\$ 83,517,727</u>	<u>\$ 83,842,762</u>	<u>\$ 82,935,936</u>	<u>\$ 83,802,502</u>	<u>\$ 83,706,247</u>
\$ 41,597,662	\$ 41,557,117	\$ 40,574,277	\$ 40,708,669	\$ 41,015,323	\$ 38,098,498
3,464,788	3,341,607	2,726,944	3,064,115	3,950,318	1,819,892
8,035,781	9,472,642	8,986,166	8,612,823	7,567,668	11,690,366
<u>\$ 53,098,231</u>	<u>\$ 54,371,366</u>	<u>\$ 52,287,387</u>	<u>\$ 52,385,607</u>	<u>\$ 52,533,309</u>	<u>\$ 51,608,756</u>
\$ 116,339,077	\$ 117,548,840	\$ 118,642,116	\$ 119,448,888	\$ 120,507,429	\$ 114,887,983
8,917,919	8,757,516	7,937,407	7,210,224	7,695,523	6,454,459
(597,027)	11,582,737	9,550,626	8,662,431	8,132,859	13,972,561
<u>\$ 124,659,969</u>	<u>\$ 137,889,093</u>	<u>\$ 136,130,149</u>	<u>\$ 135,321,543</u>	<u>\$ 136,335,811</u>	<u>\$ 135,315,003</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
Expenses				
Governmental activities:				
General government	\$ 9,961,070	\$ 7,955,772	\$ 7,521,385	\$ 7,005,003
Public safety	13,623,728	13,028,489	12,718,833	12,193,791
Parks and recreation	1,825,660	1,806,339	1,720,374	1,574,147
Physical environment	1,373,861	2,187,022	2,050,629	1,729,597
Transportation	2,459,933	1,944,583	1,827,289	209,557
Community redevelopment	629,335	740,161	547,599	1,020,901
Interest on long-term debt	219,933	275,761	302,284	310,290
Total governmental activities expenses	<u>30,093,520</u>	<u>27,938,127</u>	<u>26,688,393</u>	<u>24,043,286</u>
Business-type activities:				
Water and sewer	10,414,872	10,656,386	10,196,007	9,208,635
Stormwater	4,120,151	4,223,204	3,909,114	1,118,729
Sanitation	1,261,057	1,311,252	1,236,235	3,744,822
Total business-type activities expenses	<u>15,796,080</u>	<u>16,190,842</u>	<u>15,341,356</u>	<u>14,072,186</u>
Total primary government expenses	<u>\$ 45,889,600</u>	<u>\$ 44,128,969</u>	<u>\$ 42,029,749</u>	<u>\$ 38,115,472</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 198,808	\$ 1,405,398	\$ 925,826	\$ 694,716
Public safety	4,249,018	2,899,677	2,791,022	3,179,728
Parks and recreation	82,521	80,556	74,506	75,923
Physical environment	112,173	30,000	120,206	349,464
Transportation	667,262	326,848	74,821	58,989
Operating grants and contributions	2,602,012	1,181,807	590,444	498,273
Capital grants and contributions	-	-	21,400	238,910
Total governmental activities program revenues	<u>7,911,794</u>	<u>5,924,286</u>	<u>4,598,225</u>	<u>5,096,003</u>
Business-type activities:				
Charges for services:				
Water and sewer	12,858,338	12,130,958	11,000,403	10,780,103
Sanitation	4,835,574	4,505,663	4,044,980	4,103,939
Stormwater	749,556	758,760	707,603	740,192
Capital grants and contributions	892,920	284,972	995,525	536,571
Total business-type activities program revenues	<u>19,336,388</u>	<u>17,680,353</u>	<u>16,748,511</u>	<u>16,160,805</u>
Total primary government program revenues	<u>\$ 27,248,182</u>	<u>\$ 23,604,639</u>	<u>\$ 21,346,736</u>	<u>\$ 21,256,808</u>
Net (expense)/revenue				
Governmental activities	(22,181,726)	(22,013,841)	(22,090,168)	(18,947,283)
Business-type activities	3,540,308	1,489,511	1,407,155	2,088,619
Total primary government net expense	<u>\$(18,641,418)</u>	<u>\$(20,524,330)</u>	<u>\$(20,683,013)</u>	<u>\$(16,858,664)</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 5,438,575	\$ 5,591,406	\$ 5,122,408	\$ 4,868,891	\$ 5,116,404	\$ 5,189,601
11,110,143	11,586,159	11,153,721	11,431,311	11,823,576	12,689,830
713,530	1,195,249	1,357,639	1,201,571	1,184,503	1,690,535
2,496,634	1,988,449	1,805,739	1,938,331	1,788,129	1,860,956
1,795,508	1,252,392	1,374,217	1,368,106	1,149,954	1,141,768
795,568	765,490	553,898	689,415	1,044,906	901,883
300,496	551,606	533,927	501,698	503,700	521,202
<u>22,650,454</u>	<u>22,930,751</u>	<u>21,901,549</u>	<u>21,999,323</u>	<u>22,611,172</u>	<u>23,995,775</u>
8,840,672	8,808,884	8,629,070	8,289,696	8,308,351	8,540,405
1,165,949	1,200,327	1,230,454	1,087,492	1,087,605	1,090,929
3,518,251	3,634,336	3,529,768	3,392,874	3,124,477	3,273,428
<u>13,524,872</u>	<u>13,643,547</u>	<u>13,389,292</u>	<u>12,770,062</u>	<u>12,520,433</u>	<u>12,904,762</u>
<u>\$ 36,175,326</u>	<u>\$ 36,574,298</u>	<u>\$ 35,290,841</u>	<u>\$ 34,769,385</u>	<u>\$ 35,131,605</u>	<u>\$ 36,900,537</u>
\$ 960,569	\$ 1,044,333	\$ 940,113	\$ 744,436	\$ 709,976	\$ 47,255
2,632,773	1,671,361	1,512,196	1,510,928	1,381,830	1,178,401
78,053	85,291	128,739	69,459	70,060	142,226
25,931	-	3,006	3,780	-	-
105,286	9,721	132,227	215,232	45,463	340,103
387,363	416,474	286,594	325,393	331,516	277,838
-	-	610,534	704,539	1,263,048	409,805
<u>4,189,975</u>	<u>3,227,180</u>	<u>3,613,409</u>	<u>3,573,767</u>	<u>3,801,893</u>	<u>2,395,628</u>
10,365,256	10,853,527	9,051,891	8,334,781	8,525,000	8,110,817
3,987,282	3,919,973	3,773,032	3,698,926	3,651,678	3,719,005
762,610	702,734	616,721	603,679	587,564	545,093
83,080	850,459	93,818	76,884	617,995	57,200
<u>15,198,228</u>	<u>16,326,693</u>	<u>13,535,462</u>	<u>12,714,270</u>	<u>13,382,237</u>	<u>12,432,115</u>
<u>\$ 19,388,203</u>	<u>\$ 19,553,873</u>	<u>\$ 17,148,871</u>	<u>\$ 16,288,037</u>	<u>\$ 17,184,130</u>	<u>\$ 14,827,743</u>
(18,460,479)	(19,703,571)	(18,288,140)	(18,425,556)	(18,809,279)	(21,600,147)
1,673,356	2,683,146	146,170	(55,792)	861,804	(472,647)
<u>\$(16,787,123)</u>	<u>\$(17,020,425)</u>	<u>\$(18,141,970)</u>	<u>\$(18,481,348)</u>	<u>\$(17,947,475)</u>	<u>\$(22,072,794)</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
Governmental activities:				
Taxes				
Property taxes	\$ 9,303,411	\$ 8,448,358	\$ 8,069,423	\$ 7,619,060
Utility taxes	2,871,372	2,786,675	2,741,770	2,686,543
Franchise taxes	1,675,783	1,656,124	1,687,917	1,669,041
Sales taxes	1,810,439	1,835,616	1,744,766	1,713,039
Gas tax	698,354	625,815	400,815	385,126
Local business tax	632,338	640,363	631,900	605,617
Intergovernment revenues	3,539,307	1,831,105	1,918,889	2,514,613
Rental Income	-	-	-	-
Miscellaneous and other taxes	1,449,838	2,567,284	2,318,633	1,127,521
Unrestricted Investment earnings	603,892	351,613	143,234	242,852
Gain (loss) on sale of capital assets	51,399	(2,565)	34,453	118,051
Transfers	1,007,691	975,401	814,285	847,254
Total governmental activities	<u>23,643,824</u>	<u>21,715,789</u>	<u>20,506,085</u>	<u>19,528,717</u>
Business-type activities:				
Miscellaneous and other taxes	-	-	-	4,622
Unrestricted Investment earnings	554,024	47,776	95,835	94,631
Gain (loss) on sale of capital assets	71,445	(19,851)	75,750	24
Transfers	(1,007,691)	(975,401)	(814,285)	(847,254)
Total business-type activities	<u>(382,222)</u>	<u>(947,476)</u>	<u>(642,700)</u>	<u>(747,977)</u>
Total primary government	<u>\$ 23,261,602</u>	<u>\$ 20,768,313</u>	<u>\$ 19,863,385</u>	<u>\$ 18,780,740</u>
Change in net position				
Governmental activities	\$ 1,462,098	\$ (298,052)	\$ (1,584,083)	\$ 581,434
Business-type activities	3,158,086	542,035	764,455	1,340,642
Total primary government	<u>\$ 4,620,184</u>	<u>\$ 243,983</u>	<u>\$ (819,628)</u>	<u>\$ 1,922,076</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 7,179,228	\$ 8,895,155	\$ 7,797,741	\$ 7,623,707	\$ 8,214,346	\$ 9,115,344
2,609,887	2,584,686	2,340,526	2,258,484	2,225,929	2,134,596
1,720,135	1,707,844	1,580,045	1,617,891	1,680,885	1,653,379
1,627,497	1,629,190	1,397,984	1,730,941	2,569,226	2,532,535
391,089	524,160	751,182	723,788	736,978	739,786
600,558	586,111	580,431	586,736	569,432	603,298
2,509,226	832,253	830,059	875,415	810,791	804,707
-	-	-	-	-	562,086
1,341,578	902,505	1,131,404	767,058	704,445	679,036
99,894	54,809	39,666	68,856	143,274	235,200
20,130	16,920	24,756	-	(9,509)	15,041
914,934	597,380	782,080	158,000	74,052	(54,904)
<u>19,014,156</u>	<u>18,331,013</u>	<u>17,255,874</u>	<u>16,410,876</u>	<u>17,719,849</u>	<u>19,020,104</u>
17,001	(24,426)	426,559	45,914	86,884	68,468
58,543	23,338	13,363	26,455	49,917	105,201
5,859	(699)	97,768	(6,279)	-	20,783
(914,934)	(597,380)	(782,080)	(158,000)	(74,052)	54,904
<u>(833,531)</u>	<u>(599,167)</u>	<u>(244,390)</u>	<u>(91,910)</u>	<u>62,749</u>	<u>249,356</u>
<u>\$ 18,180,625</u>	<u>\$ 17,731,846</u>	<u>\$ 17,011,484</u>	<u>\$ 16,318,966</u>	<u>\$ 17,782,598</u>	<u>\$ 19,269,460</u>
\$ 553,677	\$ (1,372,558)	\$ (1,032,266)	\$ (2,014,680)	\$ (1,089,430)	\$ (2,580,043)
839,825	2,083,979	(98,220)	(147,702)	924,553	(223,291)
<u>\$ 1,393,502</u>	<u>\$ 711,421</u>	<u>\$ (1,130,486)</u>	<u>\$ (2,162,382)</u>	<u>\$ (164,877)</u>	<u>\$ (2,803,334)</u>

CITY OF STUART, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	94,189	82,166	63,322	1,636,714
Restricted	4,268,653	3,173,384	2,393,728	2,141,994
Assigned	4,543,882	3,443,822	4,285,787	4,535,794
Unassigned	5,609,757	4,556,050	3,879,153	3,749,002
Total general fund	<u>\$ 14,516,481</u>	<u>\$ 11,255,422</u>	<u>\$ 10,621,990</u>	<u>\$ 12,063,504</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Restricted	2,422,426	1,487,608	2,645,595	2,672,208
Committed	624,850	403,951	189,399	-
Assigned	645,673	605,928	568,195	-
Unassigned	-	-	-	(779,181)
Total all other governmental funds	<u>\$ 3,692,949</u>	<u>\$ 2,497,487</u>	<u>\$ 3,403,189</u>	<u>\$ 1,893,027</u>

CITY OF STUART, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,863,171
-	-	-	-	-	6,331,355
2,013,263	2,041,811	2,275,254	2,474,860	2,670,433	-
2,746,217	2,538,600	2,799,759	1,527,876	1,366,053	-
3,517,264	2,831,419	2,862,918	3,061,606	2,370,002	-
3,454,760	3,078,690	1,693,617	1,475,235	1,378,267	-
<u>\$ 11,731,504</u>	<u>\$ 10,490,520</u>	<u>\$ 9,631,548</u>	<u>\$ 8,539,577</u>	<u>\$ 7,784,755</u>	<u>\$ 9,194,526</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,181,809
2,692,146	2,828,979	2,153,120	2,438,662	2,262,484	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,237,185)	(1,376,299)	(1,584,226)	(2,038,097)	(2,361,988)	-
<u>\$ 1,454,961</u>	<u>\$ 1,452,680</u>	<u>\$ 568,894</u>	<u>\$ 400,565</u>	<u>\$ (99,504)</u>	<u>\$ 2,181,809</u>

CITY OF STUART, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
Revenues				
Property taxes	\$ 9,303,411	\$ 8,448,358	\$ 8,069,423	\$ 7,654,060
Utility taxes	2,871,372	2,786,675	2,741,770	2,686,543
Local business tax	632,338	640,363	631,900	605,617
Franchise fees	1,675,783	1,656,124	1,687,917	1,669,041
Intergovernmental	6,565,472	6,472,546	5,603,756	5,343,359
Licenses and permits	1,316,894	1,393,635	979,787	891,286
Charges for services	1,825,752	1,534,192	1,629,056	1,866,499
Assessments	1,228,727	1,209,824	1,192,230	1,191,067
Impact fees	938,409	604,828	241,161	450,404
Fines and forfeitures	247,312	193,077	169,251	179,472
Interest	603,892	351,613	143,234	242,853
Rental Income	851,719	814,246	903,836	943,612
Miscellaneous	2,486,846	528,085	296,704	331,791
Total revenues	30,547,927	26,633,566	24,290,025	24,055,604
Expenditures				
Current:				
General government	5,409,350	4,952,688	4,519,530	4,272,263
Public safety	13,085,557	12,529,537	12,224,773	11,761,266
Parks and recreation	1,450,691	1,501,332	1,388,614	1,254,934
Physical environment	1,211,544	2,038,672	1,907,746	1,893,460
Transportation	2,081,819	1,636,326	1,601,594	1,152,337
Community redevelopment	306,744	419,988	224,239	459,424
Capital outlay	2,868,961	3,140,025	2,040,273	2,552,673
Debt service:				
Principal	464,498	1,559,942	826,612	751,351
Interest	219,933	275,761	302,284	318,739
Other debt service costs	-	-	-	-
Total expenditures	27,099,097	28,054,271	25,035,665	24,416,447
Excess (deficiency) of revenues over (under) expenditures	3,448,830	(1,420,705)	(745,640)	(360,843)
Other financing sources (uses)				
Debt issuance	-	173,038	-	283,601
Payment to refunded bonds escrow agent	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	2,984,645	2,735,780	4,745,032	2,319,191
Transfers out	(1,976,954)	(1,760,379)	(3,930,747)	(1,471,937)
Total other financing sources (uses)	1,007,691	1,148,439	814,285	1,130,855
Net change in fund balance	\$ 4,456,521	\$ (272,266)	\$ 68,645	\$ 770,012
Debt service as a percentage of noncapital expenditures	2.8%	7.4%	4.9%	4.9%

CITY OF STUART, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 7,192,558	\$ 7,208,170	\$ 6,579,057	\$ 7,119,351	\$ 7,583,316	\$ 7,770,864
2,609,887	2,584,686	2,340,526	2,258,484	2,225,929	2,134,596
600,558	586,111	580,431	586,736	569,432	603,298
1,720,135	1,707,844	1,580,045	1,617,891	1,680,885	1,653,379
4,897,381	6,207,729	6,202,004	6,192,358	7,393,660	7,165,148
946,217	704,939	918,769	560,630	565,534	511,896
1,357,884	1,559,760	1,433,562	1,348,200	1,268,180	990,965
1,145,496	-	-	-	-	-
193,625	47,690	245,805	347,931	74,611	485,996
183,427	192,652	146,495	147,349	188,164	231,024
99,894	54,809	39,666	68,856	143,274	235,200
977,861	920,550	858,569	700,315	676,374	562,086
366,510	339,454	145,524	223,772	145,329	177,308
<u>22,291,433</u>	<u>22,114,394</u>	<u>21,070,453</u>	<u>21,171,873</u>	<u>22,514,688</u>	<u>22,521,760</u>
4,138,950	3,622,381	3,247,577	2,256,178	3,568,872	3,104,793
10,858,816	11,454,429	10,951,439	10,864,512	11,704,731	12,352,569
823,751	823,272	990,741	807,250	885,150	1,344,012
2,119,118	1,880,282	1,748,712	1,738,374	1,743,441	1,975,522
1,259,557	1,045,924	1,015,515	1,138,330	937,012	1,037,157
485,608	452,291	477,209	449,632	807,700	624,572
1,156,243	876,049	3,267,772	1,888,310	5,691,034	1,614,872
784,033	7,420,140	501,534	427,321	440,040	418,280
325,952	449,756	415,216	457,561	500,119	518,393
11,074	44,493	500	63,981	1,725	1,714
<u>21,963,102</u>	<u>28,069,017</u>	<u>22,616,215</u>	<u>20,091,449</u>	<u>26,279,824</u>	<u>22,991,884</u>
<u>328,331</u>	<u>(5,954,623)</u>	<u>(1,545,762)</u>	<u>1,080,424</u>	<u>(3,765,136)</u>	<u>(470,124)</u>
-	7,100,000	1,275,000	994,385	-	-
-	-	-	(977,918)	-	-
-	-	-	-	-	26,985
2,578,750	1,750,604	2,031,093	1,810,843	4,449,577	2,852,086
(1,663,816)	(1,153,224)	(1,249,013)	(1,652,843)	(4,375,525)	(2,906,990)
<u>914,934</u>	<u>7,697,380</u>	<u>2,057,080</u>	<u>174,467</u>	<u>74,052</u>	<u>(27,919)</u>
<u>\$ 1,243,265</u>	<u>\$ 1,742,757</u>	<u>\$ 511,318</u>	<u>\$ 1,254,891</u>	<u>\$ (3,691,084)</u>	<u>\$ (498,043)</u>
5.3%	29.0%	4.7%	4.9%	4.6%	4.4%

CITY OF STUART, FLORIDA

ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Tax Year	Real Property	Personal Property	Assessed Value	Total Exemption Value	Total Taxable Value	Total Direct Tax Rate	Taxable Value as a % of Assessed Value
2010	2009	\$1,747,063,884	\$ 143,697,895	\$2,611,109,420	\$ 720,347,641	\$1,890,761,779	4.6081	72.4%
2011	2010	1,569,618,483	129,102,819	2,394,221,956	695,500,654	1,698,721,302	4.6436	71.0%
2012	2011	1,439,575,290	118,406,626	2,207,730,581	649,748,665	1,557,981,916	4.6674	70.6%
2013	2012	1,388,755,423	114,226,636	2,123,313,596	620,331,537	1,502,982,059	4.9041	70.8%
2014	2013	1,354,255,562	111,388,986	2,084,431,403	618,786,855	1,465,644,548	5.1513	70.3%
2015	2014	1,415,392,568	116,417,570	2,130,918,193	599,108,055	1,531,810,138	4.9013	71.9%
2016	2015	1,504,107,611	123,714,479	2,212,516,917	584,694,827	1,627,822,090	4.8327	73.6%
2017	2016	1,602,901,248	131,840,362	2,321,458,253	586,716,643	1,734,741,610	4.8224	74.7%
2018	2017	1,708,319,438	136,509,008	2,438,844,115	594,015,669	1,844,828,446	4.7572	75.6%
2019	2018	1,779,469,026	148,291,412	2,394,524,771	466,764,333	1,927,760,438	4.9962	80.5%

Source: Florida Department of Revenue

Note: Tax rates are per \$1,000 of assessed value.

Data portal <https://floridarevenue.com/property/Pages/DataPortal.aspx>

CITY OF STUART, FLORIDA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

Fiscal Year	City of Stuart			Overlapping					Total Direct and Overlapping Rates
	Operating Millage	General Obligation Debt Service	Total City Millage	Martin County	Martin County Board of Education	So. Florida Water Management District	Florida Inland Navigational District	Children's Service Council	
2010	4.3329	0.2752	4.6081	5.4472	6.7030	0.6240	0.0345	0.3523	17.7691
2011	4.3329	0.3107	4.6436	5.6076	6.9560	0.6240	0.0345	0.3523	18.2180
2012	4.3329	0.3345	4.6674	5.7704	6.6040	0.4363	0.0345	0.3693	17.8819
2013	4.5524	0.3517	4.9041	5.7329	6.9040	0.4289	0.0345	0.3693	18.3737
2014	4.8020	0.3493	5.1513	5.8668	7.2780	0.4110	0.0345	0.3693	19.1109
2015	4.5520	0.3493	4.9013	5.9651	7.1380	0.3842	0.0345	0.3618	18.7849
2016	4.5520	0.2807	4.8327	6.1264	7.0980	0.3551	0.0320	0.3618	18.8060
2017	4.5520	0.2704	4.8224	6.2407	6.8810	0.3307	0.0320	0.3618	18.6686
2018	4.5000	0.2572	4.7572	6.3887	6.5520	0.3100	0.0320	0.3618	18.4017
2019	4.7500	0.2462	4.9962	6.5971	7.1890	0.2936	0.0320	0.3618	19.4697

Source: Martin County Tax Collector's Office

Note: The Florida Constitution limits the City and County millage capacity (non debt related) to 10.000 mills.

CITY OF STUART, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2019		
	Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
Arium Jensen Beach, LLC	\$ 32,500,000	1	1.69%
ARHC AlstuFL01 LLC	27,471,750	2	1.43%
Pineapple Commons Retail LP	22,749,250	3	1.18%
Pacific Star 5 Inc.	20,400,000	4	1.06%
Stuart Centre Investors, LLC	18,710,450	5	0.97%
Lakeworth Town Plaza LLC	15,544,480	6	0.81%
Wal-Mart Stores East, LP	15,199,940	7	0.79%
SPC Regency, LLC	14,103,810	8	0.73%
NP I Inc.	13,809,270	9	0.72%
Stuart Lodge Properties LLC	12,016,960	10	0.62%
Total	192,505,910		9.99%
Total city-wide	<u>\$ 1,927,760,438</u>		
	2010		
	Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
Pineapple Commons Retail LP	\$ 26,708,430	1	1.42%
RLV Martin Square, LP	20,730,950	2	1.10%
Southern Associates LP	17,100,160	3	0.91%
Wal-Mart Stores East, LP	16,332,480	4	0.87%
Stuart Centre Investors, LLC	14,633,890	5	0.78%
SPC Regency, LLC	14,383,650	6	0.76%
Lowe's Home Centers, Inc.	13,551,430	7	0.72%
Nobel Management Company	12,923,590	8	0.69%
Eden Park Management, Inc.	12,071,670	9	0.64%
Ted Glasrud Associates of Stuart	12,035,010	10	0.64%
Total	160,471,260		8.53%
Total city-wide	<u>\$ 1,882,084,264</u>		

Source: Martin County Tax Collector's Office

CITY OF STUART, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy ^a		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 8,192,482	\$ 7,839,599	95.69%	\$ 35,715	\$ 7,875,314	96.13%
2011	7,306,674	7,067,470	96.73%	5,406	7,072,876	96.80%
2012	6,786,481	6,513,513	95.98%	32,225	6,545,738	96.45%
2013	6,842,176	6,253,222	91.39%	34,625	6,287,847	91.90%
2014	7,057,849	6,505,400	92.17%	185,004	6,690,404	94.79%
2015	7,014,106	6,729,131	95.94%	15,763	6,744,894	96.16%
2016	7,520,737	7,165,762	95.28%	43,350	7,209,112	95.86%
2017	7,964,288	7,604,166	95.48%	12,718	7,616,884	95.64%
2018	8,301,728	7,952,598	95.79%	20,782	7,973,380	96.04%
2019	9,174,891	8,820,987	96.14%	23,845	8,844,832	96.40%

Source: Martin County Tax Collector's Office

Notes: ^a Amounts collected within the fiscal year of the levy are inclusive of legally available early payment discount (ranging from 4% to 1%).

CITY OF STUART, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Community Redevelopment Bonds	Refunding Revenue Note	Notes and Direct Borrowings
2010	\$ 7,615,000	\$ 2,032,843	\$ 1,016,121	\$ -
2011	7,420,000	1,814,971	988,952	-
2012	7,220,000	1,587,650	994,385	-
2013	7,010,000	1,350,453	940,047	1,275,000
2014	6,900,000	1,013,979	882,992	1,432,000
2015	6,640,000	844,632	823,220	1,215,043
2016	6,385,000	575,053	763,448	1,048,043
2017	6,120,000	293,688	700,959	1,113,886
2018	5,845,000	-	635,753	373,939
2019	5,560,000	-	573,264	256,930

Source: City of Stuart Finance Department

Notes: ^a See schedule of Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

CITY OF STUART, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE (continued) LAST TEN FISCAL YEARS

Business-Type Activities			Total Primary Government	Percentage of Personal Income ^a	Debt Per Capita ^a
Utility Revenue Refunding Bonds	Refunding Revenue Note	State Revolving Fund Loan			
\$22,833,000	\$ 853,879	\$ 2,869,538	\$37,220,381	4.31%	\$ 2,387
22,231,000	831,048	2,755,974	36,041,945	3.86%	2,305
21,720,000	835,615	2,642,738	35,000,388	3.33%	2,226
21,075,000	789,953	2,527,948	34,968,401	3.48%	2,211
20,358,000	742,008	2,410,363	33,739,342	3.22%	2,112
19,614,000	691,780	3,009,903	32,838,578	2.86%	2,038
18,850,000	641,552	4,464,298	32,727,394	2.77%	2,027
18,059,000	589,041	7,395,360	34,271,934	2.68%	2,118
17,236,000	534,247	7,184,012	31,808,951	N/A	1,937
16,389,000	575,681	8,930,248	32,285,123	N/A	1,956

CITY OF STUART, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2018

Jurisdiction	Total Bonded Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Amount Applicable
Overlapping:			
Martin County			
Revenue Bonds & Notes	\$ 62,388,045	100%	\$ 62,388,045
Capital Leases	21,526,506	100%	21,526,506
State Loans	1,051,748	100%	1,051,748
Town of Jupiter Island			
General Obligation Bonds	6,842,505	100%	6,842,505
Martin County School Board			
State School Boards	5,031,000	100%	5,031,000
Certificates of Participation	29,122,816	100%	29,122,816
Capital Leases	271,335	100%	271,335
South Florida Water Management District			
Certificates of Participation	432,328,682	2.19%	9,467,998
Subtotal, Overlapping Debt			135,701,953
City of Stuart Direct Debt			6,390,194
Total Direct and Overlapping Debt			<u>\$ 142,092,147</u>

Source: Outstanding debt data for the overlapping governments is provided by the applicable government. Assessed values, after exemptions and other adjustments, are provided by the Martin County Property Appraiser for all units except for the South Florida Management Water Management District (SFWMD). The SFWMD provided their own value since their borders extend beyond the City/County's borders.

Note: ^a The percentage of overlapping debt applicable is estimated using the South Florida Water Management District Property Tax Revenue by County.

Note: 2019 Overlapping debt not available for publication

CITY OF STUART, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Total Adjustable Taxable Value	Debt Per Capita ^a
	General Obligation Bonds	Community Redevelopment Bonds	Total		
2010	\$ 7,615,000	\$ 2,032,843	\$ 9,647,843	0.51%	\$ 619
2011	7,420,000	1,814,971	9,234,971	0.54%	591
2012	7,220,000	1,587,650	8,807,650	0.57%	560
2013	7,010,000	1,350,453	8,360,453	0.56%	529
2014	6,900,000	1,013,979	7,913,979	0.54%	495
2015	6,640,000	844,632	7,484,632	0.49%	465
2016	6,385,000	575,053	6,960,053	0.43%	431
2017	6,120,000	293,688	6,413,688	0.37%	396
2018	5,845,000	-	5,845,000	0.32%	356
2019	5,560,000	-	5,560,000	0.29%	337

Source: City of Stuart Finance Department

Note: ^a See schedule of Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

CITY OF STUART, FLORIDA
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

The constitution of the State of Florida, Florida Statute 200.181 and the City of Stuart set no legal debt limit.

CITY OF STUART, FLORIDA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Refunding Revenue Note, Series 2012							
Fiscal Year	General Fund Gross Revenues	Less: Ad Valorem	Non-Ad Valorem Revenue	Debt Service			Coverage ^b
				Principal	Interest ^a	Total	
2012	\$ 18,900,241	\$ 7,119,351	\$ 11,780,890	\$ -	\$ 3,987	\$ 3,987	2,954.9
2013	18,750,960	6,798,709	11,952,251	100,000	44,387	144,387	82.8
2014	19,296,404	7,208,170	12,088,234	7,169,623	334,342	7,503,965	1.6
2015	20,561,247	7,192,558	13,368,689	59,772	21,642	81,414	164.2
2016	22,271,351	7,654,060	14,617,291	59,772	20,177	79,949	182.8
2017	22,449,733	8,069,423	14,380,310	62,489	18,712	81,201	177.1
2018	24,859,540	8,448,358	16,411,182	65,206	17,181	82,387	199.2
2019	26,432,552	9,303,411	17,129,141	62,489	15,582	78,071	219.4

Public Utilities Revenue, Refunding & Improvement Bonds, Series 2006, 2007 and 2011							
Fiscal Year	Water and Sewer Gross Revenues	Less: Operating Expenses ^c	Net Available Revenue	Debt Service			Coverage ^d
				Principal	Interest ^a	Total	
2010	\$ 8,125,197	\$ 5,352,054	\$ 2,773,143	\$ 576,000	\$ 940,018	\$ 1,516,018	1.8
2011	8,549,956	5,120,604	3,429,352	602,000	949,908	1,551,908	2.2
2012	8,334,781	5,230,956	3,103,825	628,000	848,916	1,476,916	2.1
2013	9,051,891	5,203,586	3,848,305	645,000	788,682	1,433,682	2.7
2014	10,853,527	5,551,729	5,301,798	717,000	960,306	1,677,306	3.2
2015	10,365,256	5,725,391	4,639,865	744,000	752,502	1,496,502	3.1
2016	10,781,326	5,780,897	5,000,429	764,000	728,630	1,492,630	3.4
2017	10,988,040	6,448,816	4,539,224	791,000	699,974	1,490,974	3.0
2018	11,945,089	6,379,383	5,565,706	823,000	661,526	1,484,526	3.7
2019	12,839,736	6,185,044	6,654,692	847,000	642,305	1,489,305	4.5

Notes: ^a Includes accrued interest

^b Required coverage is 1.5% of average of actual non-advalorem revenues over prior two years

^c Operating expenses are personal services and operating expenses.

^d Required coverage is 1.1%

CITY OF STUART, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Fiscal Year	City Population ^a	City Personal Income	Martin County Per Capita Personal Income ^b	Martin County Unemployment Rate ^c
2010	15,593	\$ 864,413,548	\$ 55,436	11.0%
2011	15,636	933,297,204	59,689	10.0%
2012	15,725	1,051,939,600	66,896	8.3%
2013	15,814	1,003,398,300	63,450	7.3%
2014	15,972	1,046,980,572	65,551	6.2%
2015	16,110	1,146,983,670	71,197	5.2%
2016	16,148	1,183,583,808	73,296	4.8%
2017	16,183	1,280,140,032	79,104	3.5%
2018	16,425	N/A	N/A	3.0%
2019	16,504	N/A	N/A	3.0%

Sources: ^a Florida Bureau of Economic and Demographic Research

^b US Bureau of Economic Analysis

^c US Bureau of Labor Statistics - based on not seasonally adjusted September rates

CITY OF STUART, FLORIDA
PRINCIPAL EMPLOYERS
2018 AND 2009

Employer	2018		
	Employees	Rank	Percentage of Total County Employment
Martin Health Systems	4,563	1	6.14%
Martin County School District	2,671	2	3.60%
Martin County	1,714	3	2.31%
State of Florida	502	4	0.68%
Liberator Medical Supply	400	5	0.54%
Florida Power and Light	375	6	0.50%
Triumph Aerospace Structures	370	7	0.50%
Paradigm Precision	365	8	0.49%
Seacoast National Bank	340	9	0.46%
City of Stuart	251	10	0.34%
Total	11,551		15.56%
Total County Employees	74,281		

	2009		
	Employees	Rank	Percentage of Total County Employment
Martin Health Systems	2,619	1	4.09%
Martin County School District	2,539	2	3.97%
Martin County	2,447	3	3.82%
Publix Supermarkets	1,145	4	1.79%
State of Florida	670	5	1.05%
Wal-Mart	515	6	0.81%
Armellini Express Lines	486	7	0.76%
Turbocombustor Technology	382	8	0.60%
Winn-Dixie Stores	325	9	0.51%
Home Depot	296	10	0.46%
Total	11,424		17.86%
Total County Employees	63,974		

Sources: The labor force figures are from the Florida Department of Economic Opportunity. The 2018 employer data is from the Business Development Board of Martin County except for the governmental entities which provided their own data. The Business Development Board data includes information for only their targeted industries which may not include businesses that have been included on this list in the past such as Wal-Mart, Publix, Winn-Dixie, etc.. More information on their targeted industries can be found on their website <http://www.yesmartinfl.com>.

Note: The data presented in this list may include part time and full time employees.

2019 updated information not available at time of publication

CITY OF STUART, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government										
City Commission	5	5	5	5	5	5	5	5	5	5
City Manager	3	4	4	3	3	2	3	3	3	3
City Attorney	2	2	2	2	2	2	2	2	2	2
Human Resources	3	3	3	3	3	3	2	2	2	2
City Clerk	2	2	2	1	1	1	1	1	1	1
Financial Services	9	9	9	9	13	13	13	13	13	12
Information Services	4	4	4	4	4	4	4	4	4	4
Development	11	11	11	11	11	8	8	11	10	13
Public Safety										
Police	64	64	64	63	62	64	64	60	60	63
Fire / Rescue	45	45	43	43	43	43	43	42	43	42
Physical Environment										
Vehicle Maintenance	3	4	3	3	3	3	3	3	3	4
Building Maintenance	7	6	6	6	6	5	5	5	5	5
Turf & Grounds	13	12	14	14	14	14	14	13	12	12
Water & Sewer General	9	10	10	9	9	9	9	8	9	9
Water Treatment	10	10	10	10	10	10	10	10	9	10
Waste Water Treatment	9	9	9	9	9	9	9	9	8	9
Distribution & Collection	11	10	10	10	8	9	9	9	8	9
Utility Customer Service	5	5	5	5	-	-	-	-	-	-
Residential Collection	2	2	3	3	2	2	2	2	2	2
Commercial Sanitation	9	9	8	8	8	8	8	8	8	7
Trash Collection	3	2	2	2	2	2	2	2	2	2
Stormwater	3	3	3	3	4	3	3	3	3	3
Transportation										
Streets	7	8	6	6	6	6	6	6	6	6
Economic Environment										
Legislative and Economic	-	-	-	-	3	-	-	-	-	-
Community Redevelopment	-	-	-	2	3	3	3	3	3	-
Community Services										
Community Services	9	9	10	9	-	-	-	-	-	-
Recreation	-	-	-	-	4	7	7	7	6	11
Parks	2	2	1	1	1	1	1	2	2	-
Total	250	250	247	244	239	236	236	233	229	236

Source: All information based on the City of Stuart adopted budget for the relevant year.

CITY OF STUART, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Physical arrests	667	915	851	832	846	1,136	1,231	1,326	903	866
Parking violations	1,956	1,448	1,339	1,094	1,025	480	344	1,168	1,290	1,350
Traffic violations	2,756	2,937	2,568	2,116	2,457	2,263	3,882	5,501	3,941	3,701
Fire										
Emergency responses	6,175	6,031	5,824	6,060	5,526	5,264	4,887	3,510	3,704	3,491
Fires extinguished	60	88	61	69	87	57	78	44	54	45
Fire inspections	952	725	1,081	1,310	1,769	822	954	1,181	1,211	958
Refuse Collection										
Refuse collected (tons per day)	86	76	77	71	53	60	58	56	46	45
Customers	4,238	3,922	3,876	3,607	3,579	3,843	3,784	3,725	3,672	3,648
Other Public Works										
Street resurfacing (miles)	2.56	-	-	-	4.75	3.00	-	4.55	-	-
Potholes repaired	148	251	141	105	85	25	45	80	60	42
Development										
Building permits issued	2,354	2,313	2,314	2,243	1,758	3,073	2,102	1,131	1,149	1,177
Building inspections	7,194	8,182	5,522	4,818	3,949	4,915	3,867	2,819	3,515	3,692
Plan reviews	6,996	6,930	7,703	6,652	5,324	9,836	4,918	-	-	-
Community Services ^a										
Athletic field reservations	631	367	438	334	383	65	46	27	24	115
Pavilion 7 State reservations	217	196	255	222	227	440	370	300	247	235
CC rental reservations	36	24	28	27	67	293	163	33	25	67
Special events public permits	251	118	103	68	190	184	192	193	181	91
Special events private permits	51	36	34	49	76	138	126	56	51	34
Special events banner permits	301	199	212	195	199	227	220	202	171	163
Special events - public property attendance ^c	104,955	183,330	155,600	208,310	287,450	208,963	191,550	174,136	126,376	101,730
Pavilion & stage rental attendance	4,169	3,004	3,286	12,231	11,180	19,272	16,206	13,140	9,853	7,865
Water										
New connections	31	15	9	14	8	11	17	23	10	20
Water mains breaks	8	8	5	7	2	-	1	2	11	15
Average daily consumption	166	170	170	168	167	168	171	174	186	185
Metered services	4,483	4,452	4,437	4,428	4,250	4,355	4,285	4,215	4,193	4,146
Wastewater										
Average daily sewage treatment ^b (Gallons Per Day/Per Customer)	596	636	681	709	654	1,513	821	129	132	131
Customers	2,729	2,595	2,486	2,397	2,330	2,247	2,009	1,771	1,728	1,717
Transit										
Total miles on route per shift	22	46	35	35	10	10	10	10	10	10
Passengers	41,225	47,800	48,120	45,665	n/a	29,343	22,447	15,551	13,181	12,489

Source: Various City departments.

Notes:

^a At the end of FY2009 Parks and Recreation changed its name to Community Services.

^b Total - residential, commercial and industrial customers - Historically a breakdown of condominiums, single family and commercial accounts were calculated.

^c Rock'n RiverWalk moved to license agreement

CITY OF STUART, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (avg. per shift)	5	5	5	5	5	5	5	5	5	5
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Refuse collection										
Collection trucks	14	13	13	13	13	13	11	11	11	11
Other public works										
Streets (miles)	120	120	100	100	100	100	100	100	100	100
Streetlights	532	500	461	455	455	455	455	455	300	275
Traffic signals	12	22	35	35	35	35	35	43	44	44
Community Services ^a										
Acreage	232	232	232	232	232	232	232	232	232	170
Environmental parks	3	3	3	3	3	3	3	3	3	-
Active parks	9	9	9	9	9	9	9	9	9	-
Passive parks	25	25	25	25	25	25	25	25	25	-
Community parks	-	-	-	-	-	-	-	-	-	8
Community mini/urban parks	-	-	-	-	-	-	-	-	-	22
Baseball/softball diamonds	1	1	1	1	1	1	1	1	1	5
Tennis courts	6	6	6	6	6	6	6	6	6	6
Shuffleboard courts	15	15	15	15	15	15	15	15	15	15
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Fire hydrants ^b	565	561	561	495	495	495	495	492	483	482
Storage capacity (million gal)	3	3	3	3	3	3	3	3	3	3
Wastewater										
Wastewater sewers (miles)	126	124	120	70	70	70	69	66	58	54
Treatment capacity (million gal)	4	4	4	4	4	4	4	4	4	4
Stormwater										
Stormwater sewers (miles)	21	21	21	21	21	21	21	21	21	21
Transit-minibuses										
Downtown Courtesy Tram	7	6	6	5	3	3	2	1	1	1

Source: Various City departments.

Notes: ^a At the end of FY2009 Parks and Recreation changed its name to Community Services

^b City, County and privately owned within City limits

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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***

The Honorable Mayor and
Members of the City Commission
City of Stuart, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stuart, Florida (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 may exist that have not been identified.

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 27, 2020.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Stuart, Florida (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

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

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

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 27, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements.

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance (*Continued*)

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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2020

CITY OF STUART, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of report issued on compliance for major federal programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 200.516 of the Uniform Guidance?

☐ Yes ☒ No

Identification of Major Federal Programs:

CFDA Number

Name of Federal Program

66.468

Capitalization Grants for Drinking Water State Revolving Funds

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

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

CITY OF STUART, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

For the Year Ended September 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

**SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND
QUESTIONED COSTS SECTION**

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

None reported.

City of Stuart, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2019

FEDERAL AWARDS

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Identification Number</u>	<u>Expenditures</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 5,131
Total U.S. Department of Justice			<u>5,131</u>
U.S. Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Fund			
Passed through Florida Department of Environmental Protection			
State Revolving Fund - Financial Assistance	66.468	DW430420	2,302,603
Total U.S. Environmental Protection Agency			<u>2,302,603</u>
U.S. Department of Homeland Security			
Disaster Grants - Public Assistance			
Passed-through Florida Division of Emergency Management:			
Disaster Relief Funding Hurricane Matthew	97.036	FEMA-4283-DR-FL	90,712
Disaster Relief Funding Hurricane Irma	97.036	FEMA-4337-DR-FL	478,131
Total Department of Homeland Security			<u>568,843</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,876,577</u>

City of Stuart, Florida
Notes to the Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2019

Note 1 – Basis of Presentation

For reporting entity purposes, the Schedule of Expenditures of Federal Awards includes only the activities of the primary government of the City of Stuart (the "City").

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

Note 4 – Loans

The City has outstanding loans issued through the Florida Department of Environmental Protection. The outstanding balances as of September 30, 2019 are:

	Beginning Balance	Additions	Reductions	Ending Balance
SRF Loan 430400 - 2010	\$ 1,910,690		\$ (132,614)	\$ 1,778,076
SRF Loan 430410 - 2015	5,273,322		(239,771)	5,033,551
SRF Loan 430420 - 2019	-	1,986,331		1,986,331
SRF Loan 430430 - 2019		132,289		132,289
Total loans payable	<u>\$ 7,184,012</u>	<u>\$ 2,118,620</u>	<u>\$ (372,385)</u>	<u>\$ 8,930,247</u>

In addition, the City recognized a loan forgiveness of \$359,207 in fiscal year 2019.

Note 5 – Contingencies

The grant amounts received are subject to audit and adjustment. If any expenditures are disallowed by a grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability to the City. Based upon prior experience, the City does not believe such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant findings are recorded in the year the adjustment occurs.



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

We have examined the City of Stuart, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City'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 City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2020



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Stuart, Florida (the City) as of and for the year ended September 30, 2019, and have issued our report thereon dated March 27, 2020.

Auditor's 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).

Other Reporting Requirements

We have also issued our Independent Auditor's 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance; Schedule of Findings and Questioned Costs and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 27, 2020, 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 annual financial audit report. No findings and recommendations were made in the preceding annual 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. The legal authority is disclosed in the notes to the financial statements.

The Honorable Mayor and
Members of the City Commission
City of Stuart, Florida

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, the Mayor, City Commission, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2020